

**ALAN JOHSON SPEECH TO THE LEGAL AFFAIRS (JURI)  
COMMITTEE OF THE EUROPEAN PARLIAMENT ON UK  
PRESIDENCY WORK PLANS – 13<sup>TH</sup> JULY 2005**

Thank you, Guiseppe, for that introduction – I want to thank you and the Committee for giving me the opportunity today to present the work programme and the priorities of the UK Presidency.

I know that many of you have already met my colleague, Lord Sainsbury in London. I am Secretary of State for Trade and Industry in the UK Government, and it is in this capacity that I will be chairing the Competitiveness Council for the next 6 months.

As you will be aware, I was hoping to be joined by my colleague, Baroness Ashton on the platform today, who has responsibility in the UK Government for civil liberties and judicial affairs. Unfortunately, she has been called away to a meeting of the Justice and Home Affairs Council, but I know she is coming to answer your questions in this area tomorrow morning.

I will therefore, be pleased to take your questions related to the competitiveness agenda. My Department deals with a wide range of European dossiers, the majority of which are subject to co-decision. I am therefore well aware of the importance of working closely and constructively with the European Parliament at all times. And this committee's work is key to a number of the important issues that we are hoping to progress during the UK Presidency, so I'm looking forward to co-operating closely with you over the next six months.

### **UK Presidency**

I would like to start by giving you a short overview of the aims the UK Presidency has for the economic reform agenda and competitiveness.

The Prime Minister, Tony Blair, made clear in his speech here last month that these are issues of primary importance to us over the coming months.

The first priority for our Presidency is **better regulation**. We're committed to taking forward measures in the Six Presidencies' Statement

on regulatory reform, particularly developing more robust competitiveness testing and improved Impact Assessment procedures.

**Promoting Employment** is also of vital importance. The UK hopes, through its Presidency, to encourage enterprise, maintain labour market flexibility and choice, and to continue the focus on the Lisbon Strategy's drive for jobs and growth.

We also need to ensure **open and sustainable markets in an outward facing Europe**. This will involve making real progress on the Services Directive and working with the Commission, EU and international partners towards an outcome at the Hong Kong Ministerial in December.

Finally, we are seeking to **boost innovation and research**: by taking forward negotiations on the seventh Framework Programme.

### **Better regulation**

There are a number of important dossiers that we will, no doubt discuss later. But if you would allow me, I'd like to now turn to an issue of primary importance to this, and I know, a number of other committees - better regulation.

I've already highlighted how this is one of the top priorities of the UK Presidency, not because it's an end in itself, but because it will deliver real benefits for business and citizens. Better quality regulation is essential if we are to deliver increased jobs and growth in the EU.

I'm pleased that this issue is high on the Council agenda. I know that Council Ministers had a discussion on the issue at Cardiff yesterday

What we need now is to turn theory into reality – to the benefit of all.

In the Council, we intend to make better use of the Commission's new impact assessment system to inform Council decision-making.

Simplification is the other essential plank of regulatory reform agenda. The UK Presidency will give priority to further efforts to simplify Community legislation, building on work already taken forward by the Commission and Competitiveness Council.

While I have the opportunity, I would like to assure any doubters that this exercise is not about trying to dilute the Community acquis. Nor do we

want to compromise on standards in areas such as environmental or consumer protection.

But in today's fiercely competitive world, we need to ensure that our laws are - and remain - fit for purpose, and that policy objectives are achieved in a way that imposes the least burden on businesses.

This remains my priority for the next 6 months. But as with all the other dossiers I have spoken about today, it will require continued dialogue and cooperation with the European Parliament.

### **Intellectual Property**

Under the Lisbon Agenda, jobs and growth have been identified as the primary focus of economic reform in Europe. And an integral part of ensuring that Europe can generate more and better jobs, sustainable economic growth and greater competitiveness, is to give both individuals and companies the opportunity to benefit from their own creativity. So we are keen to make progress towards a more cost-effective and up-to-date Intellectual Property regime in Europe.

