



Issue Insight

September 2006

BritishAmerican Business Policy Action:

► The Law Forum responds to proposed codification of directors' duties of the Company Law Reform

In June 2006, the BritishAmerican Business Law Forum sent a letter to The Rt Hon Alistair Darling MP, Secretary of State for Trade and Industry, signed by Peter Hunt, Managing Director, on behalf of the membership, to express their concerns with the proposed codification of directors' duties contained in Chapter 2 of the Company Law Reform Bill. BritishAmerican Business expressed particular concern that the lack of clarity in the proposed changes, especially in the relationship between the proposed legislation and existing law, would have a detrimental effect on the business relationship between the US and the UK, possibly discouraging US companies from setting up new operations in the UK.

The Secretary of State has since sent a response, but it failed to address BritishAmerican Business' biggest concern: the negative impact that codification of directors' duties might have on transatlantic investment. We have therefore decided to send a follow-up letter highlighting this oversight.

► EU-US Economic Ministerial meeting Autumn 2006

Following the June 2005 EU-US Summit, which launched the "EU-US initiative to enhance transatlantic economic integration," the first informal EU-US economic ministerial meeting took place in Brussels on 30 November 2005. The meeting focused on the following issues: intellectual property rights, regulatory cooperation, trade, security, and improving innovation. In order to ensure that progress would be

UK and Norway ahead of the energy game together London

Speaking ahead of the Offshore Northern Seas Conference (22-25 August 2006), Malcolm Wicks, the UK Minister for Energy, has said that the UK must work closely with Norway in order to meet the challenge of ensuring energy supply that is both clean and secure. Wicks added that both the UK and Norway had to work hard to extend the life of North Sea reserves. The partnership with Norway is especially important as the UK becomes increasingly dependent on energy imports to meet demand. [LINK](#)

UK carbon targets submitted to the EU have industry worried London

The UK's submission of its carbon allocation plan to the EU well ahead of other EU member states is generating fears among industry that ministers will damage UK competitiveness through their eagerness to be seen as front runners on environmental protection. The carbon market suffered wild swings in 2006 after it became evident that there was an excess of carbon allowances available to trade because most countries had been too lenient with their power generators and industry. [LINK](#)

Aviation security to be tightened in EU after failed terrorist attack Brussels

Following the exposure of a terrorist plot to bomb aircraft flying between the UK and US, EU authorities pledged to take steps to improve EU-wide aviation security. The Council of Transport Ministers will

made on the economic initiative launched at the June summit, a detailed work programme was developed and endorsed at the November 2005 economic ministerial meeting. Although a date is yet to be confirmed, another EU-US economic ministerial meeting is set to take place in Autumn 2006. We should be pleased to receive members' views to incorporate in a position paper that will be submitted for consideration at the meeting.

The most attractive States for business in the USA **Washington**

Forbes.com have compiled a list of the most attractive states in the USA for business by ranking 50 states on 30 metrics in six main categories: business costs, economic climate, growth prospects, labour, quality of life, and regulatory environment. The state of Virginia topped the list with Texas coming in second. [LINK](#)

USTR Susan Schwab says the US still seeks market-opening pact in Doha **Washington**

According to US Trade Representative (USTR) Susan Schwab, the recent setbacks in the WTO negotiations on the Doha Development Agenda will not deter the US from continuing to pursue an agreement that will open markets significantly, increase trade flows and cut domestic agricultural policies. Schwab is presently conducting a round of bilateral talks with other trade ministers to see whether there is sufficient "convergence" on key issues to restart more formal negotiations. [LINK](#)

House approves CFIUS reform bill **Washington**

On 26 July 2006 the US House of Representatives unanimously approved H.R. 5337, the National Security Foreign Investment Reform & Strengthened Transparency Act of 2006 by a vote of 424 to 0. The bipartisan legislation would strengthen the Committee on Foreign Investments in the US (CFIUS) process by increasing administration accountability, improving the opportunities for congressional oversight, specifically involving the director of National Intelligence in reviews and creating a process to track and enforce any agreements to mitigate security threats. [LINK](#)

