



EU Updates - April 2011

EU Institutions

Hungarian Presidency – ‘Danube strategy’ gets the go ahead. The strategy (one of [Hungary](#)’s goals for their six months at the EU helm) will see the 14 countries that the Danube passes through (8 of which are EU member states) coordinating efforts for better navigation and less pollution. Environmental groups argue that plans to improve the river’s navigation, for example widening narrow bends, will damage the [environment](#) and off-set any efforts to lower pollution.

EP President gives green light to EU’s anti-fraud office (Olaf) to investigate Sunday Times scandal. Although [Jerzy Buzek](#) will not grant Olaf access to MEPs’ offices, he has softened his hard-line stance against the investigation, and will allow the investigation of four deputies who allegedly introduced legislative changes in return for promises of payment. Arguing that the investigation must be administrative, not criminal, Buzek has instructed Olaf that it must respect the MEPs’ immunity. Olaf has rejected Buzek’s position as unacceptable.

MEPs reject proposals for euro-deputies to take more economy class flights, whilst arguing that the [European Parliament](#)’s budget should be increased by 2.3%. MEP travel is currently reimbursed to the level of a business class flight or first class rail ticket, and MEPs rejected amendments to use more economy class services based on ‘procedural reasons’. The proposals would have saved been €15 and €20 million a year.

Committee votes to create new MEPs – the European Parliament’s Constitutional Affairs Committee has backed a report proposing the creation of an additional 25 MEPs. The new members would be elected on a pan-European basis, in a move aimed at boosting the legislature’s popular legitimacy. Under the scheme, EU citizens would receive two ballot sheets during European elections, one for their national candidates and the other for EU candidates. The EU MEP with the highest number of votes, and who was supported by one of the Parliament’s [parties](#), would also become the new [European Commission](#) President. The plans must now win a majority during a full sitting of the European Parliament in June, and the support of national governments.

EU Commission to fine Proctor and Gamble and Unilever for instigating a cartel on washing power, which artificially fixed prices in eight EU member states. Unilever has been ordered to pay €104 million, while P&G must pay €211.2 million. No penalty was given to Henkel, the company that alerted the Commission to the cartel. The cartel, which ran between 2002 and 2005, violated EU antitrust rules.

MEPs back plans for lobbyist register. The European Parliament’s constitutional affairs committee has supported plans to establish a transparency register of lobbyists for the Parliament and the European Commission. Although a voluntary register already exists, many firms have avoided signing up. The new register would be mandatory, and all exchanges with MEPs in charge of driving legislation through the Parliament would leave a “legislative footprint”.

France rejects the Commission’s proposal for an EU-wide VAT, however insists it supports the EU establishing its own resources for raising funds.

Eurozone

Portugal becomes the third Eurozone state to request EU financial assistance. After months of speculation the Iberian country gave in to external pressures and requested a bailout. Former PM José Socrates said the country’s economic situation became insupportable after the opposition party blocked a package of austerity measures (which also forced his resignation). The situation further deteriorated with the EU member states finalising an agreement on the rules for the European Stability Mechanism (ESM) at the end of March, forcing a number of rating agencies to downgrade Portugal’s debt rating. The circumstances of the bailout are further antagonised by Portugal being run by a caretaker government, which has caused many to question the legality of the bailout request. The current government situation is likely to make the negotiations regarding the bailout problematic as all opposition parties will also have to agree to the terms. Socrates has suggested that the terms are likely to be much more stringent than the austerity measures recently rejected in the Portuguese Parliament, as many of the austerity measures put in place after the [Greek](#) and [Irish](#) bailouts are already in place in Portugal! This means Portugal could face the toughest measures of the three. A row has also been brewing regarding whether private investment debt restructuring (as supported by Finland) could be preferable to a bailout, however the EU has insisted this is not possible until the permanent support mechanism comes into play in 2013.

Spain remains stable despite concerns it would need financial assistance when its Iberian neighbour succumbed to bailout pressures.

IMF predicts Portugal will be the only developed country to suffer a recession next year, with its economy set to contract 0.5%.

