



## EUROPEAN ECONOMIC SENATE

### Newsletter 01/2012

Dear Senators!

The last weeks and months have just shown that European decisions affect our daily actions in business. All this is overshadowed by the debate about the ESM and the Euro-reserve chutes.

But there are many other important issues dealt with by the EU Commission and the European Parliament, such as the "double non-taxation" and the increasing problem of cyber-crime. Of course we are also against unfair tax competition and for the fight against cybercrime. But reforms and solutions should not overstep the mark. Therefore, it is more than more important that a variety of businesses and citizens to participate in the relevant EU public consultation.

We hope that the provided information will enable you to reach your daily decisions in an even more appropriate way based on useful information.

Yours sincerely,

Dr. Ingo Friedrich  
President

Michael Jäger  
CEO

Wolfgang Franken  
Secretary General

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## Newsletter 01/2012

### EES-Events 2012

In 2012 we would like to offer to you interesting events. For the preview of our events please click [here](#).

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### An EU Cybercrime Centre to fight online criminals and protect e-consumers

Brussels, 28 March 2012 – It is estimated that, worldwide, more than one million people become victims of cybercrime every day. The cost of cybercrime could reach an overall total of USD 388 billion worldwide.

Today, the European Commission proposed to establish a European Cybercrime Centre to help protect European citizens and businesses against these mounting cyber-threats. The centre will be established within the European Police Office, Europol in The Hague (The Netherlands). The centre will be the European focal point in fighting cybercrime and will focus on illegal online activities carried out by organised crime groups, particularly those generating large criminal profits, such as online fraud involving credit cards and bank credentials.

The EU experts will also work on preventing cybercrimes affecting e-banking and online booking activities, thus increasing e-consumers trust. A focus of the European Cybercrime Centre will be to protect social network profiles from e-crime infiltration and will help the fight against online identity theft. It will also focus on cybercrimes which cause serious harm to their victims, such as online child sexual exploitation and cyber-attacks affecting critical infrastructure and information systems in the Union.

Please click [here](#) for more information.

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### EU road safety action plan 2011-2020 Progress Report

Brussels, 29 March 2012 – Progress in cutting road fatalities significantly slowed last year (to -2%) compared with a very promising EU-wide reduction throughout the last decade (on average -6%), according to new figures published by the European Commission.

In July 2010 the Commission adopted challenging plans to reduce the number of deaths on Europe's roads by half in the next 10 years. Initiatives proposed in the "European Road Safety Policy Orientations 2011-2020" range from setting higher standards for vehicle safety, to improving the training of road users, and increasing the enforcement of road rules. The Commission is working closely with Member States to implement this programme. The road safety action plan sets out a mix of initiatives focussing on making improvements to vehicles, infrastructure and road users' behaviour.

There are seven strategic objectives:

- Improved safety measures for trucks and cars
- Building safer roads
- Developing intelligent vehicles
- Strengthening licensing and training
- Better enforcement
- Targeting injuries
- A new focus on motorcyclists.

Please click [here](#) for more information.

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### **Innovation Partnerships to boost European competitiveness**

The European Commission has proposed decisive action to meet three key challenges facing the European Union in areas crucial to growth and jobs, namely *“the supply of raw materials, sustainable agriculture, and active and healthy ageing”*. Accordingly, the Commission has launched two new European Innovation Partnerships (or EIPs) - on Raw Materials and on Agricultural Sustainability and Productivity. EIPs are intended to facilitate cooperation within the research-development-innovation chain and to bring together public and private stakeholders across borders and sectors, thus accelerating innovation. They each have a set target for 2020 and are expected to start delivering results within 1-3 years.

The President of the European Commission, José Manuel Barroso, said: *“We need to innovate to get Europe back on the path to growth and jobs, and to tackle major challenges such as access to raw materials, sustainable agriculture and our ageing society. European Innovation Partnerships will break down silos, remove bottlenecks and focus our efforts on results that matter to our citizens and our businesses.”*

The European Innovation Partnership (EIP) is a new concept that was introduced in the Europe 2020 flagship Innovation Union. The aim is to address issues hampering innovation, such as under-investment, outdated regulation, lack of standards, and fragmentation of markets. Each Partnership is led by a Steering Group chaired by the European Commissioner or Commissioners with responsibility for the policy area or concerned areas, joined by representatives of Member States, Members of Parliament, industry leaders, researchers, civil society and other key stakeholders. The main objective of EIPs is to provide a shared platform for further cooperation. The EIP programme especially focuses on monitoring raw materials shortages, agricultural sustainability, and the ageing population.

Vice-President Antonio Tajani, responsible for Industry and Entrepreneurship, stated: *“We need to join forces to tap Europe’s enormous own potential of raw materials. Intensified action is required to make Europe the world leader in the capabilities related to exploration, extraction, processing, recycling and substitution by 2020. It will be the key to Europe’s ability to develop today the technologies of tomorrow. Such innovation is decisive for Europe’s competitiveness, sustainable growth and new jobs”*.

