

EU Institutions

European Commission spent **£8 million on private jets**, limousines and parties, according to the Bureau of Investigative Journalism. The findings come just days after the Commission suggested a budget increase of 4.9%. Chair of the European Scrutiny Committee in the House of Commons, Bill Cash, has demanded that the EU's Court of Auditors opens a formal investigation into the spending.

The European Court of Justice (ECJ) has ruled in favour of the release of a document detailing MEPs expenses, after finding that there was an "overriding public interest in the disclosure". Irish lawyer Ciaran Toland has fought a long battle for the release of the Galvin report which was blocked by a number of MEPs. It follows allegations of abuse within the MEPs' expenses system. This decision follows an earlier ruling which found EU institutions could no longer claim potential political controversy as grounds for avoiding disclosing internal audits. There has been concern that the disclosure of expense abuses could cause further deterioration for [Greece's economic situation](#). The case could have major implications for EU transparency law.

European Commission unveils anti-corruption proposals. The measures will be the first to tackle corruption on an EU level. They include the creation of an EU anti-corruption reporting mechanism, which will identify areas of weakness, and will be issued by the Commission every two years from 2013.

5% of EU institution jobs could be cut, in order to demonstrate real solidarity between the heart of the EU and member states which are subject to strict austerity measures. An official from the Commission has said: "The Commission is aiming for zero growth in the administrative budget. With on-going pay rises related to promotions, this means a reduction in the head count." It is expected that member states will demand a higher percentage cut, of 10% or more.

Rules proposed to monitor MEPs' second jobs criticised by European Parliament [President Jerzy Buzek's](#) working group. The group finds that the proposals do not differentiate satisfactorily between high and low earners, and put MEPs representing newer member states at a disadvantage. The group's criticisms will have to be approved by parliamentary officials and political group leaders before it is put to MEPs. The Times *cash-for-amendments* scandal has prompted calls for improved transparency regarding financial disclosures; however, the move is not widely supported amongst MEPs.

Hungarian sixth-month EU rotating presidency draws to a close, with [Poland](#) ready to take the reins for its first time at the helm. The six-months under [Hungary](#) got off to a rocky start with their controversial media law dominating much of the publicity surrounding their advent; however, they successfully oversaw the completion of a European Roma policy, the Danube Strategy and the closure of Croatia's final negotiation chapters as well as rescuing the EU patent negotiations at the eleventh hour - all of which were high on its list of priorities for the term.

EU Budget

EU Commission publishes its budget proposals for 2014 – 2020. Plans to increase the [EU budget](#) by 5% for the next seven-year cycle are likely to be controversial, with a number of member states currently implementing stringent austerity measures. Plans to re-evaluate the UK's rebate have also been announced. The negotiations for the 2014-2020 budget will extend well into next year, and will be at the heart of the Polish six-month EU Presidency. Poland's programme for its rotating presidency focuses on restoring growth. The programme stated: "If Europe is to be competitive on a global scale, it must not concentrate solely on public finance and limiting budget deficits. Additional action is required." Poland will want to preserve the EU's substantial pay-outs to poorer regions, and guarantee money to farmers to fund 'modernisation' of agriculture. However, the UK, France and Germany have already voiced disagreement with the plans, arguing for a limit on EU spending. The suggested latest budget increase would see the EU's budget rise to €1 trillion for the next seven-year period, with increased spending on research, education and transport expected to be the main goals, and the focus shifting away from agriculture. Proposals relating to 'own resources' have also resurfaced, with talk of using either a financial-transaction tax or a European VAT to replace the dwindling traditional own resources and ease the burden on member state contributions.

EU Economy

Bankers could face fines above €5 million for breaking regulations, under new plans to bring EU member states' sanctions in line with the UK system. Under the draft law, both banks themselves as well as individual bankers would be subject to a stricter code if they conceal information or breach rules regarding maximum bonuses.

European Commission criticises national economic reform plans. The Commission gave a critique of individual states, including quantifiable recommendations, in the first set of new annual national policy recommendations. The Commission concluded: “National plans are often lacking in ambition.” Of particular concern is the lack in some states of plans to get people back to work, especially women and young people. Its proposals include: cuts in labour tax in France; reform of regional Landesbanks in Germany; reform of the UK housing market.

