



EU Facts Update: developments in the EU (February 2010)

EU Institutions

European Council summit (11th Feb) was dominated by Greece's financial crisis. Member states' Heads of State and Government (i.e. UK Prime Minister Gordon Brown), the EU Commission President, and the President of the European Council, Herman Van Rompuy, discussed Greece's budget deficit, which reached €300bn (12.7% of its GDP and more than 4 times higher than EU rules allow). Greece will need to borrow €53bn in 2010. This was the first big test for the new EU Council President – Van Rompuy is thought to want more EU control over states' economic policy. Despite the Greek Prime Minister's promise to "take any necessary measures" to improve the Greek economy, EU leaders at the summit offered only weak support and warned Greece to increase its efforts to reduce the debt.

New EU Commissioners confirmed by EU Parliament on 9th Feb. 488 MEPs voted in favour of the Commissioners, 137 voted against and 72 abstained. EU Parliamentary committees had already interviewed and approved the nominees (Bulgaria's first nominee, Rumiana Jeleva, failed to convince MEPs that she was suitable for the job, so she was replaced by Kristalina Georgieva). Similarly, in 2004 Italy withdrew its commissioner-designate, Rocco Buttiglione, after MEPs criticised his opposition to gay rights and his conservative attitude towards women.

Lack of transparency in EU diplomatic appointment caused controversy - Swedish Foreign Minister Carl Bildt wrote to EU Foreign Minister, Catherine Ashton, to complain about the EU Commission's appointment of the EU ambassador to the US. Technically, under the EU Lisbon Treaty (2007), all diplomatic appointments should be made by Catherine Ashton, and the rules controlling such appointments are still being discussed by EU states. However, the EU Commission used the 'transition period' to nominate Joao Vale de Almeida (Commission President Barroso's former chief of staff and a fellow Portuguese official). The appointment could extend Barroso's power and exclude Ashton from EU-US relations.

€13.4m pay rise for EU Parliament staff approved. Members of the EU Parliament (MEPs) are currently paid €7,807 per month and given €17,540 per month to pay their staff. MEPs argued they need more staff because their workload has increased under the Lisbon Treaty (2007). Critics opposed spending more money on the EU when many states were still in recession.

US President Obama will not attend EU-US Summit in May. US Secretary of State Philip Crowley blamed Obama's decision on leadership confusion caused from the Lisbon Treaty (there is now an EU President, a rotating EU Presidency and an EU Commission President ...) Mr Crowley said there was too much confusion about "who will host it and where will it be held?"

British MEP, Nigel Farage, criticised Herman Van Rompuy's appointment as the new President of the EU Council. Mr Farage, UKIP MEP, used strong language and said "Nobody in Europe had ever heard of you." Mr Farage was subsequently fined 10 days of his MEP allowance (£2,700) and he said: "Sentence passed, letter from parliament President: Maximum allowable fine 2,980 euros. Free speech is expensive in Brussels."

EU Commission produced a comic book, *Hidden Disaster*, depicting the humanitarian work of 2 fictional EU bureaucrats. More than 300,000 copies will be distributed to homes and schools across the EU, costing £200,000.

EU Economy:

Greek financial crisis continued and led some people to suggest that the EU needs an economic union (e.g. with EU-wide rules on tax and spending) to protect its monetary union (e.g. the single currency, the euro). Greece missed a deadline to hand to the EU Commission details of financial transactions overseen by Goldman Sachs (it was suggested that the transactions were used to mask Greece's debt). Athens said the delay was caused by a 4-day strike at the Finance Ministry. There was speculation about whether the EU would "bail Greece out" (giving it a huge loan to cover its debt). The German

Finance Ministry drew up plans for a possible €25bn Greek bailout within which non-Eurozone countries could be asked to contribute (because they hold a 30% share in the European Central Bank (ECB)). This would mean Britain (which has 14.5% share in the ECB) would be expected to offer Greece between €2.9bn and €3.7bn, Germany would contribute €4-5bn, 20% of the full bailout. Some people argued that any bailout should only be paid for by eurozone states. When Ireland suffered a crippling financial crisis last year, it didn't receive a bailout. Instead government was forced to dramatically cut public spending. A similar approach was attempted by Greece - Prime Minister Papandreou introduced strict "austerity" measures including with pay freezes and tax rises, which led to strikes across the country.

EU Commission discussed outstanding Icelandic debts. Commissioners met Iceland's President, Jóhanna Sigurðardóttir. The UK and the Netherlands were forced to pay their citizens who lost money when Iceland's bank *Icesave* went bust in 2009 and so the UK and Dutch governments are seeking €3.8bn compensation. Icelandic citizens are worried that paying back the debt could destroy Iceland's economy (it is equal to 40% of Iceland's GDP). Another important topic on the agenda was Iceland's bid to join the EU (see 'Non-EU states' section below).

Environment:

Fortnightly bin collections to be extended across UK. Local Councils hope to encourage residents to recycle and reduce the amount of waste sent to landfill as the EU's Landfill Directive requires a 25% reduction in landfill waste from 1995 levels by 2010, a 50% reduction by 2013 and a 65% reduction by 2020. Some UK Councils were accused of spying on residents to monitor their "waste habits" and to plan incentive schemes.

