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1. EU Autumn Package

On 22 November the European Commission published its Autumn Package which is part of the process of economic governance known as the European Semester. The package is made up of a number of documents including an Annual Growth Survey (AGS) and Alert Mechanism Report (AMR). The package also includes an assessment of euro area Member States' 2018 draft budgetary plans.

The AGS sets out the general economic priorities for the EU and offers Member States policy guidance for the following year. It builds on the messages emerging from the AMR, and also now on the principles and rights set out in the European Pillar of Social Rights. It focuses on reforms to boost investment and to improve the functioning of product, service and labour markets. There are a number of positive signs that structural reforms are delivering results. The euro area and EU economy have grown over the past eighteen months. Employment is increasing, with a record 235.4 million people in jobs in the second quarter of 2017.

The AGS also confirms that house prices are accelerating in most Member States. Valuations in general are still below peak levels but in some cases there are signs of overvaluation. There are some pockets of possible overheating and price dynamics are accelerating in a growing number of countries. Therefore there is a broad-based increase in real house prices in the EU, representing a recovery from previous downturns but also potentially leading to overvaluations in some cases. Real house prices increased in twenty five Member States in 2016, with indicator values exceeding the scoreboard alert threshold (6%) in Bulgaria, the Czech Republic, Ireland, Latvia, Hungary, Austria, Portugal, Romania, Slovakia and Sweden. This is four more countries than last year, with only Ireland, Hungary and Sweden having exceeded the threshold in both years. Greece, Italy and Finland saw declines in real house prices. In other Member States increasing house prices are adding pressure to an overvalued housing market, particularly in Sweden, and to a lesser extent in the United Kingdom, Luxembourg and Austria. House prices in Austria and the United Kingdom, however, decelerated in 2017.

The AMR is a screening device, based on a scoreboard of indicators, which identifies countries that may be affected by economic imbalances and for which the Commission should undertake further in-depth reviews. It is based on the economic reading of a scoreboard of agreed indicators. On the basis of the analysis, twelve countries have been proposed to be covered by an in-depth review in 2018: Bulgaria, Croatia, Cyprus, France, Germany, Ireland, Italy, the Netherlands, Portugal, Slovenia, Spain and Sweden. The in-depth reviews will be presented as part of the Commission's annual country reports in early 2018.

The Autumn Package also contains a Recommendation for a Council Recommendation on the economic policy of the euro area in five parts:

- Pursue policies that support sustainable and inclusive growth and improve resilience, rebalancing and convergence, including making significant progress towards completing the Single Market, particularly in services.
- Aim at a broadly neutral fiscal stance at the aggregate level for the euro area and a balanced policy mix.
- Implement reforms that promote quality job creation, equal opportunities and access to the labour market, fair working conditions, and support social protection and inclusion.
- Continue work to complete the Banking Union.
- Make progress in completing the Economic and Monetary Union.

The Autumn Package is the start of a dialogue process which will result in the preparation by the Commission of country-specific recommendations to be published in February 2018.

2. Energy Efficiency Legislation

There are revisions of two important pieces of energy efficiency legislation currently under discussion, the Energy Performance of Buildings Directive (EPBD) and the Energy Efficiency Directive (EED). Both are in the final stages of negotiations between the European Commission, Council and Parliament (trialogue) and due to differences of opinion there remains uncertainty about the final version of the texts. On 29 November the CEPI Secretariat was present at a roundtable discussion organised in Brussels by the European Cool Roofs Council (ECRC), together with representatives of various stakeholders including representatives from solar energy products and construction. The following presentations were given:

Denia Kolotska (from the Technical University of Crete and President of ECRC), presented the work of the ECRC and challenges for the built environment. Urbanisation increases the use of energy, on average an increase in the population of 1% increases energy consumption by 2.2%. In inner cities the effect is greater, e.g. 30% higher in inner London than outer London.

Florent Marcellesi MEP (ES, Greens and EPBD shadow rapporteur) provided an insight into current discussions in triologue concerning the EED and EPBD.

The first triologue for the EED took place on 7 November. He was disappointed by the attitude of the Council which was not prepared, particularly the Estonian presidency. There was no compromise. Technical meetings have been made political by the Estonian presidency. He does not know if negotiations will finish before the end of the year. The next triologue was due to take place the following Tuesday. It is possible that there may be another session in Strasbourg before the end of the year.

The contents of the discussion referred to were:

- The long-term renovation strategy (most important). A clear aim (roadmap) is needed for 2050. He wants a decarbonised building stock and wants the Member States to define how to achieve the transformation.
- There needs to be a social consensus on renovation strategies including a stakeholder process. He wants the Member States to commit to stakeholder dialogue.
- New skills and education are needed. There needs to be a human approach for the EPBD.
- There is a need to focus on the worst performing buildings. He mentioned the split incentive for buildings and the need to think how to deal with this. He is waiting for a compromise.
- He is happy with the result of the Industry Research and Energy (ITRE) Committee vote on the EED report on 28 November in the European Parliament which approved the objective of a 40% target plus binding national energy targets.
- There was also a vote in ITRE on renewable energy approving a 35% objective with no binding national targets. He is not so happy with this.
- With regard to heating and cooling, the Member States want to base these more on information whereas he wants a long-term renovation strategy.
- With regard to the EPBD, the first debate with the Member States was about renewables. He considers renewable energy sources as other users.
- Prices should be set at national level, the price of energy performance certificate (EPCs) audits should be included in incentives for renovation.
- Another triologue meeting for the EPBD was planned for the following week. There could be a conclusion by the end of December if there is a compromise.
- Regarding renewables he wants to see energy efficiency first and sees the proposed stakeholder dialogue as being up to the Member States to define but wants all actors to be involved. The human aspect is important.

