



EU Institutions

Independent audit of EU accounts called for by MEPs. The demands follow claims that the Court of Auditors had 'sabotaged' investigations under pressure from countries including France and Italy.

A Dutch former-member of the EU's [Court of Auditors](#) has criticised colleagues and the [European Commission](#) for a 'culture of cover up'. Maarten Engwirda claimed this practice was rife until 2005, when Engwirda convinced colleagues that their work would be reviewed by national audit offices. The Court of Auditors has never issued an unqualified opinion of the [European Parliament](#) since its founding in 1975, although the European Commission has long argued that this is simply a result of the Court's very strict standards.

Report released in favour of 'own resources' for [EU budget](#) funding. The report, released by the Liberal Party grouping in the European Parliament, looks at new sources for raising revenue for the EU budget. The leader of the party, Guy Verhofstadt, suggested that a budget relying on own resources rather than member state contributions (which currently account for around 75% of the total budget) would also make the EU more democratic, as it would give more control to the taxpayer over the decisions of the EU. Negotiations for the next multi-annual budget will begin later this year.

2011 declared the European Year of Volunteering. This will involve a series of high-profile events across Europe, bringing together charities, businesses and governments to debate important volunteering issues and challenges.

Eurozone

Ireland received the first instalment of their €85 bailout loan. The European Financial Stability Mechanism (EFSM) loaned €5 billion to the Irish government after selling bonds last week to raise the money. Ireland is unhappy about the rate of interest being levied on the bonds which they will have to repay.

Eurozone inflation reached 2.2% in December, above the [European Central Bank's](#) mandated target to keep inflation below 2%.

There has been mounting pressure on [Portugal](#) to seek financial help from the EU and IMF. Many hope that this intervention would ring fence the eurozone debt crisis, and prevent the situation in Spain worsening. Bailing out Spain could stretch current Eurozone aid capabilities beyond its limit.

An EU committee group has been criticised for its level of secrecy. The group, nick named the Taskforce of the Euro Group Working Group is a secretive group of lawyers and finance ministers who have large amount input on all aspects of economic reform, largely driven by German domestic agenda. The committee, which according to some reports does not officially exist, will rewrite EU rules on bailouts and national debt. Members of the taskforce are anonymous, though a source has estimated that it comprises about ten experts who have an office at the European Commission.

EU leaders are negotiating a 'grand bargain' to tackle the economic crisis. The move could overhaul both the [Irish](#) and Greek bailouts to extend the payment periods and possibly renegotiate the interest rates on their loans.

Rules to govern the latest round banking stress tests agreed. The tests will be managed by the newly created European Banking Authority (EBA) and are expected to be more challenging than last year's tests, which failed to pick up on the severity of Ireland's banking problems. Tests on more than 91 leading European banks will be carried out in the spring.

EU Economy

The European Commission outlined proposals that could force those who lend to banks to bear significant losses should they fail. The plans could come into force by 2013. This would shift the burden onto creditors and away from shareholders and governments who bore the brunt of the costs during the recent financial crisis. Under current rules, a bond holder only loses his money if a bank goes bust, which authorities are unlikely to permit. Legislative proposals will be announced by Summer 2011.

Banking bonuses should be limited claims the EU Finance Commissioner, Michel Barnier, to reflect the austerity measures put in place by national governments.

EU Schengen Zone

Romanian President, Traian Basescu, dropped border security in protest over [Romania's](#) accession to the [Schengen zone](#) being postponed. Bulgaria and Romania were due to join in March 2011, however, there are still a number of concerns surrounding the security of Bulgaria's border with Turkey. EU officials have admitted that the application

was blocked due to concerns over corruption and organised crime in the country. Opposition to their Schengen entry was led by [France](#) and [Germany](#), who sent a letter to the EU Commission in December saying their accession in March would be 'premature'. The Romanian president has expressed dismay regarding France and Germany's failure to discuss their misgivings regarding their accession to the Schengen Zone at the 2010 December EU Summit, however, admitted that ultimately responsibility for reform lies with the country. France and Germany are pushing for further political criteria to be added before accession is granted, for example looking at the results achieved under the Cooperation and Verification Mechanism (CVM) (introduced to help Bulgaria and Romania implement judicial reforms). The Romanian government insists it is only fair that Romania and Bulgaria meet the same criteria as other states had to on admission.

