



EU Updates February 2011

EU Institutions

José Barroso's 2010-2014 Commission scores poorly, with the 27 Commissioners receiving grades from A-E. Commissioner for Justice, Viviane Reding, and Commissioner for Digital Affairs, Neelie Kroes, scored the highest with B's whereas the High Representative of the EU Chief for Foreign Affairs and Security Policy, [Catherine Ashton](#), fared the worst with an E rating. The rating has been defended as reflective of the 'difficult times' in the wake of the Eurozone crisis.

EU Council President Herman Van Rompuy visited a number of Eastern European states (both euro and non-euro members) to discuss competitiveness and to alleviate frustration in the wake of the Franco-German 'Competitiveness Pact' announcement. Presented early in February (at the EU Summit designated for energy and innovation), the Franco-German pact proposes closer economic integration, through measures such as harmonised taxation and labour policies. However, this fiscal pact has been criticised by several MEPs for taking a more intergovernmental approach and for being less reliant on the EU institutions. Article 136 of the Lisbon Treaty, which gives Eurozone countries the right 'to strengthen the coordination and surveillance of their budgetary discipline', is being used as the legal foundation for the pact. Non-Eurozone members are particularly unhappy with the Franco-German collaboration as they will have to abide by its rules when they eventually adopt the Euro.

Nearly €2 million saved, in travel and accommodation, when MEPs were forced to relocate to Brussels when the ceiling in the European Parliament's plenary chamber collapsed in August 2008. The figure emerged in response to recent questions from MEPs. A recent survey by Zurich University has revealed that 88% of MEPs want to have their own say on where the European Parliament meets, with 91% preferring Brussels. In total, the change would save €180 million a year and 19,000 tonnes of CO2 emissions.

EU to meet with Russia under Poland's guidance. Poland has detailed plans of a meeting they hope to host during their turn at the rotating EU Council Presidency; which would see Germany, France and Russia as their guests. Having met with Germany and France in Warsaw, Polish President Bronislaw Komorowski said it would be 'appropriate' for Russia's premier to be at a similar meeting, when they take on the 6 month rotating EU presidency in July.

EU Parliament burgled. The EU believes that the EU Parliament post office robbery, which was robbed at gunpoint in the beginning of February, was an inside job. No one was hurt but the thieves escaped with €8000. The European Parliament has now been targeted by armed robbers three times in two years.

MEPs' expenses criticised. The News of the World exposed some MEPs 'clocking in' to claim their days-worth of allowances at the Parliament before leaving shortly afterwards. MEPs who were questioned justified their actions as they were still working, albeit not at the Parliament.

Eurozone

EU and IMF official make another inspection in Greece ahead of the next instalment of their bailout loan.

Ireland held a General Election after the resignation of Irish Prime Minister Brian Cowen last month. The Irish public are unhappy with the terms the Fianna Fáil majority government accepted for the EU-IMF bailout, with many concerned that the level of interest agreed on the loans will leave the future generations in debt. Fianna Fáil polled their worst result in 85 years, whereas opposition party, Fine Gael, made large gains and their leader, Enda Kenny is likely to be the new Irish PM. Fine Gael has promised to challenge the terms of the bailout and reduce the interest levels. So far, the EU and IMF have stood firm warning the deal is not open to renegotiation.

Speculation on the future European Central Bank (ECB) leader continues, with Axel Weber ruling himself out of the race. The current president, Jean-Claude Trichet, is to stand down in October.

Rising oil prices could impact on EU member states economies. North Africa unrest and the conflict in Libya have led to a steep increase in oil prices. Ireland's economic growth is particularly at risk, according to the Ernst and Young Eurozone Economic Forecast Unit (EEF), as the ECB may have to raise interest levels earlier and faster than planned, to counter the risk of inflation. They also predicted that, if the price of oil stayed at the current level of \$120/barrel, it would seriously hamper the Eurozone's GDP growth, potentially keeping it as low as 1%.

