



EU Updates March 2011

EU Institutions

EU Parliament's budgetary control committee votes to approve the EU's 2009 accounts. A report by [German](#) MEP Jorgo Chatzimarkaki recommended signing-off the accounts after he received assurances from the [Commission](#) that more pressure would be put on member states to account for where the funds were going, although he admitted he still had concerns regarding the transparency of the spending of shared resources. The report was endorsed by 21 votes to 2, and will be put before the Parliament in May.

Challenge to monthly Strasbourg Parliament sessions. MEPs decided to cut one of the monthly moves to the Strasbourg Parliament, by holding two of the sessions in one week. MEPs estimate €2.5 million will be saved by merging 2 of the 12 plenary sessions scheduled for 2012. The controversial EU parliament, a concession to the [French](#) for basing the main Parliament in Brussels, is a hotly disputed issue, with most MEPs and member states agreeing that the large-scale en masse move from Brussels to Strasbourg for plenary sessions is a colossal waste of money. However, as it would require a treaty change, member state unanimity is needed and the French will always veto any suggestion of reform.

MEPs' cash for amendments scandal. The Sunday Times sting caught out at least 4 MEPs potentially accepting cash to introduce amendments in favour of an undercover reporter posing as a lobbyist. Spanish MEP Zalba Bidegain became the fourth MEP to be caught out, after tabling an amendment that used the exact wording proposed by the reporter. The scandal has been exacerbated by the EU Parliament's President, Jerzy Buzek, refusing to allow the EU's anti-fraud body, OLAF, to investigate the claims. Instead OLAF was essentially told to stick to investigating matters of misspent EU funds, and not to get involved in the Parliament. However, Jerzy Buzek changed his mind a few days later and allowed OLAF to look into the claims, however still denied investigators entry to the MEPs' offices.

MEP caught accepting cash for amendments is to be replaced by former lobbyist. The Austrian MEP, Ernst Strasser, who resigned earlier this month after the Sunday Times scandal is to be replaced by Hubert Pirker, who ran his own lobbying firm since retiring as an MEP in 2009.

Hungarian six-month EU Council of Ministers Presidency. Hungarian President Viktor Orbán warned the EU to take its commitment to enlargement seriously. Candidate states that are meeting EU criteria should have their applications properly reviewed. The Hungarian Constitution managed to scrape through its EU hearing. The new constitution, which has faced strong criticism due to its 'draconian' media watchdog measures managed to survive the hearing after many of those that had been its strongest critics were unable to attend due to other commitments.

ECJ rules against EU patent court. The ECJ has ruled that the proposed establishment of a Community Patent Court is in breach of EU law. The ECJ stated that the new tribunal would 'alter the essential character of the powers conferred on the institutions of the European Union... which are indispensable to the preservation of the very nature of European Union law'. However, a large majority of EU member states have formally given the green light to the establishment of a single European patent. [Spain](#) and [Italy](#) have opted-out of the current proposals, over concerns that its three official language options (English, French or [German](#)) will disadvantage their businesses with extra translation costs, and the countries have argued that the linguistic criteria breach EU single market principles.

Eurozone

Speculation regarding a bailout for [Portugal](#) mounts. Standard and Poor downgraded the country's debt rating. The situation deteriorated further with the resignation of Prime Minister José Sócrates after his minority Socialist government collapsed in the face of the mounting opposition to their fourth package of austerity measures. The Mediterranean country has implemented three sets of tough austerity packages, over the last year, to try and reduce the high level debt and move away from the near continual bailout speculations. However, their deficit is now at 8.6%, significantly higher than the 7.3% missed target. Bailout cost predictions range between €60-75billion. Portuguese leaders are insistent that they will retain sovereignty over finances and not succumb to a Portuguese version of the Greek and Irish bailouts. Portugal's President Aníbal Cavaco Silva dissolved the Parliament at the end of March; a few days after the government missed its deficit reduction goal set in 2010. Other options are also being floated, with Brazil, a former Portuguese colony, suggesting it could potentially buy some of Portugal's debt.

