INTERNATIONAL ASSOCIATION OF FINANCIAL EXECUTIVES INSTITUTES
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IAFEI Weekly Update

Knowledge, Resources, News, and Announcements

This is an issue of IAFEI Weekly Update for the week of November 11, 2024.

Valued All IAFEI Board members, ExCom members & Advisory Committee members:

The following interesting articles and useful information await you in this issue. I hope you enjoy reading them.

My special thanks to Conchita (CLM) , Piergiorgio (PGV) , and Taga san (NTA) for their contributions.

Please feel free to circulate this Weekly Update within your organization. I am hoping that this Weekly Update may increase the value of IAFEI membership. If you have any suggestions, or recommendations, or would like to participate to provide articles, please do not hesitate to contact me.

Thank you for your continuous support and I would love to hear from you.

Tsutomu Mannari (TMA)
Chairman of IAFEI

(Total 28 pages)

Upcoming Events

Date	Time	Event
16, 17 or 18 December 2024	**TBC**	**Joint Meeting: 4th ExCom & Board Meeting 2024**
November 2024	**TBC**	**OTC: Sustainability / ESG**

You are welcome to visit our **official website** www.iafei.org

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Integrated Reporting and Thinking Conference 2024—key takeaways

The 2024 IFRS Foundation Integrated Thinking and Reporting Conference—organised in partnership with the Italian Foundation for Business Reporting (O.I.B.R.)—took place on 18 October in Milan. The event convened stakeholders from around the world to discuss the value of integrated reporting, including how it supports the adoption of the International Sustainability Standards Board's (ISSB) IFRS Sustainability Disclosure Standards (IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures). More than 35 speakers from 15 countries shared insights on increasing the quality of integrated reporting and reinforcing its value. Here are six takeaways from these discussions on the future of integrated reporting.

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(↑Contributed by CLM)

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On 28-29 October, industry leaders and policymakers from across Europe gathered in Sønderborg, Denmark, for the Powering European Industry conference. The event discussed necessary strategies and actions to reinvigorate European competitiveness, with a specific focus on energy policies.
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(↑Contributed by PGV)

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Will Europe and the world be different after the US elections?

On 22 October, the German Employers' Day in Berlin, organised by our German member federation BDA, brought together high-level experts to discuss the potential impact of the US elections on global economic dynamics and the implications for the EU's political and economic agenda. (… …)

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(↑ Contributed by PGV)

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What's new from the OECD in international tax matters?

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- Forthcoming publications
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(↑ Contributed by NTA)

06 BUSINESSatOECD | Special Update | November 2024

Spreading OECD Standards for Market Governance Globally: Our Engagement with the B20 at the 2024 Brazil Summit

As a proud Network Partner to B20 Brazil, Business at OECD joined our global network at the B20 Summit in Sao Paulo last week. As the event fostered dialogue among business leaders and advanced joint policy recommendations for G20 leaders, our members underlined the critical role of the OECD in spreading good practices and standards for market governance globally. In this regard, we also engaged with the forthcoming 2025 B20 Presidency of BUSA and concluded a Memorandum of Understanding with BUSINESSAfrica. (… …)

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07 BUSINESSatOECD | Event Invitation | November 19, 2024

Special Project Kickoff: The Risks of Divergence between Global ESG Reporting Standards

Dear Colleagues,

Join us for the kickoff webinar of Business at OECD's new project on ESG regulatory divergence on November 19, 2024 3:00 pm – 4:00 pm CET.

The webinar aims to launch Business at OECD's project, Regulatory Divergence in Global ESG Reporting: Costs, Risks, and Possible Solutions, which will assess the diverse national, regional and international approaches to mandatory ESG reporting. This project will explore the costs and risks associated with fragmented regulatory frameworks and the impact on commercial and sustainability goals. Our objective is to raise awareness of the challenges posed by regulatory fragmentation across OECD economies and to foster constructive dialogue between business leaders and the OECD on this critical issue. (… …)

Read More and Register >>>

(↑ Contributed by PGV)

08 OECD | What's New? | November 2024

In the November edition of What's New, you'll find:

- Recent OECD releases on well-being and corporate governance of state-owned enterprises;
- Chart of the month highlighting employment rates;
- In focus section exploring the OECD's climate work ahead of COP29;
- and a selection of events until the end of 2024 across the OECD.

Enjoy reading!

Read the Articles Online >>>

(↑Contributed by NTA)

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- The risks of climate change
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CFE tax advisers europe | CFE's Global Tax Top 10 | BRUSSELS | October 2024

CFE tax advisers europe

OECD Secretary-General Report to G20: Key Developments in International Tax Reform

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The latest OECD Tax Report to the G20 details progress in the international tax landscape. The report outlines developments in the Two-Pillar Solution, aimed at addressing tax challenges linked to the digitalisation of the economy. The Subject to Tax Rule (STTR), a component of Pillar Two has been reinforced by a new multilateral treaty signed by 19 jurisdictions, offering developing countries a mechanism to tax outbound payments that receive low or no taxation abroad. Additionally, with 45 countries already implementing global minimum tax legislation under the Global Anti-Base Erosion (GloBE) Rules, the OECD projects a substantial increase in the coverage of multinational enterprises (MNEs) by 2025.

The OECD reports that efforts continue to finalise the Multilateral Convention (MLC) for Amount A under Pillar One, and that the MLC text has received widespread support, though remaining political discussions also aim to refine consensus on Amount B.

The Base Erosion and Profit Shifting (BEPS) Project's minimum standards also remain a core focus for the OECD, and it reports over 54,000 exchanges of information on tax rulings since the BEPS Action Plan's inception. Moreover, tax treaties have been fortified by the BEPS Multilateral Instrument (MLI), now covering 1,950 bilateral treaties. Country-by-Country reporting continues to expand, with 120 jurisdictions mandating reporting requirements, enhancing transparency of MNE operations.