The budget deficit is worsening in Greece, despite the swingeing austerity measures introduced as part of the EU-IMF bailout plan. Its budget deficit for 2010 is 10.5% of GDP (earlier estimates had predicted 9.6%).

MEPs back reform to the Stability and Growth Pact (SGP). MEPs have backed plans to enhance the EU's powers to police member states' debts. The European Parliament's economics committee considered 2,000 amendments to the new rules, before agreeing to six main reforms, which aim to strengthen the Stability and Growth Pact and prevent further budget gaps. Although the committee did secure a majority, the European Parliament's second largest party, the Social Democrats, and the Greens refused to support a number of the reforms.

Sweden could join the euro, Sweden's Finance Minister, Anders Borg, suggested.

EU Single Market

Qualities of food brands can vary between EU countries, a new [survey](#) discovered. Eastern European states invariably received lower quality goods of the same brands shipped to [Germany](#) and [Austria](#). For example, coca cola in [Romania](#) and [Bulgaria](#) is made with isoglucose (made from corn), whereas the drink sold in more typically affluent EU states is made from sacharose (sugar).

Review tightens safety measures regarding alternative medicines in the EU. Alternative remedies and Chinese medicines will need to be proven safe before they can be sold.

EU Schengen Zone

Schengen area under threat. [Italy](#)'s decision to hand out 23,000 temporary visas to Tunisian immigrants is a threat to the [Schengen](#) acquis, according to the French government. The visas are being used in a way to shift immigration problems from one state to another, with the latest controversy threatening to provoke states to reinstate their borders. Although France backed down from the controversial decision, the French and Italian governments met in Rome to propose a joint letter to the EU advising reform of the Schengen agreement to deal with 21st Century migration problems, including more power for member states to reinstate border controls in times of necessity. The [EU Commission](#) will respond in May.

Italy agreed a bilateral deal with Tunisia for repatriation of any migrants arriving after 5th April.

The EU has offered Tunisia a further €140 million in aid if it increases efforts to curb migration and to work with the EU in repatriating migrants. The EU has so far promised €257 million in aid to Tunisia for 2011 – 2013.

Common Agricultural Policy (CAP)

More equal distribution of subsidies could affect farmland prices, the head of economic analysis at the Commission's agricultural department, Tassos Haniotis, has warned. The European Commission has called for more equal division of funds between old and new EU states as part of the reform of the €55 billion a year [CAP](#). While the EU average rate of direct payments is about €250 per hectare, actual levels vary from more than €500 in Greece to under €100 in Latvia. Farmland prices are partially based on the level of subsidies that they generate. The Commission is set to publish its proposals for the shape of the CAP post-2013 in July. The new CAP will be implemented from 2014.

Social EU

ECJ Advocate General opinion on internet music piracy. AG Pedro Cruz Villalon has argued that ordering an Internet Service Provider to filter and block electronic communications to stop online copyright infringement would infringe fundamental rights. The opinion will likely be followed by the ECJ, and could have significant and far-reaching policy implications, as the European Commission is due to publish plans for an overhaul of its intellectual property rights rules later this year.

European life expectancy up 2-3 months annually. Nonetheless, a modest rise in fertility rates will likely prove insufficient to prevent a shrinking population from 2050, according to an EU demography report. There are also regional differences within Europe; Spain, France, Italy and [Sweden](#) have the longest life expectancy, with 80 years for men and 85 for women, whilst the figures for Bulgaria, [Estonia](#) and holder of the rotating Presidency, Hungary, are 70 and 78 respectively.

Number of .eu websites reaches 3.4 million, just five years after the domain was opened to the public. Most .eu registrants are from Germany, followed by the Netherlands.

4% of EU-trained GPs struck off, compared to 1% of UK-trained. For those trained outside the EU, the figure is 3%.