Under the current regime, getting Europe-wide patent protection for an invention is both expensive and time-consuming. We want to make that whole process much easier and cheaper, but we recognise that making progress on the **Community Patent**, which would go a long way towards easing these problems, is likely to be very difficult.

There are however other ways, short of a full Community patent system, to reduce costs for European businesses, and we will be looking to make progress on a cheaper translations regime, and a more cost-effective litigation system for European patents.

We also want to see a speedy adoption of the regulation on **Access to Medicines**. Both the Council and European Parliament agree on the principle and the need for this measure and we hope that by working closely together we can achieve a useful and workable measure that will be of real benefit to the people who need it most.

We had thought we would also be working to take forward the **Computer Implemented Inventions Directive**. I regard the failure of this project with some regret, but even so, I feel that the - often extremely fierce - debate has been very useful in airing a wide variety of concerns, and has highlighted the need for patent granting bodies to ensure they are

delivering the highest possible standard of service. The decision you and your colleagues have taken to reject the directive is itself a testament to the effectiveness of the legislative procedure: better to choose not to regulate in this way, than to have bad legislation.

In the field of copyright, the Commission have promised a proposal on the collective management of IPRs. When this comes we hope to be able to give it a good start.

There will also be, under the auspices of the UK Presidency, an important **conference on the creative economy**, which will take place in October 2005 in London. Delegates will explore how collaborative working can realise the potential of the digital revolution, and an intellectual property framework to support a sustainable, fair, and profitable creative economy.

I hope that gives you a flavour of our programme on intellectual property for the coming six months.

### **Company Law**

I would now like to turn to the Company law agenda. I recognise the valuable work that the Committee does in this field and the wealth of expertise amongst you.

To the uninitiated, issues such as off balance-sheet disclosures, audit committees and capital maintenance aren't the most stimulating topics of conversation. But I know I am preaching to the converted when I say that issues such as these can be of critical importance to the economic well-being of Europe.

First of all, I would like to thank you for your work on Cross Border Mergers. Thanks to the constructive co-operation between the Parliament and Council under the Luxembourg Presidency, an agreement has been reached for adopting this important piece of legislation.

This is a good example of the excellent co-operation between the Legal Affairs Committee and the Council, which I hope can be also applied to other dossiers in the area of company law.

### **4<sup>th</sup> and 7<sup>th</sup> Accounting Directives**

These areas include the 4<sup>th</sup> and 7<sup>th</sup> accounting directives. Under the Luxembourg Presidency, Council achieved broad consensus in favour of

this proposal, which seeks to enhance transparency and corporate reporting standards in the wake of recent financial scandals. I wish the Committee well with its discussions on this proposal, which I understand are timetabled for September.

I am aware that Mr Lehne's draft report takes a rather different, less prescriptive approach, to that adopted in Council. There is much to be said for allowing Codes and best practice a relatively free rein in the field of corporate reporting. But this has to be balanced against the need to instil confidence in the market place by ensuring that an effective underpinning legal framework is in place.

### 8<sup>th</sup> Auditing Directive

This is a balancing act with which you will be only too familiar, following your sterling work, led by Mr Doorn, on the 8<sup>th</sup> Directive on Auditing. The UK Presidency hopes to see agreement reached on that Directive following consideration by the full Parliament in the autumn.

More technically complex than auditing and accounting, is the subject of capital maintenance. Yet it has a profound impact on the ability of European companies to raise capital; stimulate growth; and provide jobs.

### 2<sup>nd</sup> Company Law Directive

I am sure you would agree that simplifying the Second Company Law Directive would also have a positive impact on the European economy. But discussions in Council on the Commission's proposal to streamline the Directive have been laboured. As with the proposals to amend the 4<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> Company Law Directives, I would like to assure you, and your rapporteur, Ms Kauppi, that the UK Presidency stands ready to work closely with the Parliament to find a way through the complexities and achieve a Directive acceptable to all of the Institutions of the Union.

### **Closing**

It only remains to say that I very much look forward to working with you over next 6 months. We will be inviting representatives from this Committee to attend the UK Corporate Governance Conference in London on 14<sup>th</sup> November and I hope as many of you as possible will be able to come.

In the meantime, I welcome any questions you may have.