In addition to the Two-Pillar Solution, the OECD emphasises enhanced tax transparency in the report, particularly on real estate transactions and beneficial ownership, aligning with the Global Forum's capacity-building programs. In 2023, data on 134 million financial accounts was exchanged automatically among jurisdictions, totalling nearly EUR 12 trillion in assets. The introduction of the Crypto-Asset Reporting Framework (CARF) is also detailed in the report, reflecting global efforts to standardise tax transparency for crypto-assets, with commitments to further support developing jurisdictions.

EU Tax Priorities Insights: Commissioner-Designate Hoekstra's Q&A, FISC Exchange With Vestager & EU Council Conclusions

In a written Q&A exchange with the EU Parliament held in preparation for his confirmation hearing before the European Parliament on 7 November, Wopke Hoekstra, the European Commissioner-Designate for Climate, Net-Zero, and Clean Growth, outlined strategic tax policies to bolster the EU’s climate goals while supporting economic competitiveness and social equity.

Hoekstra emphasised the importance of tax policy as a key driver in the EU’s twin transition to a green and digitally advanced economy. He proposed a streamlined corporate tax framework aimed at reducing compliance costs for small- and medium-sized enterprises (SMEs) and plans to address “tax obstacles” that currently hinder cross-border business operations within the EU. Hoekstra reaffirmed his commitment to simplifying EU tax directives, including Anti-Tax Avoidance and Administrative Cooperation rules, with an ambitious goal of reducing administrative reporting burdens by 25% overall and by 35% specifically for SMEs.

Hoekstra proposed decisive steps to prevent tax evasion, tax avoidance, and the use of shell companies within the EU and abroad, stressing the importance of implementing global tax reforms in line with OECD standards. In the context of climate goals, he is prioritising environmental tax measures to harmonise energy taxation across Member States. This would support the EU’s 2040 and 2050 emissions targets by incentivising sustainable energy consumption and discouraging carbon-intensive production. Plans to revisit the Energy Taxation Directive (ETD) were highlighted, aiming to modernise tax rates for energy products based on emissions profiles, in line with the EU’s “polluter pays” principle. Additionally, Hoekstra proposed removing longstanding tax exemptions for aviation and maritime fuels, a move intended to foster the transition to sustainable fuels in these sectors.

Hoekstra stressed his commitment to international tax transparency and compliance with the OECD’s Pillar II agreement on minimum corporate taxation. He advocated for a coordinated EU response to enforce minimum tax rates on multinationals and prevent harmful tax competition within the EU, acknowledging that the special legislative procedure requiring unanimity among Member States remains a challenge. He also addressed the urgency of addressing the tax implications of digital assets and cryptocurrencies, proposing collaborative EU action to ensure these assets do not facilitate tax evasion.

During an exchange of views meeting with the EU Parliament's Permanent Tax Subcommittee (FISC) on 16 October, Executive Vice-President Margrethe Vestager outlined key developments in EU tax policy. She emphasised the EU's commitment to fair taxation through high-profile cases like the *Apple* tax ruling and state aid investigations. Vestager also addressed the growing challenges in taxing the digital economy, stressing the need for policy reform to ensure fairness and sustainability in a rapidly changing global landscape.

One of the main challenges discussed was how to define and capture digital value, especially in the context of AI and automation, which are reshaping traditional taxation models. Looking ahead, Vestager proposed future policy directions, including implementing OECD's Pillar One framework, creating a common EU corporate tax base, and ensuring fair taxation for small and medium-sized enterprises (SMEs). She stressed the importance of simplifying the tax system to increase transparency and curtail aggressive tax planning, all while maintaining the European social contract.

Vestager emphasised that the status quo is unsustainable and that reforms must continue, that the EU needs to adapt its tax policies to remain competitive globally while ensuring that all economic actors contribute fairly to maintaining public services and social welfare.

In conclusions adopted following its meeting on 17 October 2024, the European Council also reiterated the urgency of enhancing the EU's competitiveness, highlighting its central role in securing economic resilience and industrial renewal.

As part of its strategic agenda, the Council emphasised that EU institutions, Member States, and stakeholders must work collectively to address structural challenges, particularly those outlined in reports by Enrico Letta and Mario Draghi on European competitiveness. The conclusions underline: the critical importance of maintaining a globally competitive economy, with the Single Market at its core; ensuring that the EU remains competitive internally and externally; and, the necessity for a harmonised fiscal environment to support competitiveness, ensure a level playing field, foster fair taxation and prevent tax avoidance.

Tax policy will play a pivotal role in this context, especially in addressing disparities across Member States that could lead to uneven economic growth. The Council's discussion on financial strategies to support long-term competitiveness hinted at the integration of taxation within broader EU economic policies, as well as promoting effective tax measures to secure sustainable investment in green and digital technologies. These shifts in fiscal policy are aimed to attract investment while also addressing global tax challenges such as evasion and profit-shifting, which could impact the Union's competitiveness on a global scale.

UN Tax Committee Addresses Digitalisation, Double Taxation and Capacity Building at 29th Session

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The 29th Session of the UN Committee of Experts on International Cooperation in Tax Matters took place from October 15-18, 2024, in Geneva. The Session's agenda focused on key topics related to tax transparency, digitalisation, and sustainable development. The Committee continued discussions on tax-related issues emerging from the global digital economy, with particular emphasis on promoting fairness and equity in international tax systems. The event attracted participation from experts and representatives of tax authorities, international organisations, and civil society.

One of the session's highlights was the progress made on the UN Model Double Taxation Convention and its guidelines for tax dispute resolution through Mutual Agreement Procedures (MAP). The experts explored enhancing cooperation between jurisdictions to reduce instances of double taxation, which can create obstacles to trade and investment. Additionally, efforts to prevent base erosion and profit shifting (BEPS) were a significant focus, with ongoing discussions aimed at curbing aggressive tax avoidance practices that undermine the global tax base.

The Committee also addressed capacity-building initiatives, especially for developing countries, to strengthen tax administration and improve domestic resource mobilisation. Participants emphasised the need for greater technical support and sharing of best practices to ensure that developing nations can participate effectively in international tax cooperation frameworks. These discussions are critical as countries seek to align tax policies with broader goals of sustainable development and economic fairness.

