



EU Facts Update: developments in the EU (December 2009)

EU Lisbon Treaty

EU Lisbon Treaty legally entered force on 1 December. EU officials attended a ceremony in Lisbon to mark the event. The Lisbon Treaty had caused huge controversy, yet the new President of the EU Council (a post created by the Lisbon Treaty) promised "We are leading today a new phase in the construction of Europe". Changes created by the Treaty are outlined in Civitas' Lisbon Treaty factsheet (www.civitas.org.uk/eufacts/FSTREAT/TR6.htm).

New EU foreign policy chief gave her first speech on the Middle East. She criticised Israel, for blocking aid to Gaza, and encouraged the country to reopen the crossings. Catherine Ashton's new Foreign Policy post is the second position created by the Lisbon Treaty. She has been criticised for her lack of Foreign Policy experience and she will also be interviewed by Members of the European Parliament (MEPS) before they vote on whether she is suitable for the role.

EU Institutions and Politics

EU 5-year legislative programme planned - criminal justice and immigration policy have been the preserve of national governments, but the Lisbon Treaty gives unprecedented new powers to the European Parliament in these areas.

European Asylum Support Office (EASO) to be based in Malta (the first EU agency to be based on the island). With a €50m annual budget and 100 staff, the EASO will regulate asylum applications. Malta campaigned against Bulgaria and Cyprus to secure the bid. Human rights groups, such as Amnesty International, are concerned that the agency will concentrate on a 'sustainable return policy' rather than looking to implement a 'rights-based approach'.

2010 EU budget = €141,5bn. The EU aims to invest in restoring economic growth, with €64.3 billion set aside for jobs, infrastructure, competitiveness. Money to fight crime, terrorism and manage migration flows will receive the biggest increase in EU spending (up 16.2% from 2009 budget levels to almost €1bn).

Spain outlined aims for its 6-month presidency of the EU Council (Jan-June 2010), including: economic recovery, international influence, extending EU citizens' rights/freedoms, and implementing the Lisbon Treaty. Spanish foreign minister, Miguel Moratinos also said he would like to see the creation of a Palestinian state during Spain's Presidency.

EU staff staged a 3 hour strike over their 3.7% pay rise. The increase had been criticized because the EU is struggling in the recession and member states are being asked to budget sensibly. The UK was one of the states trying to block the pay rise and UK Prime Minister Gordon Brown said "Obviously everybody is agreed that pay settlements have got to be reasonable at this time." The pay rise must be agreed to by all 27 EU countries, but it is very unlikely to fail as the increase is part of a legally binding the annual pay review which cannot be reversed by the EU.

EU Economy

French President, Nicholas Sarkozy gloated over the selection of Michel Barnier as the EU's next internal-market commissioner. He suggested the appointment would give France some control over financial affairs in Britain: "for the first time in 50 years a French European commissioner [is] in charge of the internal market, including financial services, including the City *of London+". UK Chancellor Alistair Darling said EU control would be a 'recipe for disaster'.

EU leaders urged the International Monetary Fund (IMF) to consider a global tax on financial transactions, in spite of US opposition and doubts at the IMF itself.

EU unemployment reached 10% for the first time since 1999.

Environment

United Nations (UN) Climate Change Talks on a new global agreement to replace the Kyoto Protocol in 2012 were held in Copenhagen but little was achieved. 130 developing countries walked out when wealthier countries refused to discuss a legally binding emissions treaty. The EU is already committed to a 20% reduction in greenhouse gas emissions by 2020 after the climate-energy legislation of April 2009. The final outcome of the talks was a weak, non-binding agreement which only "recognises" rising global temperatures need to be limited. The Financial Times reported that a 'tentative' deal was made by the USA and China whilst the EU was "Conspicuously absent".

EU CO2 allowances fell 8.7% (to €12.40 per metric ton). The EU *Emissions Trading Scheme* limits the amount of carbon dioxide firms can produce by forcing business to buy carbon 'credits' (controlling how much CO2 they can produce) and fining them for each gram of CO2 they produce over this target. If the price of carbon falls, there is less incentive for businesses to control their CO2 emissions.

€2.4bn EU climate change fund to help poorer countries was announced

Giant wind farm to be developed in the North Sea and Irish Sea to meet EU goal on renewable energy resources

Single Market

Toshiba will appeal EU Commission's decision to fine it for breaking an antimonopoly law.

22 EU Member states met in Paris to discuss the CAP on 10 December. Led by the French minister for agriculture, the meeting centred on increasing large subsidies for farmers (EU farmers' incomes fell 12% in 2009). The 5 member states, including the UK, who are in favour of greater liberalisation of the EU farming policy, did not attend.