Common Agricultural Policy (CAP)

The UK is pushing for serious CAP reform. Caroline Spelman, the UK's Environment, Food and Rural Affairs Secretary, has called on the EU Commission to stop resisting CAP reform. The current EU budget (2007-2013) sets around 44% aside for the [CAP](#). In the past the UK has received a sizeable rebate, however, this has been nearly halved to about €3 billion. Reform is on the cards for the 2014- 2020 budget negotiations.

Social EU

'European Accessibility Act' to be proposed before the end of 2012, European Commission Vice President, Viviane Reding, tells MEPs. This is a key element of the European Disability Strategy, unveiled in 2010. The EU recently concluded the ratification of the UN Convention on the Rights of Persons with Disabilities, the first comprehensive human rights treaty to be ratified by the EU as a whole.

The European Parliament has voted in favour of the cross-border healthcare directive, which will allow EU citizens to seek healthcare anywhere in the EU. The directive, initiated in 2008, aims to clarify patients' rights across the EU including reimbursement of costs. Where treatment is very expensive or the patient must stay in hospital, the patient must get prior authorisation from their current national health system, however a request can only be refused if the treatment could quickly be obtained in the patient's current country, or if there are doubts about the qualifications of the physician. Concerns about 'healthcare tourism' persist however, and there are notable grey areas such as in and out-patient care. The directive should become effective 2013.

A new patent scheme passed the first hurdle at the European Parliament. Efforts to develop a single patent system for the EU have been in place since 2003; however, progress has been slow, hampered by linguistic, technical and legal difficulties.

Musicians' royalties could be regulated. The strategy, to be unveiled by the EU Commission in March, will look at regulating the collecting societies that manage musicians' royalties, as part of the patents and trademarks initiatives, in the EU's fight against online piracy.

Justice and Home Affairs Policy

The European Court of Human Rights has ruled that [Belgium](#) breached the European Convention on Human Rights by sending an asylum seeker back to Greece, despite, knowing that his rights would be violated in Greece. Under the Dublin II regulations a member state can send an asylum seeker back to the country by which they first entered the EU. However, a number of factors have led to conditions in [Greece](#) falling below the minimum standards expected for holding asylum seekers. Home Affairs Commissioner Cecilia Malmström has argued that the case highlights the urgent need to establish a Common European Asylum System and support all member states in meeting their obligations to provide adequate international protection.

Galileo project to cost more money than planned, as a further €1.9 billion is announced by the EU Commission. The satellite navigation project was expected to cost €3.4 billion; however, the latest projections see the final bill coming in at €5.4 billion if the system is to be operational by 2014. The controversy hasn't been helped by a WikiLeaks cable that apparently shows the chief executive of the German construction firm behind several of the satellites criticising the project as a 'stupid idea'. The EU's satellite navigation project aims to have 30 satellites operational and able to compete with the US' GPS navigation system, by 2014.

Environment

New Eurostat figures show that, in most EU countries, the highest share of environmental tax revenue comes from households. On average, green taxes collected by EU governments in 2007 totalled €304 billion and accounted for almost 2.5% of the bloc's GDP. Green taxes represented 6.2% of total EU taxation and social contributions. Denmark topped the rankings with eco-taxation reaching 5.9% of GDP. Only Spain and Lithuania registered levels of environmental taxes below 2% of GDP.

London criticised over level of air pollution. The EU commission is assessing data on the levels of air pollution after the country was criticised last June and given a 'final warning'. If the UK doesn't comply with EU regulations it may face legal action.

Trading in the EU's carbon permits suspended; after hackers repeatedly targeted the scheme in three EU member states.

Member states have voted to ban carbon credits gained by destroying the controversial HFC-23 and NO industrial gases from the ETS. The ban will come into effect in April 2013.

Foreign Policy

A thorough evaluation of EU counter-terrorism measures called for by Dutch MEP, Sophie in't Veld. The European Commission has stated that €745 million has been allocated to 'supporting' counter-terrorism policies; however, with the costs to national governments and the private sector, the real figure is likely to be substantially higher.