ECOFIN: Council of the EU Updates List of Non-Cooperative Jurisdictions for Tax Purposes

Economic and Finance Ministers updated the list of non-cooperative tax jurisdictions at an EU Council ECOFIN meeting held in October. The EU Council removed Antigua and Barbuda from the so-called Blacklist, leaving 11 jurisdictions on the list, namely: American Samoa, Anguilla, Fiji, Guam, Palau, Panama, Russia, Samoa, Trinidad and Tobago, the US Virgin Islands, and Vanuatu.

Antigua and Barbuda was added to the list in October 2023 after an unfavourable OECD Global Forum review on exchange of information. However, recent legal reforms led to a supplementary review. Notably, Fiji and Palau have made progress toward compliance with EU listing criteria. Meanwhile, the Council approved its regular "state of play" document (Annex II), which tracks cooperation with jurisdictions working toward tax reform. Armenia and Malaysia have fulfilled commitments and will be removed from the state of play, while Vietnam has been granted additional time to meet country-by-country reporting standards, with reassessment set for February 2025.

In response to the removal of Antigua and Barbuda, Pascquale Tridico (GUE, IT), new Chair of the FISC Subcommittee on Tax Matters expressed concern over the decision in a press release, stating that delisting should occur only after tax reforms are fully implemented, not merely based on commitments. He also criticised past removals of jurisdictions like the Cayman Islands and Bermuda for accepting minimal compliance measures. Tridico called for enhanced listing criteria, a stronger role for the European Parliament to ensure transparency, and efforts to address tax havens within the EU itself.

CFE Opinion Statement in Apple State Aid Case - *Commission v Ireland*, C-465/20

CFE Tax Advisers Europe's ECJ TaskForce has issued an Opinion Statement on the decision in the *Commission v Ireland ("Apple")* case, C-465/20, in which the Court of Justice of the EU (Grand Chamber) delivered its decision on 10 September 2024.

The *Apple* case concerns the question of whether tax rulings issued by the Irish tax administration to Irish incorporated but non-resident companies that form part of the Apple Group are compatible with EU rules on State aid and, in particular, if the General Court's holding that the Commission had failed to prove to the required standard that such aid had indeed been granted, was legally correct.

The Court set aside the General Court judgment of 15 July 2020, which had annulled the European Commission findings of State aid. The CJEU's Grand Chamber found that the General Court made errors in its understanding of the Commission's decision that led it to wrongly conclude that the Commission had failed to demonstrate that the tax rulings led to favourable tax treatment of the non-resident entities in comparison to non-integrated standalone companies and other companies dealing at arm's length. In reaching this result, the Grand Chamber judgment follows the Opinion of AG Pitruzzella delivered on 9 November 2023. Rather than referring the case back to the General Court for reconsideration, as the AG had recommended, the Court decided to render a final judgment on the validity of the Commission decision, reinstating it in full.

The CFE Opinion Statement seeks to explain and analyse the CJEU's reasoning both with respect to the annulment of the General Court's judgment and its final ruling on the granting of illegal state aid to the Apple Group. CFE Tax Advisers Europe welcomes the CJEU's decision to give a final judgment in the case to prevent a prolonged uncertainty over the outcome. It wonders, however, how the judgment fits with recent case law of the Court, which had shown more deference to Member States' interpretation of their law in assessing derogations from 'normal taxation' in specific cases.

The CFE wonders whether the judgment's outcome, insofar as it sits in tension to holdings in its earlier judgments in *Fiat* and *Engie*, and the later judgment in *UK CFC* might be considered as specific to the circumstances of the procedure. In particular, this relates to the fact that the CJEU did not review the findings of the General Court it had rejected in that judgment but, in the absence of a cross-appeal by Ireland or Apple, had considered *res judicata* in this decision. In light of these considerations, the CFE expects the Court will clarify the status of its judgment in this case and its previous case law in future decisions.

The CFE ECJ Task Force is formed by CFE Tax Advisers Europe and its members are Georg Kofler (Chair of this Task Force and Professor at the Institute for Austrian and International Tax Law of WU Wien), Alfredo Garcia Prats (Professor at the University of Valencia), Werner Haslehner (Professor at the University of Luxembourg), Aleksandar Ivanovski (Director of Tax Policy at CFE Tax Advisers Europe, *ad hoc* member in 2024), Eric Kemmeren (Professor of International Taxation and International Tax Law at the Fiscal Institute Tilburg of Tilburg University), Michael Lang (Professor at the Institute for Austrian and International Tax Law of WU Wien), João Nogueira (Professor at Universidade Católica Portuguesa and Deputy Academic Chairman at IBFD), Christiana HJI Panayi (Professor at Queen Mary University of London), Stella Raventós-Calvo (Vice-President of CFE Tax Advisers Europe), Isabelle Richelle (Co-Chair of the Tax Institute - HEC - University of Liège, Brussels Bar Elegis), and Alexander Rust (Professor at the Institute for Austrian and International Tax Law of WU Wien).

We invite you to read the Opinion Statement and remain available for any queries you may have.

EU Commission Publishes DAC9 Proposal for a Central Filing Mechanism for Pillar 2 Reporting

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The European Commission has published a "DAC9" proposal to amend the Directive on administrative cooperation in the field of taxation (Directive 2011/16/EU) and harmonise the reporting process in the EU for the OECD/G20 Base Erosion and Profit Shifting (BEPS) Pillar Two Directive's minimum effective tax rate of 15% on MNEs across their operational jurisdictions.

The DAC9 proposal would allow MNEs to file one standardised "Top-up Tax Information Return" and introduce a mechanism for automatic information exchange between EU Member States, as envisaged in Article 44 of the Pillar Two Directive. The proposal's central filing mechanism allows an MNE's ultimate parent entity (UPE) or a designated filing entity to submit a single, consolidated Top-up Tax Information Return for the entire group, instead of requiring each constituent entity within the EU to file individually.