The Agriculture and Fisheries Council held their annual meeting in December to set the 2010 level for the total allowable catches (TACs). TAC limits were reduced for the majority of fish stocks (to protected from over-fishing). For the first time MEPs played a role in the negotiations (under changes introduced by the Lisbon Treaty) although they still have no say over fishing quotas. The decision was reached after just 2 days. Negotiations over maritime stocks shared between the EU and Norway have failed to produce a result both that parties are happy with so far.

Restructuring of the UK's Royal Bank of Scotland (RBS) was approved by the EU

Health and safety

Loud MP3 players could be banned. Some players reach 115 decibels, but EU could create an 85-decibel limit in 2010.

Airport body scanners opposed by EU. Scanners search for banned items, but they are seen as too intrusive.

EU states

UK's capital city criticised for its air quality. London has exceeded EU guidelines since 2005, and it could face an EU fine.

Greece faced criticism after fears that it might default on its £270bn debt and trigger a crisis in the eurozone (of which it is a member). Its credit rating was also downgraded (making it more expensive to borrow money). Greece's Parliament approved a 2010 Austerity Budget (pledging to spend less money).

Germany will break the EU deficit rules beyond its deadline of 2014. The EU approved the German Government's €8bn and €10bn guarantees of German bank Hypo Real Estate (HRE) - EU rules govern state aid given to businesses.

Romania made progress on its plan to reduce its 2009 budget deficit. The IMF had given Romania a €20bn loan.

Spain recorded the highest youth unemployment in the EU.

Relations with non-EU states

FYR Macedonia's bid to join the EU was weakened when the EU said it would consider its application 'under the Spanish Presidency' rather than specifically in March 2010. Greece doesn't want Macedonia to join the EU because of a long-term dispute over the state's name (a region of Greece is called Macedonia).

The Western Balkans Investment Framework was launched to finance projects. The Framework is directed by the EU Commission, EU Investment Bank (EIB) and European Bank for Reconstruction and Development.

Sri Lanka said it might begin legal action if the EU decides to temporarily suspend trade concessions

Serbia officially applied to join the EU. All member states need to accept Serbia as a candidate for negotiations to proceed further, but there were concerns over the limited and slow arrests of war criminals. It was announced that Serbia could join the EU between 2014-18.

Serbia, Montenegro and Macedonia - EU dropped a 20-year-old visa requirement in the three countries, allowing 10m citizens to travel within the EU Schengen area. UK and Ireland have an opt-out of the Schengen agreement, so they retained their border controls. Montenegro and Macedonia are already candidates to join the EU.

Bosnia, Kosovo and Albania EU visa requirements remain, but they will be reviewed by the EU in 2010.

Russia warned that oil supplies to the EU could be disrupted in early 2010, but said that was no great risk to EU nations. Russia and the EU have an agreement for Russia to always update the EU on possible energy supply disruptions.

Ukraine's membership of the Energy Community Treaty (framework for cooperation on European energy networks) was endorsed by EU Council of Ministers

Croatia's presidential election (first-round) was won by Social Democrat Ivo Josipovic, but it was not enough for a victory so he will face the mayor of Zagreb in a second round in January 2010. Croatia is a candidate to join the EU.

Guinea-Bissau to receive \$37m EU funding to help pay domestic debt and salaries of government workers.

EU-Latin America and Caribbean summit in May 2010 (Spain wants to boost relations during its 2010 EU presidency).

EU agreed to cut import tariffs on bananas from Latin America, signalling a possible end to the so-called 'banana wars', which began 16 years ago when tariffs were introduced on imported Latin American bananas to protect former colonial countries (e.g. African, Caribbean and Pacific [ACP] countries) by giving them easier access to the EU markets (they pay no tariff to trade with the EU). The import tax will be slashed from €176 to €114 (per tonne) within 7 years. ACP countries will be compensated for the extra competition they will face from Latin American banana producers. The price of bananas in the EU is expected to fall.

Serbia received first instalment of a €50m EU grant for budget support (part of the EU's pre-accession instrument).

Guinea - EU toughened sanctions against the junta (military rulers), freezing its assets and extending an export ban.

Turkey began EU negotiations on environmental standards (1 of 35 'negotiating chapters' to be completed before Turkey can apply for EU membership). 8 chapters have been suspended because of a dispute with Cyprus (the island is divided between the Republic of Cyprus and a Turkish occupied North, which is not recognised by the Republic).

Iceland must wait until March 2010 to start formal negotiations to join the EU (Iceland applied to join in July 2009, following the collapse of its economy during the global economy downturn). Iceland could join the EU as early as 2011.

Nigeria received \$3.1m from the EU to support its energy sector.