EU-Serbia Stabilisation and Association Agreement (SAA) gets the green light from the EP. However, its support is premised on a series of conditions. The SAA regulates [Serbia's](#) relations with EU, opening up trade between the EU and Serbia and paving the way for Serbia's eventual accession. The SAA must be ratified by all member states before it will enter into force. Serbia hopes to become a formal candidate country by the end of 2011.

Euro-Mediterranean Regional and Local Assembly (Arlem) met in Morocco. The group, established in January 2010, aims to improve Middle Eastern and European relations. There was some criticism of the EU's fainthearted response to the unrest in Egypt and Tunisia (discussed in more detail below).

Energy

The EU has committed more than £1 billion to help Britain capture and dispose of carbon dioxide. This could extend the productive life of North Sea oilfields to 50 years and raise £60 billion in tax revenues.

€8 billion of energy efficiency grants from a dedicated fund are still unclaimed.

EU Transport

Railway companies in the UK may be investigated by the European Commission for dumping thousands of gallons of lavatory waste along tracks and in railway stations. Track workers have complained of being sprayed with the liquid residue as high-speed trains pass. The European Commission will examine whether the rail companies have complied with waste laws.

EU states

Romania – the Romanian Parliament has postponed its ratification of a Lisbon protocol which would allow 12 EU member states to appoint 18 extra members to the European Parliament.

Germany - eggs contaminated with dioxin have reached the Netherlands and the UK, and may have been used in processed foods such as mayonnaise or cookies. Germany's agricultural ministry has announced that over 4,700 farms have been closed as a precaution.

-The German Government announced its deficit will be reduced to 2.5% of GDP by the end of 2011 (the [Stability and Growth Pact](#) sets a threshold of 3% of GDP).

Hungary - defended its plans for constitutional reform which would enable non-residents to gain [Hungarian](#) citizenship. The law came into force on 1 January 2011, and has caused particular concern in Slovakia and Romania, home to a large number of ethnic Hungarians.

-EU Digital Affairs Commissioner, Neelie Kroes, has given Hungary two weeks to respond to concerns that its controversial new media law breaches the 'fundamental right of freedom of expression and information' and the core 'principle of proportionality' enshrined in the EU's [Charter of Fundamental Rights](#). The legislation would establish a media watchdog, which could fine media outlets for failing to report in a 'balanced' way. If Hungary fails to respond adequately the EU Commission may initiate legal action.

Greece - built a wall along its [Turkish](#) border to stem the flow of illegal immigrants. Christos Papoustis, Minister for Citizen Protection, has said: "Greece cannot handle more illegal migrants on its territory and is determined to take all necessary measures to protect the borders."The fence will be 12.5km long and is comparable to a similar barrier along the Mexican border. Approximately 200 irregular migrants cross the Evros border each day. The Greek Prime Minister, George Papandreou, has emphasised that the barrier does not target Turkish citizens and has expressed his wish to enhance cooperation with Turkey. Frontex, the EU's border agency, has been active in the area since October, which has so far reduced the number of clandestine entries by 44%. Once migrants have crossed the Greek border, they are free to travel within the Schengen zone to other EU member states.

Lithuania – The European Parliament has urged Lithuania to reject a draft bill aimed at criminalising the 'promotion' of homosexuality. The proposed sanction would be a fine of €580-2900. The EP's resolution also urges the European

~~Commission to develop an 'EU Roadmap' setting out an action plan for member states to fight homophobia.~~

Lithuania President Dalia Grybauskaitė, a former European Commissioner, has already denounced the legislation.

Ireland – Irish prime minister Brian Cowen faced a vote of no confidence after the recent EU-IMF bailout agreement. The vote was called by the foreign minister, Micheál Martin, who resigned after the prime minister won the vote and retained his role as leader of Fianna Fáil (the Republican Party). However, just days later the prime minister decided to stand down as the party's leader and Micheál Martin took over his post. Mr Cowen will continue as the leader of Ireland until an election can be called in February. The two parties likely to make significant gains, the centre-left Irish Labour Party and centre right Fine Gael party want to renegotiate parts of the EU-IMF bailout agreement.