To facilitate the filing, two main conditions must be met: the jurisdiction of the UPE (or designated entity) must have arrangements for information exchange with all relevant EU countries, and the central report must cover all necessary jurisdictional data points. The proposal introduces a structured "dissemination approach" to ensure that tax authorities across Member States receive the appropriate segments of the Top-up Tax Information Return.

To streamline these exchanges, a standardised electronic form for the Top-up Tax Information Return will be created, along with an automated computer system (within the existing EU Common Communication Network) to manage data sharing. The form aligns with the OECD's GloBE Information Return and is supported by an EU-developed IT infrastructure funded by the Fiscalis program, which will also finance any updates to ensure interoperability and compliance with evolving international standards.

The proposal will now be considered by the EU Council.

OECD Releases Online Manual on Effective Mutual Agreement Procedures (MEMAP)

The OECD has made the [Manual on Effective Mutual Agreement Procedures]() (MEMAP) available online as part of its ongoing efforts to enhance international tax dispute resolution. Originally published in 2007, MEMAP is a central component of a larger initiative to refine existing tax dispute procedures and develop supplementary dispute resolution mechanisms. It serves as a guide to raise awareness about the Mutual Agreement Procedure (MAP) and provides tax administrations and taxpayers with a comprehensive overview of how the process should function. MEMAP also outlines best practices for navigating the MAP process without imposing binding rules on member countries.

MEMAP complements existing OECD guidance, including the OECD Model Tax Convention and Transfer Pricing Guidelines, ensuring coherence with established international tax frameworks. It does not modify or expand the legal rights and obligations found in tax treaties but offers valuable insights into handling MAP effectively. Tax professionals and tax administrations are encouraged to consider MEMAP's best practices when addressing tax disputes, although its recommendations are flexible and may not always apply universally. The online availability of MEMAP provides an accessible resource for those involved in cross-border tax issues.

EU Opens Infringement Procedure Against Spain, Cyprus, Poland and Portugal for Non-Compliance With Pillar Two Directive

The European Commission has referred Spain, Cyprus, Poland, and Portugal to the Court of Justice of the European Union for failing to implement the Council Directive (EU) 2022/2523, the Pillar 2 Directive. This directive establishes a minimum global tax rate of 15% for multinational enterprises and large domestic groups with an annual turnover of at least €750 million, aiming to prevent tax base erosion and profit shifting.

While EU member states were required to transpose the Pillar 2 Directive into national law by 31 December 2023, these four countries have yet to notify the European Commission of their national measures. Despite ongoing efforts, Spain, Cyprus, Poland, and Portugal missed the deadline, prompting the Commission to escalate the matter by taking formal legal action.

The Commission emphasises that the swift implementation of Pillar 2 is crucial for ensuring a level playing field across the EU and globally, by curbing harmful tax competition and ensuring that large corporations are subject to a fair minimum tax rates. Companies operating in these countries should closely monitor developments, as delays in implementing the Pillar 2 rules could affect corporate tax planning and compliance strategies.

EU to Introduce Standardised Reporting for CbCR

The European Commission has proposed a implementing regulation to standardise reporting under the country-by country reporting requirements from the 2013 Directive 2013/34/EU, which mandates that companies exceeding certain revenue thresholds must disclose country-by-country tax information. The proposed regulation introduces a common template and electronic format, and companies within the scope would need to comply with these requirements starting from financial years in 2025. Reports will require the use of XHTML with Inline XBRL markup, ensuring both human-readable and machine-readable formats, facilitating digital accessibility and regulatory compliance.

The regulation specifies that EU-regulated undertakings must structure tax reports according to an established taxonomy, ensuring that data elements are uniformly presented. For instance, companies must mark up data on tax expenses, revenues, and related information using a predefined core taxonomy to meet the automated reporting criteria. Notably, the regulation exempts some non-EU parent companies from using the specific EU template but requires their EU subsidiaries to publish tax information on behalf of the entire group if needed.

OECD Publications on Tax Arbitrage, Crypto-Assets & CBS Reporting

The OECD published three publications in October surrounding international tax reporting and tax arbitrage trends, namely: revised guidelines for the Common Reporting Standard (CRS) and the Crypto-Asset Reporting Framework (CARF), as well as a working paper exploring tax arbitrage incentives across OECD countries.

Updated User Guide for CRS XML Schema

The updated user guide XML schema for the Common Reporting Standard (CRS), is pivotal for facilitating the automatic exchange of CRS-related financial information between tax administrations worldwide. However, beyond cross-border exchanges, this XML schema can also be used by Reporting Financial Institutions for domestic reporting purposes, subject to local law provisions.

The updated guide has enhanced guidance on data structuring and transmission to improve compliance with CRS requirements and includes more flexibility for jurisdictions to adopt the schema for domestic reporting, allowing for greater standardisation in financial reporting.

Crypto-Asset Reporting Framework (CARF) User Guide

The OECD as also released a user guide for the Crypto-Asset Reporting Framework (CARF) XML schema, approved in 2023. This framework is aimed at facilitating the automatic exchange of information on crypto-assets between tax administrations globally. Similar to CRS, the XML schema for CARF can also be employed by Reporting Crypto-Asset Service Providers for domestic reporting, where local regulations allow.

The user guide includes guidelines for crypto-asset data exchange, helping authorities track crypto-asset transactions and tax obligations more effectively and information for the use of XML schema by crypto-asset service providers for reporting to domestic tax authorities.

OECD Report on Tax Arbitrage Incentives

A recent OECD paper has delved into the issue of tax arbitrage behaviours, particularly in the context of unincorporated businesses and closely held incorporated businesses. The study highlights how tax system features in many OECD countries incentivise tax minimisation strategies, leading to increased incorporation of businesses as a tax planning tool.