Adrian Joyce (Secretary General EuroACE), presented the work of his association and also the Renovate Europe campaign. He also outlined what he sees as being the key issues in the EPBD:

- The vision for 2050 for the building stock which he thinks should be nearly zero (decarbonised), and drive down demand as far as possible, any gap is to be filled by renewables. Efficiency first is crucial.
- Long-term renovation strategies: he expects to see typology highlighting badly performing stock and wants to see measurable performance indicators. A report by the Building Performance Institute Europe (BPIE) shows that renovation strategies have gone backwards. He thinks this is due to the lack of technical capacity in administrations. Energy policy is seen as complicated, there is a fear of interfering with people's lives.

- Energy is all about supply.
- Building renovation passports set a pathway through stages to fulfil the potential of buildings (Renovate Europe is supporting the creation of such passports). He thinks they ought to be supplied by independent experts aware of technology and cost. They could empower building owners and property managers. They have already been introduced in 3 countries: France, Belgium (Flanders) and Germany (Baden-Wurttemberg). They require that when an owner decides to do substantial renovation a renovation roadmap must be produced (the report by BPIE describes the mechanisms). He wants to include them in the EPBD, the Council is resisting and the Commission is proposing a study (a representative from the European Commission present confirmed that it is studying passports but is more in favour of EPCs). Passports would describe the benefits of energy efficient improvements. He gave an example of a system for whole house renovation in the Netherlands. A company will contract to all the renovation work in a very short period of time (using ventilation integrated in insulated cladding etc.).
- Financing remains an issue but he gave two examples of relevant initiatives: the DE-risking Energy Efficiency Platform (DEEP) and the Energy Efficient Mortgages Action Plan (EeMAP) green mortgage initiative.

A number of important issues remain to be settled concerning the revisions of both the EPBD and the EED. It is likely that these will not be resolved under the current Estonian presidency of the European Council but will have to be taken up during the upcoming Bulgarian presidency which will start on 1 January 2018..

3. Services Package: Adoption of Three Draft Reports

On 4 December the Internal Market and Consumer Protection (IMCO) Committee of the European Parliament voted in favour of the adoption of three draft reports concerning different elements of the Services Package. These reports concern the proposals relating to the notification procedure, proportionality test and the guidance for reform needs on professional regulation of services. They cover rules intended to improve the functioning of the single market in the services sector and the mobility of professionals in the EU.

The proposal relating to the notification procedure aims at improving the existing notification procedure in the Services Directive. It imposes requirements on a Member State when it wishes to introduce or amend regulation on professional services. Along with other parts of the Services Package, it raises issues of subsidiarity and national sovereignty. The rapporteur, Sergio Gutiérrez Prieto (ES, S&D), highlighted the need to respect the legislative powers of Member States and proposed changes concerning this and procedures of national parliaments. The draft report was approved by thirty votes to seven.

The proposal for a proportionality test is intended to streamline and clarify how Member States should undertake such a test before adopting or amending national rules on professional services. Again it raises issues of subsidiarity and sovereignty. There are over 5,500 regulated professions across the EU, with substantial differences between Member States. In considering the proposal, MEPs have attempted to strike a balance between the freedom of movement and consumer choice and the need to regulate professions in a non-discriminatory and proportionate way. The draft report by rapporteur Andreas Schwab (D, EPP) was approved by thirty-three votes in favour and three against.

The third draft report to be voted on was on the implementation of the Professional Qualifications Directive and the non-legislative guidance for reform needs. The report was prepared by rapporteur Nicola Danti (IT, S&D). It focuses on the need to ensure transparent, non-discriminatory and proportionate rules on access to professions, to guarantee high-quality professional services and the impact of scientific progress, innovation and digitalisation. It was approved by thirty-two votes in favour, two against and two abstentions.

In respect of the first two proposals (the notification procedure and the proportionality test), the IMCO Committee also agreed a mandate to enter into interinstitutional negotiations concerning the final version of the texts with the European Commission and the Council. The European Council agreed on its own positions concerning these proposals in May 2017. The final trilogue negotiations will start when the reports are approved in a plenary session of the European Parliament, probably early next year. The other proposals within the Services Package which remain to be approved within IMCO relate to the introduction of a Services e-card which has proven to be highly controversial and will not now be voted on before the beginning of next year.

Useful links

www.cepi.eu

EU Autumn Package

http://europa.eu/rapid/press-release_IP-17-4681_en.htm

EP legislative train schedule energy efficiency

<http://www.europarl.europa.eu/legislative-train/theme-resilient-energy-union-with-a-climate-change-policy/package-energy-efficiency>

EP legislative train schedule Services Package

<http://www.europarl.europa.eu/legislative-train/theme-deeper-and-fairer-internal-market-with-a-strengthened-industrial-base-services-including-transport/package-services-package>



We wish all member associations, their members and families a happy and prosperous 2018!