Sweden –Sweden's decision to cull 20 wolves was criticised by EU Environment Commissioner, Janez Potocnik, who suggested that the EU Commission should begin formal proceedings against the Swedish government for breaking EU environment legislation. Over 6000 licensed hunters convened to cull 20 wolves.

France – faces EU legal action for failing to protect the 'Great Hamster of Alsace', which is close to extinction.

EU candidate states

Croatia - Former party treasurer of ex-PM could be investigated regarding illegal lobbying allegations. [Croatia](#) is now expected to join the EU by late 2013 at the earliest.

Turkey - Pressed for progress in visa free travel talks if the EU wants to see a clampdown on illegal migrants crossing the border into Greece. The final draft of the EU Readmission Agreement was agreed between the EU and Turkey, on January 14th.

Iceland – Icelandic fishing boats banned from landing their mackerel catches in EU ports in a row escalating over Iceland's inflated mackerel quotas. Iceland has independently raised its mackerel quota to 147,000 tonnes this year, far higher than the advised 'sustainable' limits. EU Commissioner Viviane Reding reacted to widespread indignation (particularly from Scotland) and imposed the ban, however, Iceland says it will have little effect on their fishing as they do not need to land the mackerel in EU ports in the first place.

Other States

China - EU Foreign Minister Catherine Ashton has failed to persuade the UK and other member states critical of Beijing to lift the EU arms embargo on China, in spite of China continuing to gain influence within the EU through bond purchases from vulnerable eurozone countries.

- A delegation from China, led by the Vice Premier Li Keqiang, visited Spain. The countries signed agreements worth €5.7 billion. The visit has helped to calm financial markets, following statements that China would continue to buy Spanish public debts. China has a strategic interest in the security of the Euro as the EU is China's biggest trading partner.

US – US Secretary of Homeland Security, Janet Napolitano, has urged Europe, the US and other governments to step up cooperation on cargo security to prevent potential future terrorist attacked. The calls come in the wake of talks with EU officials in Brussels.

– Diplomatic cables released by WikiLeaks have revealed heavy lobbying by Washington in the EU, in support of GM crops, dating back to 2007. The US embassy in Paris advised Washington to draw up a 'retaliation list' against EU countries opposed to GM crops.

Uzbekistan – European Commission President, [José Barroso](#) met with Uzbek President Islam Karimov in Brussels to agree a memorandum on energy. Karimov is accused of sanctioning a massacre in the city of Andijan in 2005, during which hundreds of civilians were killed. The move has been wildly criticised by human rights activists.

Kosovo – Eulex (the EU mission in Kosovo) has started preparing an investigation to look into recent allegations that the PM was involved in an organ trafficking ring. A report, released by Swiss Dick Marty, on behalf of the Council of Europe Claims Mr Thaci was well-aware of Serbian prisoners being harvested for their organs.

North Africa – Political unrest across Tunisia and Egypt. In Tunisia, a series of widespread protests against poverty and corruption has rocked the North African country and led to the ousting of the leader for 23 years, President Zine El Abidine Ben Ali. The EU has since frozen the ex-leader and his wife's assets at the request of the interim government in Tunisia. The political turmoil spilled into Egypt –with pro-democracy protests currently taking place across the country. A curfew was in place across the major cities and internet was disabled. The protesters hope to force Egyptian President Hosni Mubarak from power. The EU is has urged the government to address the peoples legitimate grievances, however, the EU is already facing criticism for not lending further support to the North African pro-democracy protests. Italy called for an EU crisis mission to address the situation, whilst EU Foreign Affairs Chief Catherine Ashton called for 'dialogue' between the president and the democracy activists.

Yemen- Protests have gained weak support. The EU has said it recognised the public's right to non-violent protest.

Uganda - The EU criticised the killing of a gay rights activist. Just weeks after David Kato was murdered just a few weeks after he successfully took a newspaper to court for a series they ran promoting violence against homosexuals. The EU has urged Uganda to carry out a 'thorough investigation'.

Compiled by Natalie Hamill and Carolina Bracken