The working paper concludes that tax incentives to incorporate and earn capital income through corporations have grown over the past two decades, contributing to a rise in incorporated businesses across OECD countries. A combination of factors—including corporate, dividend, capital gains, and inheritance tax features— encourages business owners to retain earnings within corporations rather than distributing them. The study suggests that tax planning strategies have become more sophisticated, with tax systems themselves sometimes driving these behaviours.

The selection of the remitted material has been prepared by:
Aleksandar Ivanovski & Brodie McIntosh

(Reposted from: Newsletter, CFE tax advisers europe, November 6, 2024)

BUSINESSEUROPE | Headlines | BRUSSELS | October 31, 2024

Powering European Industry conference: Urgent call for a new industrial strategy

On 28-29 October, industry leaders and policymakers from across Europe gathered in Sønderborg, Denmark, for the Powering European Industry conference. The event discussed necessary strategies and actions to reinvigorate European competitiveness, with a specific focus on energy policies.

Securing energy at competitive prices is central to preserving Europe's industrial base and ensuring global competitiveness for European companies", said our Director General Markus J. Beyrer. High energy costs place Europe at a significant disadvantage compared to other major economies. See our recommendations on how to bring energy prices down here.

"Alongside private financing, targeted public funding will be crucial to de-risk investments. Decarbonising our economies requires strong public-private partnerships", Beyrer added. The event was organised by the Confederation of Danish Industry, the International Energy Agency, Danfoss and BusinessEurope. It featured a visit of an industrial sites and a meeting with His Majesty King Frederik X of Denmark.

(URL: https://mailchi.mp/businesseurope/headlines-urgent-call-for-a-new-industrial-strategy-eu-uk-relations?e=89142c14c6)

European Business Intelligence | Weekly Highlights | October 8, 2024

SAVE THE DATE: European Business Summit 2024

The 24th European Business Summit is set for November 20th and 21st 2024! Following the June 2024 European elections and the renewal of the European Commission, this summit will address pivotal issues shaping Europe's future, including energy policy, European security, and AI's impact on society and the market economy.

EBS2024 will feature an impressive lineup of prominent speakers, including newly elected members of the European Commission and European Parliament, as well as leading figures from key industries.

This week's highlights

- Wind energy sector will be penalised by CBAM, according to study commissioned by *WindEurope*
- Following proposal to postpone regulation on deforestation, risk of co-legislators watering it down
- European Commission and United Nations are working towards an "*ambitious*" global treaty on plastics that goes beyond waste management
- Court of Auditors calls for a more robust design of EDIP programme
- European Defence Agency and European Investment Bank Group strengthen their partnership
- *Youtube*, *Snapchat* and *TikTok* targeted by European Commission for distributing potentially harmful content
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EXTERNAL ACTION: Wind energy sector will be penalised by CBAM, according to study commissioned by *WindEurope*

The implementation of the Carbon Border Adjustment Mechanism (CBAM) and its certificates in 2026 will be detrimental to the wind energy sector in Europe, according to a study commissioned by the industry representative *WindEurope*. The main issue is the cost of the CBAM certificates for the steel used in wind turbines and the administrative burden of calculating the emissions included in the materials.

EY, the company commissioned to carry out the study, calculated that for each wind turbine produced in the EU, the cost of the CBAM certificates could be €910,000. These additional costs are difficult to pass on to end consumers, according to the study.

As for the additional administrative burden, the study highlights the complexity of calculating the emissions contained in imported products. *WindEurope* reports that 70% of its members are currently using default values to declare emissions in their imports. However, these default values, provided by the European Commission, can no longer be used after 2026 and the end of the transitional period. *(Original version in French by Léa Marchal)*

SECTORAL POLICIES: Following proposal to postpone regulation on deforestation, risk of co-legislators watering it down

The political coordinators of the European Parliament's Committee on Environment will be discussing the postponement of the regulation on deforestation at a meeting on Monday 7 October.

On Wednesday 2 October, the European Commission proposed a one-year postponement of the implementation of the regulation on imported deforestation *(see EUROPE 13495/1)*. Its entry into force would switch from 31 December 2024 to 31 December 2025. The text provides for a ban on imports into the EU of products (palm oil, beef, soya, coffee, etc.) the production of which has contributed to forest degradation after 2020.

The European Commission's decision still has to be approved by the Council and Parliament, which will have to reach agreement. And while the Commission assures that the "*objectives or substance of the law*" are not being called into question, it will be possible to propose amendments to the text.

The procedure. The European Parliament must now decide how to deal with this dossier, which can only be completed before the end of the year if the urgency procedure is applied. The Committee on Environment will decide whether the proposal for postponement will go directly to plenary (Rule 170(6)), or initially to committee (Rule 170(5)). It will then have to be decided whether the Commission's proposal will be discussed without amendments or with them, but without the drawing up of a report.

Without amendments to the Commission's proposal, the Council and Parliament would avoid trilogue negotiations.

A postponement with adjustments? Those who opposed the postponement, which they denounced as a step backwards for the EU, will have every interest in avoiding going through amendments, which would risk watering down the legislation formally adopted in 2023. "*The S&D group will oppose any attempt to reopen or weaken the substance of the legislation*", warned Christophe Clergeau (S&D, French).

But will the stakeholders who were pushing for a postponement accept it without adjustments? In its current form, for example, the regulation does not recognise deforestation prevention mechanisms specific to exporting countries *(see EUROPE 13492/1)*. Brazil and Indonesia in particular have deplored this.

The legislation would also impose "*a considerable administrative burden*", according to the EU's agricultural organisations and cooperatives (*Copa-Cogeca*), which have called on the Parliament and Council not only to approve the one-year postponement, but also "*to take into account the challenges raised by EU Member States, third countries and relevant stakeholders*".

The Austrian Minister for Agriculture, Norbert Totschnig, who was pleased to have been one of the first to denounce the administrative burden of the regulation, back in March 2024, also presented the postponement as an "*important step in the search for practical, non-bureaucratic solutions*". *(Original version in French by Florent Servia)*

SECTORAL POLICIES: European Commission and United Nations are working towards an "*ambitious*" global treaty on plastics that goes beyond waste management

An exchange of views regarding progress made on the global plastics treaty took place at the European Parliament on Thursday 3 October, during the meeting of the Committee on Environment, Public Health and Food Safety *(see EUROPE 13190/14)*. The resolution to develop a legally binding international instrument on plastic pollution was adopted in February 2022.