Portugal faces off pressure to accept EU bailout in February. Although the benchmark for market interest rates sits consistently around 7%. Portuguese opposition leaders have suggested a bailout is now unavoidable, however, the country will wait until the financial bailout mechanism have been finalised at the EU summit next month.

Romania applied for a 'precautionary' €5 billion loan with the EU and IMF. The €20 billion first aid package agreed in 2009 is set to run out in May 2011. Romania's economy is currently the worst hit by the recession in the EU after only Greece.

MEPs have rejected three candidates chosen to head up three new pan-European banking watchdogs, over concerns that they lacked sufficient qualifications and influence. Italian central bank official, Andrea Enria, has already been selected to chair the European Banking Authority (EBA). Dutch supervisor Steven Maijor will chair the European Securities and Markets Authority (ESMA) and Gabriel Bernardino, a regulator from Portugal, will chair the European Insurance and Occupational Pensions Authority (EIOPA).

EU Trade

The European Parliament has approved a tariff deal between the EU and Latin American banana producers, ending a 16 year long trade war. Under the new arrangements, the EU will lower import tariffs on bananas from Latin American countries from €176 per tonne to €114 in 2017. This will narrow the gap between producers from former EU colonies, which are currently exempt from paying tariffs. The former European colonies in Africa, the Caribbean and the Pacific ([ACP](#)) will receive €200 million in aid between 2010 and 2014. The trade war began in 1993 when the EU established a preferential policy for imports from former British and French colonies.

MEPs have backed a landmark agreement with South Korea, which will cut 98% of import duties and other trade barriers in manufactured goods, agricultural products and services over the next five years. The European Commission has estimated that the agreement will create €19.1 billion of new trade for the EU and save EU exporters €1.6 billion every year. The deal includes a safeguard clause to protect European car manufacturers from an excessive increase in cheaper South Korean imports.

EU Schengen Zone

Romania accepts that [Schengen accession](#) will be at the same time as Bulgaria. There had been speculation that their entries could be achieved separately as Bulgaria has failed to meet some of the criteria necessary for accession whereas Romania has technically met the criteria and is ready to join. President Traian Basescu insisted that Romania would stand up against any attempt to set additional requirements for their entry. Further inspections on the two countries' state of readiness will be carried out in April/May.

Common Agricultural Policy (CAP)

Row over CAP payments 'per head' in the UK. A number of British MPs support returning to CAP payments per head of livestock relevant to the number of sheep/cattle a farmer owns; to encourage British farmers to return to sheep grazing which has become a rather profitless form of farming. However, countryside groups, e.g. the RSPB, have come out against the initiative saying overgrazing will ruin the landscape which could dent the tourism industry.

An Environment and Rural Affairs Minister received £2 million in CAP payments, the Mail on Sunday reported.

Social EU

Requirements for EU nurses to work for NHS to be relaxed. Current tests for nurses from other EU member states wanting to work in the NHS could be reduced to a series of multiple choice tests and role play set over 2 days, after the EU decided current UK tests go against the EU's freedom of movement rules. The new standard of testing will be used from April.

[European Court of Justice](#) ruled in favour of football fans. The court decided that European Championship and World Cup games should be broadcast free of charge, ruling against FIFA and UEFA who had wanted to retain the pay-TV deals.

Proposed ban on battery hens in the EU will still be introduced in 2012, agricultural ministers decide after last minute proposals to delay the ban were introduced.

Housing problems persist in many EU states. New findings reported by Eurostat show that there are huge differences in household domestic conditions across member states, for example over 40% of Romanian living arrangements do not have baths or flushing toilet. House deprivation is most serious in Romania, Bulgaria and the Baltic states.

ECJ rules that insurance policies based on gender are discriminatory. From Dec 2012 insurance policies and premiums will need to be unisex.

Bulgaria was the first EU country to launch a nationwide census in 2011. All other 26 member states will conduct censuses over the year.

Foreign Policy

Catherine Ashton to visit Cairo amidst continued protests, despite requests from Egypt for her not to come.