EU announced goal to reduce car CO2 emission to 135 grams per kilometre by 2020.

Poland won a court battle to reduce its carbon dioxide (CO2) emission limit dictated by the EU Emissions Trading Scheme (ETS). Polish officials said they might seek a 5.5% increase in its CO2 emissions quota.

Social Europe

EU Working Time Directive is causing patient care to suffer, the *British Medical Association* warned. The Directive reduced junior doctors' hours from 56 to 48 maximum hours per week in August 2009.

EU Pregnant Workers Directive - proposed changes to maternity pay could cost the UK £2bn a year. Britain offers 1 year maternity leave at reduced pay, but the EU proposed to extend this to 18 weeks full pay. The EU Parliament's Women's Rights and Gender Equality Committee approved the proposal. The EU Council of Ministers will vote on the proposal using the Qualified Majority Voting system (QMV) – as opposed to a unanimous vote - so the UK cannot veto it.

Google Street View to give 6 months notice when its vehicles are roving European streets, under EU data protection rules.

EU Single Market

Report on the EU Single Market favoured EU-wide cooperation on tax. Mario Monti's (former EU commissioner) said he doesn't propose tax harmonisation (forcing all EU states to adopt a single tax rate), but that tax cooperation could shelter the EU from future economic crises. The EU has integrated many aspects of social, agricultural and environmental policy, but states are keen to retain control of their taxation.

European Data Protection Supervisor ruled the EU Commission is endangering data protection rules and internet users' fundamental rights, by engaging in talks with the US, Canada, Japan on the Anti-Counterfeiting Trade Agreement (Acta) a new agreement to combat counterfeiting and piracy.

EU Commission gave permission for Orange and T-Mobile to merge, creating the largest UK mobile phone company.

EU States:

UK Conservative Party to call for "fundamental" reform of EU farming policy and a review of all farming subsidies and regulations if they are elected in the May 2010 UK General Election. Cons MP Ken Clarke (a famous supporter of the EU) met EU Commission President Barroso to reassure him that the party would work with the EU if elected.

UK 2010 GDP growth forecast cut by EU Commission to 0.6%

UK Business Minister, Peter Mandelson criticised EU lack of leadership on banking reform following the global financial crisis.

Spain to raise retirement age from 65 - 67 years despite strikes in Barcelona, Madrid and Valencia. Spain is still in recession, with 1 in 5 Spaniards currently unemployed.

Dutch coalition government collapsed over a dispute about whether Dutch troops should stay in Afghanistan. The US had hope for more involvement military from EU states, but polls showed European citizens are increasingly opposed to the war (76% in the UK and 86% in Germany). There was concern that the withdrawal of Dutch troops could trigger other European countries to do the same.

Storms battered France, Spain and Portugal, Germany, Netherlands and Belgium killing around 50 people. France asked the EU to release regional funds for to repair the extensive damage caused by the worst storm to hit France in 10 years.

Ireland missed deadline to transfer its first loan into the 'bad bank' NAMA scheme (a new agency to buy bad loans from Irish banks) due to EU Commission delayed decision on whether the scheme breaks state aid rules (states can't give their national businesses an unfair advantage). A decision is expected in March 2010.

Non-EU states:

60% of Icelanders oppose joining the EU, according to a poll in *Le Figaro*. Nevertheless, the EU Commission recommended starting accession talks with Iceland, and EU leaders open 'accession' talks at the next EU Council summit on 25-26th March, but all new bids for EU membership need approval by the current 27 EU states, which could mean it joins the EU in 2012. The Commission highlighted policy areas that could cause difficult membership negotiations, including: fisheries, agriculture and rural development, and financial services.

Ukraine elected a new President, Viktor Yanukovich. EU foreign ministers discussed how to improve relations with the Ukraine, but rules out loosening Ukrainian Visa rules.

Japan opposed EU Commission proposal to ban international trade in Bluefish tuna. Japanese is responsible for 80% worldwide Bluefish tuna consumption.

EU promised aid €3m for Chile earthquake relief

Iran given an "extensive list" of new EU sanctions over its nuclear programme including restrictions on exports of Iranian gas and petrol. The EU already has a trade embargo on Iranian military and nuclear products.

Zimbabwe – EU renewed its sanctions because the ruling Zimbabwean government did not enact sufficient reforms. Since extensive violence followed a close election in 2008, the government includes members from opposing political parties.

US welcomed the Dalai Lama (exiled Tibetan spiritual leader) to Washington despite China asking the US to cancel the visit. President Obama had faced criticism from supporters of the Dalai Lama for postponing the meeting until after a visit to Beijing.

EU Commission pledged nearly €7.3m aid to East Asia to deal with natural disasters.

EU condemned the use of fake EU national passports in the assassination of Hamas leader Mahmoud al-Mabhouh, in Dubai. EU ambassadors were summoned to discuss how passport security could be strengthened.