Greece's debt downgraded again, by Standard and Poor, giving it a lower rating than Egypt.

EU Summit of finance ministers reached an agreement on the permanent bailout mechanism. It will have a €700 billion fund to draw on. The new mechanism will replace the temporary European Financial Stability Mechanism, in 2013. Eurozone member states will agree the new mechanism by treaty.

New [Irish](#) banking stress tests reveal €24 billion deficit.

Fresh round of austerity measures announced by a number of EU member states. EU banks will have to prove they have enough capital to survive a tough economic environment under new tests which came into force on 4 March. The previous stress tests in 2010 were criticised for not considering adverse conditions such as sovereign defaults.

EU Single Market

Mortgage lending rules to be tightened. Internal Market and Services Commissioner, Michel Barnier, outlined plans to ensure a 'high standard of pre-contractual information and improved lending practices across Europe, while promoting a dynamic, competitive and more integrated Single Market for mortgage credit'.

Importance of modernising the single market emphasised in open letter from David Cameron and 8 other member state leaders. The letter, addressed to [José Manuel Barroso](#) and [Herman van Rompuy](#), considered the importance of technology, and in particular digital which could bring €800 billion to the single market.

Common tax base for all 27 member states proposed. The European Commission has been quick to reassure member states that they would still be able to set their own corporate tax rates (which has been of particular concern to Ireland).

EU Schengen Zone

[Bulgaria](#) – 11 new measures introduced by Bulgarian Government to try and secure [Schengen](#) entry.

Common Agricultural Policy (CAP)

UK minister working for DEFRA received more than £30,000 in [CAP](#) funds, just months after the department decided that recipients shouldn't be made public, the [Daily Mail](#) reported.

EU farm ministers meeting dominated by CAP reform. However, early discussions remain vague says EU Commissioner for Agriculture, Franz Fischler. Currently around €55 billion of the EU budget's €120 billion budget is spent on CAP. Fischler however, admitted that he supports a limit on the amount awarded to wealthy farmers.

Common Fisheries Policy (CFP)

EU fisheries ministers met in Brussels to discuss the issue of discards - the unwanted catch thrown back into the sea, usually dead to meet the EU's quota system. The TACs are decided by fishery ministers every December. Discards is widely agreed to damage the sustainable and environmental aims of a shared fisheries policy.

The EU - Morocco fishing agreement is a disappointment, suggests a new report by the EU Commission. The agreement, signed last year, costs the EU €36 million a year. However, it has created less than 200 jobs in Morocco, and it has increased pressures on already low-level stocks. Several member states were against renewing the year-long agreement (in particular, the UK, Denmark and Sweden) however, others supported extending the agreement, so long as reforms were made. Greenpeace is campaigning for the report to be made available to the public.

Social EU

European Schools face budget cuts. Established across the EU for the children of EU employees, the schools face cuts of €7 million. Students whose first language is not English, French or German will be the most affected.

ECJ rules on gender-based insurance. The ECJ has ruled that insurance companies will no longer be able to use gender to set different premiums. The ban will come into force on 21 December 2012. The decision has been widely criticised in the UK, although has received warmer support elsewhere in Europe.

EU initiative on healthy aging. EU ministers in charge of competitiveness endorsed proposals by the European Commission to launch a European innovation partnership on active and healthy aging. The partnership will involve the private and public sectors, and will aim to increase the average life expectancy of Europeans by 2 years by 2020.

Foreign Policy

The European External Action Service (EEAS) – New [logo](#) unveiled (a blue globe linked to a circle of EU gold stars). New appointments made by European Union's High Representative for Foreign Affairs and Security Policy, [Catherine Ashton](#). The Ambassador to Brazil will be Portuguese ambassador, Ana Paula Baptista Grade Zacarias and the head of the UN delegation will be the Italian ambassador, Mariangela Zappia. The Crisis Management and Planning department is to be headed by Belgian Walter Stevens, who has previously worked as a diplomatic advisor to the

Belgian Prime Minister and most recently as the country's representative to the EU's Political and Security Committee. The EU Civilian Planning and Conduct Capability will be run by German Hansjoerg Haber, who has worked in several German foreign ministry roles and is currently the chief of the EU's monitoring mission in Georgia. The deputy-head of US delegation will be French diplomat François Rivasseau.