EU Agriculture and rural development Commissioner Dacian Cioloş explained: *“The key challenge for agriculture in future is not only how to produce more, but also how to*

*produce better. Embracing demand driven research and innovation, as well as improved dissemination of best practices will be essential to this end".*

Health and Consumer Policy Commissioner John Dalli stressed that: *"Active and healthy ageing is central for our citizens, for the viability of our health and care systems, and it offers important industrial potential. The Commission is determined to support the rapid implementation of the priority areas agreed by the Partnership in 2011. Our ambition is to achieve tangible results in the next two years".*

Finally, Vice President Neelie Kroes commented: *"The EIP on Active and Healthy Ageing will help us improve health and quality of life for older people and help ensure our care system is sustainable for the long-term. We urge all stakeholders involved to contribute to our efforts and help us tackle the demographic transition head-on".*

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### **Commission requests Belgium to review venture capital tax incentive**

The European Commission has officially requested Belgium to amend its legislation on tax credits for investing in venture capital. The Commission considers that the current legislation is incompatible with the Treaties and discourages the free movement of workers and self-employed persons guaranteed by TFEU and EEA rules. The request was submitted in the form of a reasoned opinion, which constitutes the second stage of an infringement procedure. If the rules are not brought into compliance within two months, the Commission may refer the matter to the Court of Justice of the European Union.

Belgian legislation at question grants a personal income tax credit to individuals investing in shares and units of ARKimedex funds, which provide venture capital for new or existing SMEs exclusively residing in Flanders to stimulate investments and to promote entrepreneurship. Residents of other Member States cannot benefit from the mentioned tax credit, even if they are fully taxable in Belgium, which raised the question of unfair and unequal treatment.

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### **Debate and consultation on avoiding double non-taxation**

Double non-taxation has been found by the Commission to deprive Member States of significant revenues and to create unfair competition between businesses in the Single Market. It occurs when cross-border companies escape paying taxes due to mismatches between national tax systems.

In a first step, the Commission is seeking the expertise and experience of all parties interested in "commenting on double non-taxation issues and possible solutions" through a public consultation. All stakeholders (individual citizens, businesses, Member States, tax administrations, intergovernmental, non-governmental and business organisations, tax practitioners and academia) are being invited to contribute. On this basis, the Commission wishes, in a second step, to develop the most appropriate policy response before the end of 2012.

Algirdas Šemeta, Commissioner for Taxation, Customs, Anti-fraud and Audit, stated on this matter: *"Fairness must be at the heart of our tax policies. Double non-taxation undermines fair burden sharing in taxation and allows an unjust competitive advantage*

*to companies that seek to exploit it. Tackling double non-taxation will not only deliver important revenues to Member States, but it will also ensure a stronger, fairer Single Market for all EU businesses."*

The period of the consultation ends on 30 May 2012. For more information and to submit your contribution please continue [here](#).

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### **Consultation on the future of European Company Law**

All citizens and organisations are welcome to contribute to a consultation to collect views from all interested stakeholders on the future of European company law. The Commission invites contributions from citizens, organisations and public authorities. In 2010 an expert group had submitted a comprehensive report on this subject to the Commission. The period of the consultation ends on 14 May 2012.

Please find more information on this consultation [here](#).

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### **ESM and TARGET2**

The decision of the finance ministers of the EU Member States, starting in mid-2012 a "European Stability Mechanism" (**ESM**) to set up, is the attempt to better protect the Euro against external attack and to find a mechanism to stabilize the Euro against more inward effects of national stability fluctuation.

**TARGET2** (Trans-European Automated Real-time Gross Settlement Express Transfer System) is the common real-time gross settlement clearing system of the euro countries (since 2007). TARGET2 is the daily transfer of funds between affiliated banks. "Gross" means in this context that each payment is made from the central bank of the sending bank. TARGET2 central bank operations, Euro transfers of large-value payment systems in the interbank market, as well as other euro payments will be charged

Because of TARGET2 operations the German Federal Bank ("Deutsche Bundesbank") has now claims against the ECB in the amount of approx. € 560 billion Euro. More and more experts criticize the sprawling multi-target-2 balances. Thus the professors Hans-Werner Sinn and Timo Wollmershäuser early in 2011 and extensively pointed to dangers arising from TARGET2 for the central banks of the strong Euro countries, such as the Deutsche Bundesbank and the German citizens.

The Taxpayers Association of Europe (TAE) has launched very critical comments on the ESM and TARGET2 in order to promote discussion and a corresponding correction of systemic errors.

More information:

- **[ESM Critical Analysis](#)**
- **[TARGET2 Critical Analysis](#)**

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