Possible merge for humanitarian aid and EU foreign policy criticised. EU Commissioner for International Cooperation, Humanitarian Aid & Crisis Response, Kristalina Georgieva, bemoaned the increased politicisation of the aid agenda and said the merge would happen 'over her dead body'.

EU mistakes in Afghanistan openly criticised by UK House of Lords. EU training programmes centred in Afghanistan are understaffed and overly bureaucratic the House said.

EU condemned religious intolerance after a spate of international attacks targeting religious minorities. Recent months have seen divisions forming between those that see the broader umbrella of 'religious persecution' in line with EU values, and member states, such as Italy, which feel more emphasis should be placed on the persecution of Christian minorities in Muslim areas.

European Neighbourhood Policy criticised as pro-democracy revolutions continue to rage in Libya. Home Affairs Commissioner Cecilia Malmström admitted that in the future the policy needs to place greater emphasis on democracy, human rights and rule of law.

The US and the EU discuss possible military intervention as internal conflict continues to grow in Libya.

Justice and Home Affairs Policy

The EU is to help Italy cope with a surge in migration. The unrest in North Africa has led to a large increase in the number of migrants arriving at Italian island of Lampedusa, the EU territory closest to Tunisia (except Malta where many migrants on boats inadvertently end up). Nearly 6000 migrants, mostly from Tunisia, had arrived at the island in the weeks following the pro-democracy protests and ousting of the Tunisian President. Frontex, the EU border agency, joined forces with their Italian counterparts to launch a series of operations in the Mediterranean Sea to help Italy cope with the situation. Tunisia refused to allow Italian police to patrol and prevent migrants leaving their borders, however has agreed to tighten Tunisian border controls if Italy supplies the funding and equipment. The recent arrivals have reignited the debate over the 'burden sharing' between member states, as the Dublin II Convention means that the country of entry for the migrant (in this instance mainly Italy) must deal with the 'burden' such as processing asylum claims, which is putting tremendous strain on Italy, instead of tackling the issue between all 27 states.

Immigration problems likely to intensify as the Libyan political situation deteriorates. EU Home Affairs Commissioner, Cecilia Malmström, wrote on her blog that she expected the number of migrants escaping the turmoil to rise and that the EU should prepare for the worst case scenario.

Freedom of information - An alliance of 180 human rights organisations have criticised plans by the European Commission to restrict its freedom of information rules just 7 years after they were introduced. The measures, originally propose in 2008, would 'substantially reduce the number of public documents' available upon request, restricting available documents to those that are formally transmitted. There are also fears that policymakers would deliberately engage in administrative practices that avoid formal transmission.

Environment

Unapproved GMO ingredients may be allowed into the EU, in animal feed. In a move to combat rising food prices and the strain on supply a standing committee has decided that the EU can no longer continue with a zero-tolerance policy. If the EP approves this decision then in the future 0.1% of animal feed can be contaminated with GM produce.

Energy

Energy Summit - First summit dedicated to EU energy, with supply security high on the agenda - some Eastern European countries are completely dependent on Russia and want to break the cycle. European Commission President, José Barroso, told EU leaders that member states should seek to reduce their reliance on fossil fuels, turning instead to the renewable energy industry. The summit calculated that €200 billion would be needed for a 'smart' power grid, which would carry wind power from the north and solar power from the Mediterranean to central cities such as Paris.

Higher investments into the EU's energy infrastructure called for by EP President, Jerzy Buzek. Mr Buzek argued that the money must come from the public sector as well as from the private sector.

Libyan instability impacts on EU energy supply and Italy has to turn off its Greenstream gas supply from Libya.

EU states

Hungary – Changes to media law accepted by EU officials. The Hungarian authorities have agreed to change four areas of the law, including the requirement that information be 'balanced' and the use of fines against broadcasters in other EU countries. The current EU Council Presidency holder damaged its credentials further, however, after police blocked Gay Pride marchers from gathering in front of the parliament later this year. Although police are expected to permit the march by another route, the move will frustrate the marchers' attempt to politicise their cause and

increase their visibility. The Hungarian police claimed that the ban was unavoidable due to the country's EU presidency saying that tourists expecting to see a presidency photo exhibition in parliament square could be perturbed by the marchers.