The European Commission and the United Nations were represented to explain the progress made in negotiations to MEPs. The aim is to reach agreement at the fifth session of the Intergovernmental Negotiating Committee (INC), scheduled for 25 November to 1 December 2024 in Busan, South Korea.

"*More than 500 million tonnes of plastic will be produced this year, with a high risk of ending up in the environment*", warned Laura Anès of the United Nations. Pointing out that this treaty is not against plastic, she said that priority should be given to global action throughout its life cycle, rather than seeing recycling "*as a panacea*".

Negotiations cannot be concluded by that date, according to the European Commission, which has stated its support for an ambitious text. The Commission went over the initiatives on plastics already taken at European level (the directive on single-use plastics, the regulation on plastic waste, the regulation on the transport of waste) in order to present the EU as a credible partner.

Concerns remain among some stakeholders. According to the Commission, they fall into three categories: emerging economies (India, Brazil) support in principle the ambition of a treaty covering the entire life cycle of plastics, but fear harmonised rules at global level; polymer producers (China), who are also major exporters of manufactured goods, fear the impact that restrictions could have on their processing industry; and finally, those who are concerned about the reduction in polymer production, as they seek alternatives to the fossil fuels used in their economies (Saudi Arabia, Iran, Russia). These countries prefer the treaty to focus on waste management.

MEPs encouraged the European Commission to be ambitious. We must "*show the way*" (Sara Matthieu, Greens/EFA, Belgian) and "*play a leading role*" (Rasmus Nordqvist, Greens/EFA, Danish). Ms Matthieu took the opportunity to point out that "*plastic production is expected to triple by 2050*" and that "*most plastics are single use*". *(Original version in French by Florent Servia)*

SECURITY - DEFENCE: Court of Auditors calls for a more robust design of EDIP programme

On Thursday 3 October, the Court of Auditors called for a more robust design of the European Defence Industry Programme (EDIP) and a better balance between the political objectives, the proposed budget and the timetable.

EDIP, proposed by the Commission in March, is currently being discussed by the Member States and the European Parliament. It aims to increase the Union's defence preparedness and strengthen its armaments industry.

In its opinion, the Court of Auditors takes the unsurprising view that the proposed budget of €1.5 billion and the 2-year implementation period do not meet the ambitious objectives of strengthening the readiness of the EU defence industry and contributing to Ukraine's defence industrial base.

According to the auditors, the Commission has not assessed the amount of EU budgetary support that would be required to implement the proposed policy instruments. They also believe that EU resources could be spread over a wide range of projects that may not have a measurable impact at EU level. "*We therefore stress the importance of defining relevant performance indicators with milestones and targets to reflect the achievements that can reasonably be expected by the end of 2027*", the auditors state in their report.

To take full advantage of EU budgetary support, the Commission should consider complementing the current defence industrial strategy with a long-term funding strategy for the European defence technological and industrial base under the next EU multi-annual budget.

In addition, the auditors call for the programme's accountability arrangements to be clarified and strengthened, particularly as regards the European Court of Auditors' audit rights, which must be respected.

"*This is important because of the complexity of the governance arrangements around defence, particularly where programmes are not managed directly by the Commission or in certain parts where implementation is entrusted to the Ukrainian authorities*", explains the Court.

It also points out that the financing of the Ukraine support instrument via windfall profits from frozen Russian assets does not provide a clear picture of its amount or duration.

To see the Court's opinion: https://aeur.eu/f/dp3 *(Original version in French by Camille-Cerise Gessant)*

SECURITY - DEFENCE: European Defence Agency and European Investment Bank Group strengthen their partnership

On Thursday 3 October, the European Defence Agency (EDA) and the European Investment Bank (EIB) Group signed an update to their 2018 Memorandum of Understanding in order to strengthen their partnership.

This revised Memorandum of Understanding will enable the two organisations to identify financing needs for collaborative defence projects involving EU Member States and their defence industries "*to support capability development, research, development and innovation (RDI), technology and infrastructure in the field of security and defence in the EU*", the EIB said in a press release.

The aim is also to better meet the funding needs of collaborative defence projects and to strengthen mechanisms such as the Cooperative Financial Mechanism (CFM).

The agreement should also encourage better knowledge sharing between the EIB, the European Investment Fund (EIF) and the EDA, "*enabling more reliable assessments of market demand and industrial capacities in the Member States*". The EDA will provide industrial defence advice to the EIB Group, while the EIB Group will contribute its financial markets expertise to support the EDA's objectives. *(Original version in French by Camille-Cerise Gessant)*

SECTORAL POLICIES: *Youtube*, *Snapchat* and *TikTok* targeted by European Commission for distributing potentially harmful content

On Wednesday 2 October, the European Commission announced that it had sent several requests for further information to three major social networks under the Digital Services Act (DSA).

The EU says it is concerned about certain potentially dangerous content disseminated by the platforms *YouTube*, *Snapchat* and *TikTok*, and on Wednesday demanded information about the algorithms that manage recommendations.

The Commission is especially concerned with protecting minors, who represent a significant portion of users on these platforms. The platforms "*must adequately assess and mitigate the risks*", including "*potential harm to the mental health of users*" and the dissemination of "*dangerous content linked to the design of these algorithms*", says the Commission in its press release.

YouTube and *Snapchat* must also communicate the measures taken to mitigate the influence of their algorithms on the promotion of hate speech and illegal drugs.

TikTok, for its part, has been asked to "*provide more information on the measures adopted to prevent manipulation of the service by malicious actors and to mitigate the risks associated with elections, media pluralism and civic discourse*".