Justice and Home Affairs Policy

EU [Justice](#) Commissioner Viviane Reding praised the European Arrest Warrant (EAW), however warned member states against using the mechanism for petty criminals, such as bike thieves. Her remarks came as justice ministers met in Luxembourg to discuss the creation of a controversial new EU investigation order, which would allow prosecutors and police to share evidence across borders. The EAW has led to the arrest of several dangerous criminals, such as a failed London bomber (arrested in Italy) and a German serial killer (arrested in Spain), but it has been heavily criticised by human rights groups.

Transport

New report suggests biofuel targets are unethical. The growth of biofuels is an integral part of the EU Renewable Energy Directive, which sets a target of 10% of fuel coming from renewable sources by 2020. The report, by the Nuffield Council on Bioethics, finds that biofuel crops are currently largely unregulated, and in some cases damage the environment (when forests are cleared to grow them) and produce too little energy. The report recommended a certification programme to monitor their production.

Travel rights for the disabled must be improved, insists EU [Transport](#) Commissioner Siim Kallas. The Commission intends to review and strengthen current laws in time for the 2012 London Paralympics after a UN official who uses a wheelchair was not allowed to board a flight.

Environment

EU can cut greenhouse gas emissions by 30%, by 2030, according to the EU Commissioner for Climate Change, Connie Hedegaard. The EU's latest report highlights the divide within the Commission, with Hedegaard leading calls for the target to be raised from 20% to 30%, versus the EU Commissioner for Energy, Günther Oettinger, who believes such an increase would damage industry.

EU to link ETS with Californian system next year. The Californian scheme is the second largest of its kind, after only the EU's own scheme. Attempts to create a national US trading scheme have been rejected by the Senate, however Connie Hedegaard has stated that the EU will seek to make the two schemes not "identical, just compatible".

European Commission calls on private sector to fund Green Climate Fund. A Commission paper has acknowledged that poor countries cannot meet the costs of global warming avoidance on their own, and expects the private sector to provide much of the \$100 billion a year required by the fund. The EU itself will contribute a little over \$30 billion each year.

Energy

EU energy taxation reform proposals revealed. The Commission's plans include taxing CO2 emissions and the fuel content itself, which will be more beneficial for biofuel producers. All 27 member states will need to back the plan, which is currently facing criticism from the [UK](#) and Germany.

Manufacturers unable to agree on a common European plug. The EU focus group on electro-mobility was due to decide upon a standard plug for recharging European manufactured electric cars by the end of March, and the German plug was expected to be chosen. However, France and Italy blocked the Germany design over safety concerns.

EU states

[Poland](#) – a Polish TV station has exposed several cross party Polish MEPs as attending the Polish Parliament's committee on EU affairs as guests, but leaving after a few minutes, in order to collect the €304 'subsistence allowance' provided by the European Parliament.

– The Polish administration has hired a top PR firm to help run the country's EU presidency later this year. The contract with Burson-Marsteller is set to cost €1 million. Work will begin immediately, in preparation for the presidency launch in July, and will last until early 2012.

[Portugal](#) – Portugal's President, Anibal Cavaco Silva dissolved the country's parliament, and set a snap general election for 5 June. Cavaco warned that the next government will face an "unprecedented economic crisis". The Portuguese Prime Minister, José Socrates, resigned in March after the opposition rejected the latest of his austerity measures.

[Netherlands](#) – From July 2011, the Netherlands will only grant work permits to applicants from Bulgaria and Romania in "exceptional cases". The move comes in line with domestic policy to put pressure on unemployed citizens to find work.

Italy – The lower house of the Italian Parliament narrowly approved a draft bill, which would speed up court cases. The bill, dubbed the ‘Prime Minister-Saving Law’, could spell the end of some of the trials faced by PM Berlusconi. The legislation was passed by 314 votes to 296, and the result was greeted by boos from the opposition. However, the bill should easily pass the upper house, the Senate, where Berlusconi has a stronger majority.

Finland – The results of the latest Finnish election could halt EU plans to bail out Portugal. The euro-sceptic True Finns party won 19% of the vote, up from 4% in 2007, and was the only party to increase their percentage share. The centre-right National Coalition had a narrow victory with 20.4%. Unlike other eurozone parliaments, the Finnish Parliament has the right to vote on EU requests for bailout funds, and the party has already stated that it wants to change the terms of the proposed Portuguese bailout. The True Finns will now enter talks to form a government, with the National Coalition, whose leader, Jyrki Katainen, is set to be appointed as the next Prime Minister.