Syria – EU condemns violence as protestors are killed by the government's forces.

Bahrain – The civil strife could be the most dangerous yet, with the potential to spark unrest along sectarian lines across the Middle East, EU security officials warn. The escalating Shia – Sunni divisions has led to a number of EU states issuing travel warnings to their citizens.

Justice and Home Affairs Policy

Migration from North Africa intensifies pressure on EU Border States. Migrants arriving at the Italian island of Lampedusa now outnumber the number of citizens (4000) on the tiny island. Concerns regarding the treatment of Tunisian migrants and overcrowding are causing a rift between Italy and the EU. Many migrants are sleeping outside on the hills. Italy has criticised the EU for not doing enough, and also rounded on France. Many of the Tunisians are economic migrants hoping to find work in France, but the current system of sending immigrants back to the member state of entry means Italy is under enormous pressure. Cecilia Malmström, the Commissioner for Home Affairs, insists emergency funds are available, but Italy's foreign minister admitted it was a lack of EU solidarity and burden sharing, rather than money that was the problem. However, the Commission can only encourage other member states to take in migrants; it cannot make them accept migrants, which means the burden still resting on Italy's shoulders. Cecilia Malmström also visited the new government in Tunisia to try and establish a repatriation agreement for Tunisian migrants.

Eulex (the EU's police mission in Kosovo) arrested 8 officials including a senior aid to the PM. The government has been dogged by rumours of war crimes since Dick Marty's report for the Council of Europe suggested the PM himself had been involved in the trafficking of organs from Serbian prisoners.

The Commission's counter-terrorism director, Olivier Luyckx, announced a potential umbrella internal security organisation, which would consist of the security agencies already in existence, such as Cepol, Eurojust and Frontex. Unveiling the initiative to the Parliament, the Commissioner suggested it could be modelled on Catherine Ashton's EEAS.

Malta has requested an emergency 'temporary protection' mechanism to be activated, to cope with the expected influx of asylum seekers from Libya. If activated, the mechanism would allow Malta to fast-track asylum seekers to other EU member states to be processed. The process was designed ten years ago and so far has never been activated. The EU has yet to make a decision.

Transport

The EU Commission unveiled plans for EU transport over the next decade. Siim Kallas, the European Commissioner for Transport, announced the white paper, which details plans across 25 policy areas including: moving away from a reliance on fossil fuels to a greener EU transport, more journeys to be made by rail and at least 40% of aviation fuel to come from low carbon sources by 2050. The paper is also charting the way for a single market in transport. However, the paper has been met with criticism from both transport providers and environmental groups.

Channel Tunnel competition will be improved, Siim Kallas argues, by The European Railway Agency's (ERA) decision to allow new trains, as long as they meet safety standards. Particular attention has been focused on the evacuation procedure within the tunnel.

Galileo project must justify additional funding. Transport ministers agreed unanimously that the extra €1.9 billion requested by the Commission needs to be further justified. Although ministers are unlikely to reject the request, made in January, they are keen to avoid any further cost hikes in the satellite navigation project.

Environment

Talks on animal cloning collapse. The novel foods proposal, which has been in the pipeline for three years, suffered a major set-back after negotiations between the EU Commission, Council of Ministers and EU Parliament broke down. The Commission and Council agree to the Parliament's proposals of a full ban on all meat and produce from cloned animals, however, they would not agree to a ban on products from offspring, arguing it would be impossible to regulate. The Parliament insisted it was of paramount importance that consumers could trace the source of their food and insisted upon immediate agreement of labelling, whereas the Council and Commission favoured examining the feasibility of such a ban first.

