



Brussels, 15 March 2019

TUSK OPENS DOOR TO 'LONG EXTENSION' AFTER UK PARLIAMENT REJECTS DEAL

The UK Parliament voted this week to reject the Withdrawal Agreement, as well as to oppose a no-deal scenario and to request an extension to Article 50. With just two weeks before Brexit day, UK Prime Minister May is now expected to ask the EU for an extension, which EU leaders will discuss during next week's European Council summit. Despite some concerns expressed by several senior EU policy-makers (including EU leaders, Commission staff and MEPs) over the desirability of such a move, European Council President Tusk said that he would "appeal to the EU27 to be open to a long extension" if the UK were to change its strategy.

EUROPEAN PARLIAMENT ADOPTS LAST OF THREE REPORTS ON SUSTAINABLE FINANCE

The European Parliament's joint Economic and Monetary Affairs (ECON) and Environment, Public Health and Food Safety (ENVI) Committee adopted their draft report on the 'sustainable taxonomy' with 52 votes in favour, 45 against and 19 abstentions. The taxonomy will cover financial products marketed in the EU as 'environmentally sustainable', with a comply or explain principle. The regulation will also apply to credit institutions that provide portfolio management services. Additionally, the 'environmental sustainability' of an economic activity will be measured through 'environmental indicators.' Lastly, the proposed 'brown taxonomy' and inclusion of 'social objectives' were not adopted. Trilogues will begin once the Council agrees on its position.

POLITICAL AGREEMENT ON ENHANCED RULES ON CENTRAL COUNTERPARTIES SUPERVISION

The European Parliament and the Council reached a political agreement on the so-called EMIR II.2 or CCP supervision framework. The new rules aim to enhance the supervisory system for central counterparties (CCPs) established both in the EU and in third countries. With regards to the latter, the new rules differentiate between systemic and non-systemic counterparties. On this basis, the systemic CCPs will be subject to stricter requirements for their recognition, possibly being required to 'relocate' within EU territory if they wish to continue operate in the EU. The regulation now needs to be formally adopted by the Council and the European Parliament.

ECOFIN ADOPTS NEW TAX BLACKLIST, COMMISSION UNVEILS PLANS FOR AML BLACKLIST

Finance Ministers agreed on a renewed blacklist of tax heaven countries, which adds ten countries to the existing list of five non-cooperative jurisdictions. Separately, the European Parliament adopted a motion for a resolution on the urgency for an EU blacklist of third countries in line with EU anti-money laundering rules. During a debate held before the vote on the motion, Justice Commissioner Jourova said she will attempt to produce a revised blacklist during this mandate, working in two parallel strands: with Member States and the European Parliament on procedural matters as well as on the assessment of countries which are "priority 2 countries" such as Russia.

COMMISSION LAYS GROUND FOR NEW EU STRATEGY ON CHINA AHEAD OF APRIL SUMMIT

The Commission released a Communication stressing the need for a "realistic, assertive and unified" approach towards China. There are three strategic objectives upon which the Commission argues for

a re-calibration in the EU's relationship with China: i) clearly agreed set of EU interests and principles; ii) robust approach at levelling the playing field in seeking reciprocal conditions on economic relationship; and iii) strengthen the EU industrial base to better position itself. The issue will be on the agenda of the next European Council Summit on 21-22 March, in preparation for the bilateral EU-China summit of 9 April.

COMING UP NEXT WEEK:

- **18 March: Transport, Agriculture and Fisheries Council.** On the agenda: Future of the CAP post 2020, bioeconomy strategy, meat sector.
- **18 March: Foreign Affairs Council.** On the agenda: China, Republic of Moldova, Yemen.
- **19 March: General Affairs Council.** On the agenda: Brexit, Long-term EU budget, pre-accession assistance.
- **19 March: EU-Republic of North Macedonia Stabilisation and Association Council.** On the agenda: taking stock of progress in the pre-accession strategy.
- **20 March: Tripartite Social Summit.** On the agenda: labour mobility, single market, social dialogue.
- **21-22 March: European Council.** On the agenda: Brexit, climate change, China summit.

Karl Isaksson, Managing Partner Brussels, Kreab