The algorithms and recommendation systems used by platforms subject to the DSA are at the heart of several formal non-compliance proceedings opened by the Commission in recent months against *AliExpress*, *Facebook* and *Instagram (see EUROPE 13371/24, 13411/1).*

YouTube, Snapchat and *TikTok* must provide the requested information by 15 November. *(Original version in French by Isalia Stieffatre)*

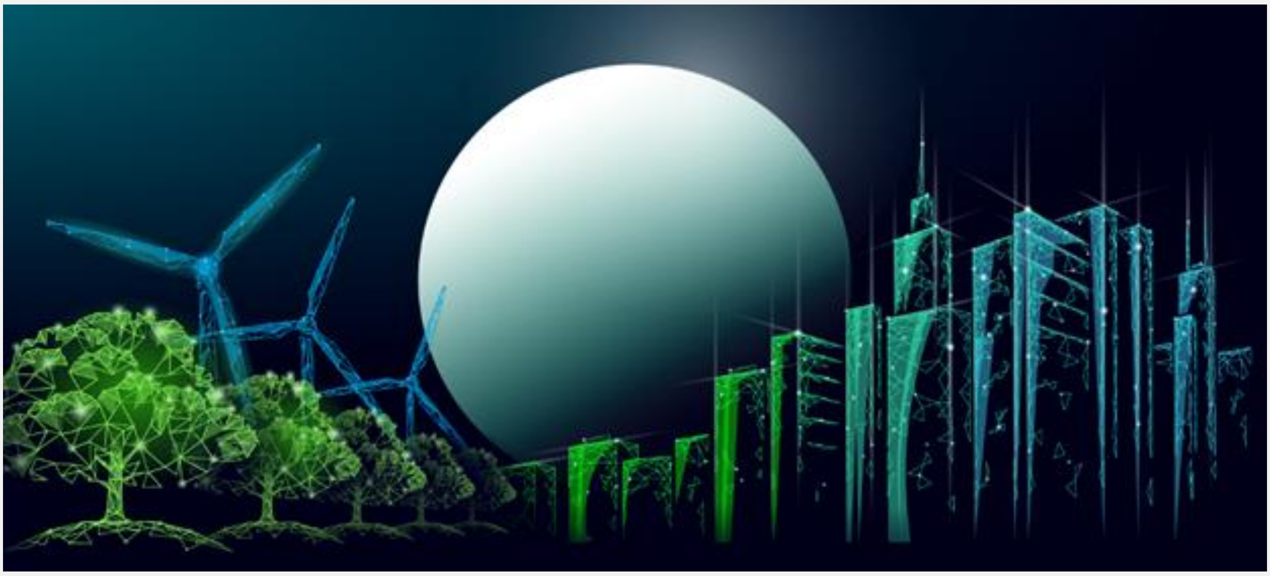
(Reposted from: Newsletter, European Business Intelligence, November 8, 2024)

Deloitte.

November 2024

Deloitte Global Boardroom Program

Read the recently released global survey on board governance of AI and join an upcoming webinar on the board's role in the climate challenge



Dear members of the Deloitte Global Boardroom Program:

The Deloitte Global Boardroom Program invites you to register for the final webinar discussion of 2024, focused on "The board's role in the climate challenge: COP29." This discussion features the board chairs of Engie and Teck Resources, who will explore the outcomes and key takeaways from COP29 in Baku.

The Program is also pleased to announce the recent launch of a new survey titled, Governance of AI: A critical imperative for today's boards. The survey looks at the board's role in strategic oversight of this technology and highlights a few immediate actions boards can consider taking to bolster AI governance.

Lastly, a recording of the 2 October webinar "The Role of the Audit Committee in Building Trust" has been included, as well as a few key articles and insights from around Deloitte on a number of critical business topics.

Thank you for your active membership in the program – feel free to share this note and invite your board and c-suite colleagues to join directly.

Best wishes,

Dr. Arno Probst
Global Boardroom Program Leader
Deloitte Global

Kevin Tracey
Global Boardroom Program
Senior Manager
Deloitte Global

Registration closing soon:

The board's role in the climate challenge: COP29

Join us for a timely discussion as we reflect on the outcomes and takeaways from the COP29 meetings in Baku. How are leading boards building on the momentum around ambitions to reduce emissions, phasing out fossil fuels, and achieving net-zero?

To help us answer these questions, please join a distinguished panel of business leaders which includes Jean-Pierre Clamadieu, Chair, **Engie SA,** Independent Director, **Airbus SE, TE Connectivity Ltd;** Sheila Murray, Board Chair, **Teck Resources,** Board Member, **BCE Inc,** Trustee, **Granite REIT;** Pradeep Philip, Partner & Head of **Deloitte Access Economics** in discussion with Jennifer Steinmann, **Deloitte Global** Sustainability & Climate leader.

20 November 2024

16:00 London/11:00 NY

REGISTER

Publication now available:

Governance of AI: A critical imperative for today's boards

In a new Deloitte Global Boardroom Program survey of nearly 500 board directors and executives across 57 countries, 45% say AI is not yet on the boardroom agenda. Is it time to step up AI oversight in the boardroom?

The survey explored how involved boards have been in AI governance and sentiments about the current pace of adoption. It also looked at the board's role in strategic oversight of this evolving technology.

How can boards best navigate these opportunities and challenges? What are a few immediate actions boards can consider taking to bolster AI governance?

Read the article to learn more.

FUTURE GLOBAL BOARDROOM PROGRAM WEBINARS

Deloitte Global Boardroom Program discussions are open to board members and senior executives. Please share the invitation with your board and executive committee colleagues who may be interested in joining the webinar. If you are unable to attend due to time zone differences or scheduling conflicts, please register for the session and we will send you a link to the recording to watch at your convenience.

GenAI: What boards need to know

As many organizations move past the piloting stage and integrate generative AI more broadly into strategy and operations, how involved are boards in overseeing their organizations' approach to AI and GenAI? How are they balancing their time to help ensure all pressing boardroom topics get the time and attention they deserve? And how confident are they that their AI implementation is transparent, safe, and responsible with the appropriate guardrails?