Eurozone

UK Treasury Minister admits London preparing for Eurozone breakup. Mark Hoban MP, responding to aggressive questioning from both sides of the House, admitted: “Discussions are taking place between the Bank of England, the Treasury and the FSA [Financial Services Authority], and we are considering a number of scenarios and potential market events.” He added, “I am not going to comment on whether the Eurozone will remain intact. Clearly, this crisis demonstrates the huge strain that the Eurozone is under.”

New bailout for Greece agreed, after the government passed a series of further austerity measures spanning the next five years. The bailout will provide €12 billion from the EU and IMF. The EU contribution to the second rescue package will be limited to the Eurozone countries. Echoing a statement released by EU leaders, Dutch PM Mark Rutte called on “the leaders and citizens of Greece to rise to the occasion and do what must be done”. “It is going to be difficult and painful,” the statement said, “but it’s the only way out of this crisis”. The EU had insisted the austerity package must be passed by the Greek Parliament if it wanted European solidarity and to gain access to a second bailout fund.

Single Market

Italy and Spain petitioned the European Court of Justice, asking the Court to annul the EU patent scheme endorsed by the other 25 member states on grounds of discrimination of their national languages. Both countries want the EU patent automatically translated into their languages, in addition to English, French and German - the three working languages of the European Patent Office. Other states have argued that the move would drive up costs, making EU patents less competitive against their US counterparts and making the system more cumbersome for small businesses and individuals. A simpler and more accessible patent system is a top priority of the Single Market Act. Despite months of flagging negotiations caused by Italy and Spain’s complaints the Competitiveness Council has managed to engineer a break-through, steering through a compromise on the two areas of contention.

Social Policy

EU moves forward with cyber-crime agreement. The new proposals would see cyber criminals facing up to five years in jail, however security experts have criticised the plans, arguing that it is pointless trying to convict criminals who cannot be caught, and that instead of increasing potential sentences, funding should be diverted into detection and security systems. Of all member states, only Denmark will not sign the agreements.

Commission pushing for European university rankings. A report by the European University Association, ‘Global University Rankings and Their Impact’, highlighted problems with existing league tables that rank universities across the world, although cover only 3% of all universities. In particular, the report noted that existing tables assess an institution’s research performance “far more accurately” than the teaching quality, because the indicators relied on are only “proxies, and their link to the quality of teaching is indirect at best”. The European Commission has come out in favour of the system advocated by the report, ‘U-Multirank’, which the Commission described has “a new, user-driven, multidimensional and multi-level ranking tool”. This would not produce one table, but would allow users to pick which institutions they want to compare, and the characteristics that are most important to them.

Danube Strategy endorsed by all EU member states. Decision was marked with a ‘floating conference’ which highlighted the lack of exchange between bordering countries along the river. The Danube crosses and borders a number of EU member states, but its level of exploitation in some regions is disappointingly low. The conference highlighted the lack of cross-border cooperation and the tourism opportunities that are being missed. The strategy – which aims to streamline and better coordinate the funds already in existence – should see more bridges being built linking neighbouring countries and the clean-up of polluted areas.

Justice and Home Affairs

UK student cleared of Greece murder. Three years ago, British student Andrew Symeou was accused of fatally punching another British man while on holiday in Greece. After years in some of Europe’s worst prisons, a jury has acquitted Symeou of the murder of 18 year old Jonathan Hiles. Symeou was extradited under a European Arrest Warrant, even though the police evidence was tenuous and conflicting, and the prosecutor recommended an acquittal before the jury began their deliberations.

EU member states failing to combat human trafficking named and shamed. The US has criticised Malta, Estonia and Cyprus for high levels of people trafficking, and the failure of the respective governments to do more about it. A

number of other Eastern European member and aspiring member countries were also added to the “watch list” for their poor levels of combatting the rising problem. The report also noted that a high number of African migrants who arrived in Malta after the North African revolutions were at risk from being targeted by traffickers.

Internal border regulations to be amended to allow states to temporarily reinstate border controls in times of emergency.