EU candidate states

Iceland – Voters in a referendum reject the Icesave repayment package. This is the second time a deal has been rejected and Britain and the Netherlands will now have to take Iceland to court to recoup the €3.8 billion losses. Much of the money can be paid back by selling of the bank’s assets; however, Icelandic taxpayers have been expected to top up any missing funds. In the latest referendum 59% voted no to the deal, arguing that taxpayers shouldn’t be expected to find the funds to pay for the banks mistakes. The No-vote could also have huge repercussions for Iceland’s EU membership bid, and the Netherlands has already called for a halt to the accession process whilst there is out-standing debts, worried that it could set precedence for states joining with bad debts in the future. However, the EU’s Enlargement Commissioner, Steffan Fule, has said the second referendum vote will have no repercussions on the accession process and Iceland’s bid will continue as normal.

Turkey – Speaking in Strasbourg, Turkish Prime Minister Recep Tayyip Erdoğan has accused France of violating religious freedom, over the enforcement of its ban on Muslim women wearing full face veils in public. Turkey currently holds the chairmanship of the Council of Europe’s Committee of Ministers.

- The country’s highest court barred 12 candidates from running in the general election planned for June. Among the 12 are 7 Kurds, including winner of the European Parliament’s Sakharov Prize, Leyla Zana. According to the Supreme Election Board, their candidacy had been annulled because they had previously been convicted, mainly for political activism. The decision has sparked protests and violence, and has been criticised by the European Commission.

Croatia – Croatian support for the EU has plummeted, as 30,000 protestors took to the streets against a UN court ruling, which sentenced two popular wartime generals to lengthy prison sentences. The Hague found that the generals played a significant role in the 1995 state-led campaign to drive out ethnic Serbs from Croatia. Banners lining the streets included, “I love Croatia, not the EU” and “Go away EU”. However, the country has now concluded negotiations in agriculture and budgetary issues, and is on track to finishing its EU accession talks by the end of June. The only remaining chapter left to close is the most difficult, justice and fundamental rights.

Other States

Japan – the European Commission has pledged €10 million to Japan, to assist with reconstruction in the wake of the tsunami that struck the country in March. This brings the total aid provided by the European Commission and EU member states to €15 million. The latest funds will be given to the International Federation of the Red Cross and Red Crescent Societies (IFCS). A civil protection team has been in Japan since mid-March to coordinate EU aid.

Belarus – Swedish foreign minister Carl Bildt warned the Belarusian President, Alexander Lukashenko, not to use the recent bomb attack as an excuse to heighten repressive measures towards opposition parties. Since the blast, Lukashenko has criticised the EU for considering economic sanctions behind closed doors. Catherine Ashton amended her speech to avoid demanding the release of political prisoners.

Syria – EU suggest suspending aid in response to the violent repression of protestors.

Ivory Coast - Despite reports that his supporters are responsible for up to 1,000 deaths, the EU continued to back President-elect Alassane Ouattara, but has called on him to investigate all claims of violence seriously. Violence has continued to escalate following the disputed presidential elections in November.

China – The EU launched its first EU Space Strategy, and signalled that it wants to improve its cooperation with China in space technology. In 2003, China invested in the EU’s satellite navigation project, Galileo, which is running behind schedule and over budget. The move comes just as China is developing its own rival system, Beidou.

EU signs FTAs with Peru and Colombia – New EU free trade agreements with Peru and Colombia will save an estimated €0.5 billion and open up trade and investment. EU trade commissioner Karel De Gucht welcomed the agreement as a “milestone” and “an anchor for structural reforms in the countries concerned”. EU member states and the European Parliament must now ratify the FTAs, which, once fully implemented, will eliminate all tariffs on industrial and fisheries products, and improve access for agricultural products and public procurement, services and investment markets.