Join our distinguished panel as they discuss the rapid advancements in this space, as well as the results of a recent Deloitte Global survey on GenAI board stewardship.

19 February 2025

16:00 London/11:00 NY

REGISTER

Webinar recap and recording | 2 October 2024

The role of the Audit Committee in building trust

If you missed this interesting discussion on the role of the audit committee in building trust with Jan Babiak, Independent Director, **Walgreens Boots Alliance, Inc., Bank of Montreal;** Karin Dohm, Independent Director, **Ceconomy AG, Danfoss A/S,** CFO, **Hornbach Baumarkt AG;** Carine Smith Ihenacho, Chief Governance and Compliance Officer, **Norges Bank Investment Management;** and Jenn-Hui Tan, Chief Sustainability Officer, **Fidelity International,** in discussion with Dipti Gulati, CEO, Audit and Assurance, **Deloitte** US, please find a link to the recording below.

CLICK HERE TO WATCH THE RECORDING

Password: OCTGBP2024

From the editor's desk | Deloitte Insights

Curated reading from the best of Deloitte

Elisabeth Sullivan
Editor in Chief
Deloitte Insights

Recommended Reading

AI and the CEO of the future

As Generative AI continues to revolutionize industries, the responsibilities and expectations of CEOs are evolving in tandem. This paper examines the future of leadership in an AI-driven world.

Read more

On the Board's Agenda | US
Brand and reputation stewardship

As stewards of long-term value for shareholders and other stakeholders, boards that effectively oversee the enterprise's brand and reputation could see outsized benefit.

Read more

Leading a Generative AI-fueled enterprise

Generative AI is a priority for leaders: According to a Fortune/Deloitte survey on Generative AI for CEOs, 79% say accelerating innovation is a top use case for it. This collection of perspectives outlines Generative AI for business leaders to help avoid the pitfalls of past innovation cycles while setting a vision to maximize value.

Read more

What CFOs need to know today

CFOs play a critical role in crafting a clear sustainability reporting plan that not only meets compliance requirements but also drives value. This paper explores the challenges faced by CFOs across the Asia Pacific region, and the questions they need to ask to understand the impact of sustainability reporting on their organizations.

Read more

Organizations talk about equity in AI, but are they following through?

Diversity, equity, and inclusion leaders are in a unique position to advocate for AI that works for everyone. Here's where they have opportunities to lead at the intersection of AI and DEI.

Read more

Global economic update

What's happening this week in economics? Deloitte's team of economists examines news and trends from around the world.

Read more

Ira Kalish
Chief Economist
Deloitte Global

To register or refer a colleague:

Thank you for sending referrals to the Deloitte Global Boardroom Program. To make introductions to board or executive committee colleagues who would benefit from membership of the Global Boardroom Program, please just invite them by sending this link here.

As always, please get in touch if you have any questions or suggestions.

Dr. Arno Probst
Global Boardroom Program
Leader

Kevin Tracey
Global Boardroom Program
Senior Manager

About the Deloitte Global Boardroom Program

The Deloitte Global Boardroom Program brings together the knowledge and experience of Deloitte member firms around the world to address critical topics of universal interest to company boards and management. Supplementing country programs, its mission is to promote dialogue between corporations and their boards and management, investors, the accounting profession, academia, and government. In addition to the publication of thought-pieces on critical topics, the Deloitte Global Boardroom Program hosts a series of must-see webinar discussions with eminent panelists to help boards and management of global companies to stay current and challenge perceived wisdom.

To become a member of the Global Boardroom Program, click here. For more information contact globalboardroomprogram@deloitte.com.

(Reposted from: Newsletter, Deloitte. , November 8, 2024)

ONLINE WEBINAR:

INCREASE IN THE NUMBER OF TRADE REMEDIES INVESTIGATIONS INVOLVING MANUFACTURERS IN SOUTHEAST ASIA: WHAT THIS ENTAILS AND HOW TO BE READY

29 November 2024
9:30am - 10:45am Vietnam/Cambodia/Thailand time (10:30am - 11:45am Malaysia time)
Free-of-charge.

Over the last few years, multiple trade remedies investigations have been initiated against manufactures based across different countries in the Southeast Asia and covering multiple sectors. Some of the most recent examples include:

- **Corrosion-resistant steel products** – anti-dumping and countervailing duty investigations, covering multiple countries, including Vietnam and Taiwan;
- **Polyester fiber staples** from, among others, India, Vietnam, Malaysia and Thailand;
- **Bicycle tyres** from, among others, India and Vietnam.

Our experts based in Southeast Asia and the Americas will provide practical guidance on the following topics, important for **compliance** and **business development teams** of manufacturing businesses:

1. How trade investigations can be started and what can make your company included on the list
2. What are the usual timeframes
3. Actively participate or not get involved in the process – what factors manufacturer should consider when taking strategic decision
4. **Internal legal and compliance team**: key items to keep in mind and be ready for
5. What could be the outcome of a trade investigation: perspective of the **business development / sales team**
6. Which market / sales / technical information should be maintained and updated, to be ready to respond to the investigating agency
7. Steps involved on both ends of the investigation (country of investigation and country of manufacturing)

Speakers Panel

Carolina Saldanha-Ures
CEO, International Trade Law and Sustainability Expert, Partner
Sidera Consult

Andrew Jaxa-Debicki
Expert in Trade Remedies matters
Sidera Consult

Luis David Díaz-Ibarra
Expert in Trade Remedies matters
Sidera Consult

Maxim Kobzev
Foreign legal advisor
Andersen in Vietnam

To register your interest, please contact Ms. **Le Thi Thanh Thuy** at thuy.le@vn.Andersen.com with your information (Name, position, company, email, any specific questions to speakers) or **click here**. Link to join the webinar for registered attendees will be shared closer to the date of the event.

Andersen in Vietnam
https://vn.Andersen.com

(Reposted from: Newsletter, ANDERSEN, November 8, 2024)