Central bankers talk of sacrifice to curb inflation **Washington/Brussels**

examine proposals on 12 October 2006. [LINK](#)

Officials seek greater access to airline data **Washington/Brussels**

European and US authorities want to expand screening of international airline passengers by getting access to airline itineraries, personal information and payment data. Homeland Security Secretary Michael Chertoff's proposal would allow the US government to search through passenger data in addition to looking for known terrorists on watch lists. European leaders will also be considering proposals to increase aviation security that, as in the US, would allow them to have access to basic passenger information normally found on a passport. The US authorities would like this to be transmitted to them from a database called the Advance Passenger Information System before a plane takes off for the US. Global travel reservation services have an even more comprehensive database, the Passenger Name Record. European authorities currently do not have a system in place to access Passenger Name Record data. Franco Frattini, Vice-President and EU Commissioner for Justice, Freedom and Security, intends to propose that European governments establish policies that would give them access to this data. [LINK](#)

Concerns expressed by BAA over open skies deal **London**

BAA, the owner of Heathrow Airport in London, has expressed concerns that the airport would not be able to accommodate the influx of US airlines that would follow an open skies treaty between the EU and US. Severe congestion and scarcity of take-off and landing slots were cited as two major obstacles. [LINK](#)

Forthcoming Events

London:

25 July-9 Oct: House of Commons and House of Lords Summer Recess

8 Sept: Consultation closes on the proposal by the European Commission for the revision of the 'Television without Frontiers' Directive (Directive 89/552/EC, amended by Directive 97/36/EC)

Washington:

22-29 Aug: USTR Susan Schwab meets economic ministers from the Association of Southeast Asian Nations (ASEAN) in Kuala Lumpur, Malaysia, and holds bilateral meetings with officials in Singapore and

At the central bankers annual conference in Jackson Hole, Wyoming, Federal Reserve Chairman Ben S. Bernanke and President of the European Central Bank Jean-Claude Trichet will hear that the “sacrifice ratio” is higher than ever and increasing worldwide. The sacrifice ratio measures how much unemployment has to increase to bring inflation down by 1 percentage point. Prices are increasingly influenced by developments such as labour costs in developing countries, which are outside the control of central bankers who must therefore look to influence their own countries to keep inflation down. [LINK](#)

Drop in German investor confidence could mean trouble for Europe’s economy **Brussels**

According to the research institute ZEW, investor confidence in Germany, the eurozone’s biggest economy, fell to a five-year low and might be indicative of a slowdown in Europe’s economic recovery. Economists point to the strong euro, high oil prices, and a looming VAT rise to 19 per cent in Germany as the main reasons for a drop in confidence. [LINK](#)

China

7 Sept: US Senate Committee on Foreign Relations will vote on Extradition Treaty between the US, UK and Northern Ireland

Brussels:

8-9 Sept: Informal Ministerial Meeting: Economic and Financial Affairs (Ecofin), Helsinki

10-11 Sept: ASEM 6 Summit (Asia-Europe meeting), Helsinki

BritishAmerican Business Policy Events

▶ **6 Sept:** EU Presidency Series: Finnish Ambassador Jaakko Laajava, supported by the International Herald Tribune and hosted by The University of Chicago Graduate School of Business

▶ **12 Sept:** London Insight Series: Dinner with John Sawers, the Political Director of the Foreign and Commonwealth Office, hosted by KPMG LLP

▶ **28 Sept:** London Insight Series: Breakfast Briefing with Dame Eliza Manningham-Buller, Director-General of the Security Service

▶ **31 Oct:** Breakfast Briefing with Geoffrey Van Orden MEP, Overcoming barriers to reinforce the EU-US Relationship

Please contact: ukevents@babinc.org

*Members
of the
British
American
Business
Council
and the
European
Council of
American
Chambers
of
Commerce*