

## **Press release – MEPs vote to lower VAT on e-books, aligning them with printed books – Committee on Economic and Monetary Affairs**

**EU citizens could pay less for e-books after plans to allow member states to reduce VAT on e-publications were backed in committee on Wednesday.**

An EU Commission proposal to enable member states to charge a reduced rate of VAT on e-books, which would bring them into line with VAT levied on printed matter, was backed by the 48 votes to 1 with 2 abstentions in the Economic and Monetary Affairs Committee.

“Our way of reading has changed rapidly over recent years. Now, it makes no sense to apply a double standard whereby an online newspaper is taxed higher than a printed one you buy in a shop. This new directive will give Member States the option to align VAT on digital content with printed matter,” said the rapporteur Tom Vandenkendelaere (EPP, BE).

Currently, e-books have to be taxed at an EU minimum standard rate of 15%, whereas member states are free to charge the reduced rate of at least 5% – and in some cases, even zero-rates – on printed publications.

Music and videos, as well as publications predominantly consisting of music and video content, would continue to be taxed at the standard VAT rate.

### **Next steps**

The proposal will now be voted by Parliament as a whole on May 31st or April 1st.

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## **Press release – Committees again reject blacklist of states at risk of money laundering – Committee on Economic and Monetary Affairs – Committee on Civil Liberties, Justice**

## and Home Affairs

- **EU needs own process, separate from FATF, to identify possible high-risk countries**
- **Current list excludes countries suspected of tax crimes**

The EU should have an autonomous process for judging whether countries are at high-risk of money laundering, say committee MEPs after rejecting for a second time, by 61 votes to 7 with 32 abstentions, a blacklist of countries drawn up by the EU Commission.

The Commission is responsible for producing, under the EU's Anti-Money Laundering Directive, an inventory of countries thought to be at risk of money laundering, tax evasion and terrorism financing. People and legal entities from blacklisted countries face tougher than usual checks when doing business in the EU.

An earlier list, drawn up last year – a duplicate of one produced by the international body, the Financial Action Task Force (FATF) – was rejected as too limited by Parliament.

In Wednesday's resolution, MEPs from the Economic and Monetary Affairs Committee and the Civil Liberties, Justice and Home Affairs Committee said "the Commission's process was not sufficiently autonomous" and that the criteria for its list excluded offences giving rise to money laundering, such as tax crimes.

MEPs say the Commission should not be bound by FATF standards when drawing up its own blacklist, which they want to be more expansive and wide-ranging. The Commission says this would require more resources than it has.

The Commission currently identifies eleven countries, including Afghanistan, Iraq, Bosnia and Herzegovina, and Syria, which it judges to be deficient in countering money laundering and terrorist financing. This second update makes a minor change to the previous list by dropping Guyana and adding Ethiopia.

### **Next steps**

The resolution now goes to plenary. If it is supported by more than half of the constituent members of Parliament, the delegated act will be rejected.

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## Article – Private security firms: call

# for stricter rules and ban on military combat tasks

Private companies are increasingly used by European countries and the EU to provide security and military services in missions abroad. However, military tasks and the protection of civilians are heavy responsibilities and if something goes wrong it can have fatal consequences. Parliament's foreign affairs committee has drafted rules to increase the accountability of private security firms and prevent them from taking on military combat tasks. MEPs will vote on the report during the June plenary.

When 17 innocent civilians were [killed on Nisour Square](#) by the employees of private company Blackwater contracted by the US army in Baghdad on 16 September 2007, it caused outrage and raised questions on why security was being outsourced to the private sector. Unfortunately, this was not an isolated incident as [private contractors have been involved in wounding and killing civilians](#) in Iraq and Afghanistan on various occasions. In addition, their employees are rarely convicted.

## **What private security companies do**

Private security firms provide services ranging from armed security guards, to maintenance and operation of weapon systems, combat support, running prisons and interrogations, intelligence and research.

They are used in the EU and outside the EU to compensate for shrinking armed forces or to avoid limitations on the use of troops. According to 2013 [figures](#), there were 40,000 private security companies in the EU employing more than 1.5 million people

## **Risks and challenges**

Private companies have been accused of human rights violations and even causing casualties. They are also subject to less accountability and government control. Some are concerned that they might be above the law and unaccountable for human rights violations and abuses.

## **What Parliament is considering**

The own-initiative report by the foreign affairs and defence committees call for EU-wide rules on private security companies and say their use should be limited to logistical support and the protection of installations, while only EU-based firms should be used for protection tasks abroad.

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# Article – Infographic: the increasing popularity of the collaborative economy

Online platforms such as Uber, Airbnb and Deliveroo that match providers of goods and services with consumers have become household names in just a few years. The total transactions' value for the four main sectors involved in the so-called collaborative economy already reached €28 billion in the EU in 2015, nearly double that of 2014. However, this new business model also comes with challenges and opportunities, which are dealt with in a report adopted by the internal market committee on 3 May.

## **How the collaborative economy works**

Each transaction usually involves three parties: the consumer paying for the service, the provider who gets the income and the platform, which matches the two together and takes a fixed commission on the payment.

One of the core ideas is to unlock the value of unused or under-used assets. This could for example be an empty room in an apartment, which could be rented out to visitors. Usually no change of ownership is involved.

Not all collaborative platforms are geared towards generating a profit. Some use alternative, non-monetary currencies such as time or favours, others simply rely on voluntary contribution of their users. One of the best examples is the online encyclopaedia Wikipedia which since launching in 2001 has become the largest encyclopaedia in existence with nearly 5.4 million articles in English.

Collaborative platforms can also be an effective tool for bringing local communities together in the pursuit of common goals.