Radiation reaches the EU. Very low levels of radiation have come from Japan's nuclear plant damaged in the recent tsunami. There is no risk to European citizens.

Energy

The future of EU nuclear energy examined. Serious concerns regarding the radiation leak from the Japanese Fukushima nuclear power plant, damaged by the recent earthquake and tsunami, have prompted member state governments and EU leaders to re-examine the potential for disasters with nuclear power plants. After convening for an emergency summit in Brussels to discuss the future of nuclear energy in Europe, EU Energy Commissioner Gunther Oettinger announced that EU member states have agreed to a series of stress tests; to be carried out on EU nuclear power stations by the end of the year. Nuclear energy remains under the sovereignty of member states; meaning the tests will have to be voluntary. However, member states must comply with the International Atomic Energy Agency (IAEA) on nuclear safety standards, agreed in 2009, which should be fully implemented this year. The plants that agree will be tested on their ability to cope with natural disasters such as earthquakes and tsunamis. Terrorist attacks are another threat that could be tested for. Member states have reacted differently to the perceived threat of nuclear energy, with German Chancellor Angela Merkel opting to halt production at 7 of the country's 17 nuclear power plants whereas French President Nicholas Sarkozy has criticised such moves as overreacting.

The Commission is to investigate Estonian state aid requests to build two new oil shale refineries.

EU states

Germany – Despite a hasty scramble to halt production at 7 nuclear power plants the Angela Merkel's CDU party still fared badly in their regional election, with the Greens and Social Democrat Parties faring particularly well. This means the region of Baden-Württemberg has left the hands of Merkel's CDU party for the first time.

Belgium - Failure to agree new coalition government breaks world record.

UK - According to the Office for National Statistics, the UK's net contribution to the EU increased from £5.3bn in 2009 to £9.2bn in 2010.

Estonia's Prime Minister has secured victory in the country's latest elections. The PM's centre-right party and its junior coalition partner have increased their number of members in the 101-seat house by six. The main opposition group, The Centre Party, was tarred by allegations that it had requested funding from Russia.

EU candidate states

Turkey – UK Prime Minister David Cameron spoke in favour of Turkish EU membership. He explained that Turkish accession would bring real benefit in terms of energy security, extending the Single Market and providing for stability within the EU.

- Seven journalists arrested over an alleged plot to overthrow the government. Enlargement Commissioner Štefan Füle said that the European Commission would follow the situation 'with concern'. The EU Executive had highlighted in its report on Turkey the number of court cases against journalists and undue pressure on the media, undermining press freedom.

Macedonia will hold a referendum to choose a new name for the country. This is in response to a proposal by the UN's special envoy, with the aim of resolving a long-standing dispute with Greece and damaging its EU accession bid.

Croatia has been set a challenging list of reforms to complete before it can conclude its EU accession negotiations. The 'interim report' adopted by the European Commission sets out 10 requirements, largely in the area of fundamental rights and the judiciary. The list has raised doubts whether Croatia will be able to reach a conclusion by June, as previously hoped.

Other States

Japan - Suffered a devastating earthquake and tsunami leaving at least 10,000 dead and thousands more homeless. The natural disaster also damaged a nuclear power plant sparking radiation fears. Food and animal feed arriving in the EU from Japan will be tested for radiation. Meanwhile the EU offered Japan a free-trade pact.

China – 5 year plan to tackle climate change greeted with delight by top EU environment officials.

Kosovo –The EU Parliament's rapporteur on Kosovo, Ulrike Lunacek, has warned that the US ambassador to the country, Christopher Dell, may be guilty of improper conduct. The accusations relate to text messages sent during the presidential vote in February. However, EU officials have refused to comment on the incident.

India – representatives of the Indian pharmaceutical industry have opposed an imminent EU-India free trade agreement (FTA). They argue that the FTA would limit the country's ability to produce generic drugs, as it includes an EU 'data exclusivity' clause.