



Policy Focus

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

February 2006

Brussels

A 2.5 trillion dollar relationship

The continuing importance of the transatlantic relationship, despite disagreements such as occurred in the run-up to the Iraq war, was underlined in an interview with an EU Council Director who emphasized the continuing financial value of the relationship. [LINK](#)

Washington

Call for reductions on Middle Eastern energy supplies

In his State of the Union address on January 31, 2006, President Bush advocated using advances in technology to reduce dependence on Middle Eastern oil by 75 percent over the next 20 years. [LINK](#)

London

G8 finance ministers in Moscow

The G8 finance ministers met on Saturday, February 11 in Moscow for a preparatory meeting ahead of the finance ministers planning meeting in June. The G8 Heads of Government meeting takes place in St. Petersburg in July. Russian President Vladimir Putin has chosen to focus the year's discussion on energy security. Some officials continue to doubt whether the G8 is the appropriate forum to discuss energy issues. [LINK](#)

Washington

Department of Homeland Security announces six percent increase in fiscal year 2007

The proposed budget request, representing \$42.7 billion in funding, supports the Department of Homeland Security Secretary Michael Chertoff's agenda for a department that is organized and disciplined in risk management. Five themes are central to the

undertaken by the European Payments Council, the body set up by the banking industry to plan the regime. The industry may face regulatory intervention from Brussels unless more effort is made to achieve an effective system for non-cash euro banking transfers.

[LINK](#)

Brussels

WTO compromise Summit deal

The 149 WTO members have agreed a compromise declaration. The deal came after last minute backing for a compromise text by developing countries led by Brazil and India. The main changes were made to provisions for farm subsidies, development aid, and cotton. [LINK](#)

Washington/Brussels

US attacks EU linkage of separate WTO battles

Washington has accused the EU of using a WTO dispute over tax breaks as a bargaining chip in a separate trade dispute over aircraft subsidies. The WTO has backed EU claims that Washington has failed to abide by previous demands to amend Foreign Sales Corporation (FSC), despite changes made to legislation. [LINK](#)

An additional consultation request regarding European subsidies to Airbus was filed by the US on January 31, 2006, supplementing the original request for consultation filed in October 2004. [LINK](#)

London

Falling inflation in the UK

National Statistics reported that the Consumer Price Index (CPI) fell to 1.9 percent in the year to January, down from a high of 2.5 percent in September and

department's budget: increasing overall preparedness and strengthening the Federal Emergency Management Agency (FEMA); strengthening border security and reforming immigration; enhancing transportation security through more efficient and secure systems controls; improving information sharing; and, strengthening the department's organization in order to maximize performance. [LINK](#)

Washington

Trade gap hits record for fourth year in a row

The US trade deficit soared to a record in 2005 for the fourth consecutive year. [LINK](#)

London/Brussels

EU members call for services liberalization

Britain, the Netherlands, Spain, the Czech Republic, Hungary and Poland have called on the European Commission to oppose any watering down of a bill to liberalize the EU services market. [LINK](#)

Brussels

Single European Payments Area

Brussels wants the pan-European transfer system known as the Single European Payments Area (SEPA) to be in place by 2010. However, the European Commission has criticized work

lower than analysts' expectations. December's CPI has also been revised down from 2.0 to 1.9 percent. Inflation has therefore been below target for two consecutive months. The figures sent sterling lower on the foreign exchanges with traders speculating that the Bank of England would move to cut interest rates as soon as March. [LINK](#)

Politics at a glance

London:

March 22: Chancellor of the Exchequer Gordon Brown presents the year's Financial Statement

Washington:

February 27 – March 20: US Senate in session

March 2: Energy and natural resource hearing to examine President Bush's budget for fiscal year 2007 for the Department of the Interior

Brussels:

March 21: European Parliament, Committee on Foreign Affairs, Presentation of Presidency Program by State Secretary Winkler, Brussels

March 27: Meeting of the Transport, Telecommunication, and Energy Council, Brussels

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