Greece - Strikes take place again in protests against the austerity measures.

Romania - MPs caught out in sting by journalist. Set up by the Romanian paper 'Romania Libera' 460 MPs and senators were sent text messages from the journalist who was pretending to be rich Arabian businessmen. Over 100 phone calls and 50 SMSs were received in response to the proposed meeting. Only 9 of the Parliamentarians responded by saying such dealings were illegal.

UK - has refused to bend to EU plans regarding national targets on early school leavers and higher education. EU education ministers met to discuss progress in meeting the 'Europe 2020' targets, which aim to create jobs and growth. Although the UK voted in favour of EU-wide goals in 2010, it now claims that it is under no obligation to set national targets as conclusions of the European Council are not legally binding.

EU candidate states

Iceland - agreed to pay back money owed to the UK and the Netherlands, loaned in the Icesave banking dispute. The governments had to use their own funds to shore up citizens savings as the Icelandic bank, Icesave, collapsed. Proposed repayment plans in Iceland went down badly with the Icelandic public where the sentiment was largely they were being punished for the mistakes of the government and the bank. The Icesave dispute is seen as one of the main challenges to Iceland's accession to the EU.

Croatia - A European Parliament spokesman has stated that Croatia will probably have to wait until 2013 or even 2014 before its accession to the EU. Even though it should finish EU membership talks by June, coinciding with the end of the Hungarian Presidency, the ratification process by current member states would last until the end of 2012. Croatia still has some progress to make in the remaining negotiating chapters, particularly strengthening the judiciary, fighting corruption and cooperating fully with the International Criminal Tribunal for the former Yugoslavia (ICTY).

Turkey - The European Commission has stated that Turkish EU Affairs Minister, Egemen Bagis, could have 'better chosen' his comments during a Holocaust commemoration. At the event in Auschwitz, Mr Bagis warned that the EU risks being besieged by a 'distorted' racist mentality 'that emulates the fascist methods of the 1930s', which could only be remedied by Turkey's accession to the EU. He has since sought to clarify that he was simply concerned at the rise of certain extremist groups within the EU, and the potential impact this could have on tolerance towards minorities.

Other States

Egypt - President Mubarak stepped down after pro-democracy demonstrations. The military are to govern temporarily until a democratic government is elected. The EU has called on the military to hand-over power. Catherine Ashton visited the North African state. Syria criticised the EU's focus on Egypt, suggesting that Israel should be the centre of attention if the EU really cares about constructing peace and stability in the Middle East.

Israel - A journalist in Brussels attempted a citizen's arrest on the Israeli foreign minister, Avigdor Lieberman. Conflict mounts between the EU and Israel over the handling of the Middle East protests.

Tunisia - Catherine Ashton promised an extra €17 million in aid for infrastructure on her first visit to Tunisia since the removal of President Ben Ali. The amount was ridiculed by the Tunisian government.

Libya - A mass exodus of EU citizens began as pro-reform protests gather pace in Libya. Colonel Gaddafi's regime has pledged to 'use every last bullet'. The foreign ministers from the 27 member states issued a joint statement, saying the EU 'deplores the violence and the death of civilians'. Colonel Gaddafi threatened to flood the EU with immigrants if the EU didn't support him against the demonstrators; however, the EU said it will not be blackmailed. Questions have also been raised regarding the origin of some of the weapons now being used against the protestors, with the UK, Germany, Belgium and other EU member states coming under-scrutiny.

Libya - EU considers introducing sanctions however, member states disagree. Italy is the most strongly anti-sanction member state, fearing large scale immigration arriving at its shores if tough sanctions are introduced.

Belarus - EU approves sanctions at EU Summit on 4th February.