Foreign and Security policy

European Commission launches Humanitarian Corps. As part of the pilot programme, entitled the ‘European Voluntary Humanitarian Aid Corps’ (EVHAC), 100 young people will travel to several disaster-struck areas and participate in individual projects. If the scheme is a success, a similar programme may be made permanent. Three humanitarian NGOs will use the €1.25 million from the EU to run the project.

Environmental policy

Germany and France criticise cap for airlines, passing on their concerns to EU Transport Commissioner, Siim Kallas. The plans would bring foreign airlines into the EU’s cap-and-trade scheme. This would mean all airlines using European airports would pay for their carbon pollution under the ETS (Emissions Trading Scheme).

European Parliament gives green light to revised Eurovignette Directive, which will allow member states to apply the ‘polluter-pays’ principle in setting road tolls for HGVs. The move comes after 3 years of heated debate, and will permit member states to charge vehicles above 3.5 tonnes for noise and pollution costs as well as infrastructure. Vehicles below 12 tonnes can only be exempted from the scheme if the member state notifies the Commission of its reasons for the decision. The Directive is the first EU law implement the EU’s agenda of internalising external transport costs. The measures have been criticised by freight companies, however, who note that it will only apply to states with electronic tolls, and that states are not compelled to invest the additional revenue in green projects.

European Parliament backs air pollution legislation. The new legislation would compel EU member states to harmonise national reporting data on air pollution, green taxes and raw material flows. The data would then be used to create a European “environmental economic accounts”. The move is aimed at increasing sustainability, and the first environmental accounts will be made in 2012. The measure was expected to be more difficult to implement for some states, which do not have environmental statistics, however 2011 has been set as the first reference year for statistics, in order to alleviate this potential problem. Initially, the data will cover three areas, including air emission and environmental taxes, and will divide the classification of air pollutants into industrial and domestic.

European Commission backs new renewables target, which would raise the EU’s target share of renewable to 45% by 2030, although EU Climate Action Commissioner Connie Hedegaard warned of the need for further discussions before this figure was finalised. The Commission plans to set an energy roadmap later this year, which will take the EU up to 2050. However, European Commission president José Manuel Barroso advocated the need for short, as well as long, term targets. The current Low Carbon Roadmap already sets the target for reducing CO2 emissions by 2030 at 40%, however this figure is non-binding.

European Commission tables proposals for 2012 Rio+ Earth Summit. The proposals set out how the EU envisages adopting a global commitment to a continuing green economy and will lay the foundation for discussions during the 2012 Sustainable Development Conference in Rio de Janeiro.

EU Budget Commissioner Janusz Lewandowski clarifies comments he made earlier in the month regarding climate change. The comments, which appeared to suggest doubt regarding the validity of climate change, had triggered a number of complaints. Mr Lewandowski said the quotations were taken out of context, and he acknowledges the fact that “the overwhelming majority of scientific studies confirm the phenomenon of global warming”.

EU member states

Large variation in EU member states’ living costs, Eurostat finds. Denmark was revealed as the most expensive, with Bulgaria as the best value for money. The UK came out in the middle.

Greece - Tens of thousands of Greeks took to the streets in Athens to demonstrate their opposition to the latest bout of austerity measures. Over 50,000 people were involved in the protests, which were inspired by similar movements in Spain. The proposals include tax increases and a crackdown on tax evasion, as the black economy is thought to amount to 20-30% GDP. The measures come as unemployment reaches 16%, and the country’s debt totals approximately €340 billion. Prime Minister George Papandreou has formed a new cabinet, following his offer to step down and form a unity government.

- The Greek Assembly has passed a vote of confidence in the Government. In the immediate aftermath of the vote, the value of the euro increased, and European Commission President José Manuel Barroso commented that the vote

“removes an element of uncertainty from an already difficult situation”. There is now international pressure on Greece to push through with its planned austerity reforms.

France – The European Court of Justice has ruled that the measures implemented by France to protect wild European hamsters are inadequate, under the EU Habitats Directive. The Directive requires member states to protect animal species “of Community interest”, including the wild European hamster. The ruling refers specifically to hamsters in the Alsace region in eastern France, and the country must amend its agriculture and urbanisation practices in the area, to avoid daily fines.