## **Challenges**

The success of collaborative platforms has raised concerns regarding workers' rights and unfair advantages these firms might enjoy over traditional companies that are bound by stricter legal regulations. Read more about the controversies surrounding the collaborative economy in our [in-depth background article](#).

Fair working conditions and adequate protection should be guaranteed for all workers in the collaborative economy, according to the report adopted by the internal market committee on 3 May.

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# Showcasing New Trade and Business Opportunities for Jordan and the EU

The meeting showcased the “EU Rules of Origin Initiative” that aims to mitigate the effects of the Syrian refugee crisis on the Jordanian economy. Thanks to the initiative launched last year Jordanian exporters benefit now from an extra flexibility as it comes to the use of foreign components. This helps them take better advantage of the tariff-free access to the EU market under the EU-Jordan Association Agreement.

European Commissioner for Trade Cecilia Malmström said: *“We have come a long way in less than a year in taking forward our initiative aimed at supporting the Jordanian economy and mitigating the effects of the Syrian refugee crisis, by making it easier for products from Jordan to get into the EU market. Today’s event highlighted the business and investment opportunities that our initiative has helped to create. I look forward to continue working with Jordanian authorities to maximise the impact of that initiative.”*

EU Commissioner for European Neighbourhood Policy and Enlargement Negotiations Johannes Hahn said: *“The EU is doing its utmost to support its partner and neighbour Jordan in addressing the consequences of the Syrian refugee crisis. We remain committed to working with the Jordanian government to step up its efforts in guaranteeing an improved business climate as well as with the Jordanian private sector to ease access to credit, business services and international expertise.”*

Today’s meeting brings together prominent political and business representatives from the EU and Jordan. It builds upon outcomes of the earlier conferences related to the Syrian refugee crises held in [Brussels](#) in April this year and in London in February 2016. Those meetings resulted in a strong international commitment to strengthen Jordan’s resilience and economic development. In the result, the EU reviewed the rules of origin protocol of the EU-Jordan Association Agreement and complemented the change with financial and technical assistance.

## **EU-Jordan Rules of Origin Agreement**

In July 2016, the EU and Jordan agreed on a simplification of the rules of origin applicable in their bilateral trade. This allows producers in Jordan to use an alternative set of rules of origin for exports to the EU, provided that production takes place in one of the 18 geographic zones in Jordan and includes the creation of jobs for Syrian refugees. The new scheme applies to 52 different product categories including textiles and garments, engineering and electrical products, chemical products, plastic products, and furniture and wood products. This initiative is already opening up new opportunities for trade with the EU, and its use should now be accelerated.

The meeting brings together high profile actors from the EU and Jordan to explore the possibilities generated by the revised Rules of Origin Agreement

and efforts to enhance the investment climate in Jordan for business and investment in industrial sectors. It includes a panel discussion with EU and Jordanian business representatives. The meeting is part of a longer-term EU engagement to support private sector development and investment and trade opportunities for Jordanian stakeholders.

## **Background**

As a result of the prolonged civil conflict in neighbouring Syria, Jordan is currently hosting over 1.3 million Syrians, including over 658,000 refugees registered by UNHCR. This influx has caused a major economic shock and has undermined the country's resilience. The Syrian Crisis and wider instability in the region have disrupted Jordan's traditional trade patterns and affected inward investment. The EU has been assisting Jordan in its efforts to deal with this crisis. In this regard, the rules of origin initiative is only one element of the EU's support to Jordan and is complemented by EU's financial support to areas such as private sector development and business climate reforms, support to SMEs and start-ups, or vocational training initiatives.

## ***Rules of Origin***

Rules of origin are the technical criteria which determine whether a specific product qualifies for duty free or other preferential treatment under a given trade agreement.

The agreed simplification under the EU-Jordan rules of origin agreement covers a wide range of manufactured products and includes items that Jordan currently exports in small volumes to the EU and others where there is currently no trade. The alternative rules of origin now available for Jordanian exports to the EU are similar to those applied by the EU to imports from Least-Developed Countries under the EU's "Everything But Arms" initiative – however, with an additional condition that Jordanian producers must have a workforce comprising of 15% Syrian refugees, rising to 25% after three years, and that production must take place in one of the 18 specific zones identified in the agreement.

A mid-term review in 2020 will consider whether any changes should be made in light of experience.

## ***EU-Jordan Association Agreement and Trade Relations***

The EU's Association Agreement with Jordan entered into force on 1 May 2002. It progressively established a Free Trade Area between the EU and Jordan over a period of 12 years. In addition, an agreement on further liberalisation of agricultural products entered into force in 2007.

In 2016, the EU was Jordan's most important trading partner with total trade in goods amounting to €4.4 billion. The structure of Jordan's exports is currently concentrated in a limited number of sectors, such as clothing, phosphates and phosphate-based fertilizers, chemicals, machinery and transport equipment.

In the spirit of the revised European Neighbourhood Policy, the EU and Jordan

agreed in December 2016 on EU-Jordan [Partnership Priorities](#) and a [Compact](#), confirming an ambitious agenda for cooperation across different domains. The revised rules of origin mechanism and corresponding cooperation between the EU and Jordan on trade and economic cooperation are an integral part of the Compact.

### **For More Information**

EU assistance to Jordan:

[https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/jordan\\_en](https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/jordan_en)

EU-Jordan trade relations:

<http://ec.europa.eu/trade/policy/countries-and-regions/countries/jordan/>

EU Delegation to Jordan: [https://eeas.europa.eu/delegations/jordan\\_en](https://eeas.europa.eu/delegations/jordan_en)