Italy – In the latest of a series of setbacks for Italian Premier Silvio Berlusconi, Italians have rejected a move to nuclear energy in a nationwide referendum. The result comes a fortnight after the PM’s party suffered heavy defeats in local elections, and plans to enhance ministerial immunity from court cases were also rejected. With almost half of ballot papers counted, early indications suggested that 96% of the population had rejected nuclear power. The vote is the first nationwide referendum on nuclear power since the Fukushima disaster in Japan.

Hungary – Funds from the EU employment and social solidarity programme are being used to co-finance an anti-abortion campaign in Hungary, it has emerged, leading to calls for the money to be returned. The total cost the campaign is some €416,000, and involves posters on the Budapest metro. EU Justice Commissioner Viviane Reding has promised that she will implement “procedures to put an end to the agreement”. “This campaign goes against European values,” she said. “We want European funds to be returned as quickly as possible.” The fiasco comes after an amendment to the Hungarian constitution by Prime Minister Viktor Orbán’s Fidesz Party, which inserted an article guaranteeing that “the life of a foetus will be protected from conception”, although Hungarian Ministers have been quick to deny that the campaign is the first step towards a ban on abortion.

Enlargement States

Croatia - Croatia has closed the fisheries chapter of its EU accession negotiations, and EU Commission President Barroso, is leading calls for negotiations to be finalised by the end of June. Croatia now has four of the thirty-five chapters to conclude: Judiciary and Fundamental Rights; Competition Policy; Finance and Budgetary Provisions; Other Issues, a category which includes all remaining technical issues. Hungary has stated that it will endeavour to ensure Croatia’s entry talks are concluded by the end of its presidency, which will be taken over by Poland at the beginning of July. However, the Netherlands is pressing Croatia to submit to post-accession monitoring until it joins the Schengen zone. This could take several years.

Turkey –Prime Minister, Tayyip Erdoğan, has been re-elected for a third term of one party rule. There is great pressure to achieve sweeping reforms to the constitution and tackle foreign policy issues, such as the influx of migrants from Syria, however the new Government has announced that it will no longer take EU recommendations into account when shaping internal reforms. The decision has apparently been taken in light of the breakdown in EU accession talks, even though Turkey’s ambassador to the EU has stated that the Prime Minister’s top priority remains to draft a “modern, liberal” constitution. However, there are concerns within the EU that Erdoğan will now increase presidential power and the run for president himself. The Turkish ambassador suggested that the EU is fast losing any ‘leverage’ over Turkey, and is no longer taken into consideration with regards to internal reforms.

Iceland –There are concerns that progress on accession talks could be hampered by debt woes. The first four of their negotiation chapters were opened at the end of June, with two closed immediately. In comparison to other EU candidate states, Iceland is in a relatively strong position, given its membership of European economic and travel cooperation zones, however this promising start could quickly stumble. Its whaling traditions are likely to cause problems for its hopes of EU membership, and the disputes between the EU and Iceland over fishing quotas show no sign of abating. Iceland’s foreign minister has said that the EU fisheries ‘superpowers’, such as Spain, hold the key to progress Iceland’s negotiations.

Macedonia – EU Enlargement Commissioner, Štefan Füle has warned Macedonia that it risks losing its EU candidate status unless progress is achieved in a number of areas, including tackling actions interpreted by neighbouring Greece as “provocations”. “If we have a feeling that instead of progress there is a regress,” he warned, “we would probably have to reassess that recommendation to start accession negotiations”. The idea of downgrading a country once it has attained EU candidate status is entirely unprecedented, however Macedonia has been unable to start its accession negotiations due to its name dispute with Greece since it became a candidate state almost seven years ago.

EU relations with external states

Zimbabwe – The EU called for calm after the Kimberly Process meeting broke-down over diamond negotiations.

China – Intends to continue buying EU debt, Chinese premier Wen Jiabao, announced whilst on a tour of the UK, Germany and Hungary in a show of solidarity with the EU’s efforts to tackle its debt problems.