



EU Updates – November 2011

EU Institutions

European Parliament begins preparations for the arrival of 18 new MEPs. The change to the number of MEPs comes from the ratification of the [Lisbon Treaty](#), which aimed to streamline the number of Parliament representatives after successive waves of enlargement to the bloc in 2004 and 2007 brought considerably more members. The changes mean that Spain will gain 4 more representatives; Austria, France, and Sweden an extra 2 each; 1 additional representative for each of Bulgaria, Italy, Malta, Latvia, the Netherlands, Poland, Slovenia, and the UK; but 3 less representatives for Germany. The process has been complicated as the 2009 EP elections gave a mandate to the pre-treaty 736 MEPs *before* the treaty changes came into force, which means that with the additional 18 deputies taking office there would be 3 too many. The solution, to accept 3 extra MEPs until 2014 and the end of the current legislative cycle, has now been ratified by all 27 member states and the 18 new officials will take office over the next month.

European Court of Justice (ECJ) has ruled against record companies who wanted to force internet service providers to filter internet traffic to prevent illegal file sharing of copyright music. The ECJ ruled such filtering breaches fundamental rights such as the free exchange of information.

European Court of Auditors issued its annual report. The independent, external auditor of the EU publishes its report each year on the implementation of the [EU budget](#). Although it found the accounts reliable, for the 17th year the budget was affected by a material rate of error, at 3.7%.

Second annual meeting between EU presidents and leading atheists and freemasons. The latter two groups raised concerns that religious leaders are given priority over non-believers in discussions. They claimed church leaders are regularly consulted by EU presidents in the crafting of new legislation, but these meetings are usually private affairs, with no minutes recorded. Atheist groups called for equality of access to the EU leaders, with more transparency regarding who is invited to attend and what is discussed.

EU-US Summit in Washington dominated by on-going Eurozone Crisis. President Barack Obama pushed for quick and decisive action to draw an end to the Eurozone crisis, whilst [EU Commission President José Barroso](#) was keen to alleviate American fears and impressed that matters were in hand.

Eurozone Crisis

Italian Prime Minister Silvio Berlusconi resigns, after a vote on the 2010 budget measures shows the government no longer holds a majority in the parliament. Berlusconi's resignation coincided with the interest rates on their 10 year bonds exceeding 7% for the first time. Former EU Commission official Mario Monti is to take over as Prime Minister. Meeting with the French President Nicholas Sarkozy and the German Chancellor, Angela Merkel, the three have reaffirmed their commitment to greater fiscal governance. The IMF has admitted to preparing a potential bailout plan for Italy.

Greece – the Eurozone crisis claimed another leader as the Greek Prime Minister George Papandreou resigned. The former Prime Minister provoked resentment across the EU after suggesting the latest EU-IMF rescue package should be put to a national referendum. The announcement had a knock on effect on markets due to fears over the Greek people potentially rejecting the rescue package and defaulting instead. Mr Papandreou was forced to back shortly afterwards, facing widespread opposition it made continuing as the prime minister untenable.

Former [European Central Bank](#) (ECB) vice president, Lucas Papademos, will be the interim president for the next 15 weeks.

Portugal – Strikes crippled the country for a day as workers staged a series of walk-outs in protest against the EU-IMF imposed austerity measures.

Germany and France discuss the possibility of a smaller Eurozone. German Chancellor Angela Merkel continues to pursue greater fiscal and political integration as a solution to the crisis. The two nominal Eurozone leaders are also likely to discuss the possibility of a treaty change.

The OECD calls for immediate action on the Eurozone Crisis to prevent further deterioration. Its forecast for Eurozone growth stands at 0.2%.

President of the Eurogroup to become a permanent position from June 2012, current President Jean-Claude Juncker announced. When his mandate comes to an end next year, it may well be filled by an outsider who will be permanently based in Brussels.

Economy

The new ECB President takes office. [Mario Draghi](#), the former governor of the bank of Italy, takes over the leadership of the Eurozone. His appointment was confirmed in June 2011.

Advisory board to the European Banking Association writes an open letter to the EU finance ministers asking for a pan-European bank guarantee system.

EU Schengen Zone

Finland renounces opposition to expanding the [Schengen](#) area to include [Bulgaria and Romania](#). The U-turn comes after they were persuaded to support a two-phase entry programme; first a removal of sea and air borders in March, followed by their land borders after a final decision in July. Although Romania and Bulgaria have technically met all of the accession requirements doubts still remain about the levels of organised crime and corruption in the EU's two newest member states. All EU member states must unanimously agree to their entry. With Finland now approving the two-phase expansion programme, [the Netherlands](#) is the only remaining member state vetoing the expansion. The Dutch government has pledged not to reconsider its position until the Commission's next report, which is released in February 2012.

The Netherlands announces plans to tighten border control, including heightened surveillance.

Common Fisheries Policy (CFP)

Fisheries Committee approves extending the controversial Spanish – Moroccan fishing deal for another year. The agreement, which allows [Spanish](#) fishing fleets to fish in Moroccan waters, has been criticised for being too costly for the returns gained by the Spanish fishing fleets. There has also been concern raised about the exploitative nature of such an agreement.

Commission approves of shark finning ban in the EU. The practice, which involves cutting off a shark's dorsal fin before tossing the animal back into the sea to die, has been widely condemned by wildlife and conservation groups. However, not everyone is happy with the Commission's decision – some fisherman in Spain and Portugal, where the practice is more widespread, are disappointed they will not be allowed to continue finning but in a more humane manner. The move must now be approved by the EP and national governments.

Technology

The EU's support for the 'right to be forgotten' online has been watered down by the Commission after an intense [lobbying](#) campaign against the EU's stance on data privacy rules. Protecting privacy online is due to be revamped early next year, but EU Justice and Fundamental Rights Commissioner Viviane Reding emphasis on the need for internet providers to justify why customers private data would need to be stored appears to have softened from her earlier, much tougher, stance.

Social EU

The EU's prize for literature awarded to 12 winners – all 12 winning entries were written in different European languages.

The EU's social policy, such as the working time directive, is costing the UK £8.6 billion a year, according to a new report by Open Europe. The government argues for a UK opt-out of EU labour-laws in return for support for the EU treaty changes being pushed through to deal with the Eurozone crisis.

Some doctors in the UK are getting around the EU's working time directive, which limits the working week to 48 hours, by registering as locums to work additional hours.

The tobacco lobby has threatened action against EU Health Commissioner John Dalli if he presses ahead with plans to recreate Australia's plain cigarette packaging for the EU. Australia is set to introduce legislation which states that cigarettes must only be sold in plain buff packaging with no logos or trademarks, but with dominant health warnings. Such a change could cost the EU €20billion in tax revenue, suggested a representative of the Federation of Tobacco Retailers.

Foreign Policy

US to carry out stress tests on banks. The US intends to monitor the strength of banks in the scenario of the collapse of the Euro. The tests will be carried out on 31 banks and will monitor their ability to cope with a significant deterioration in the Eurozone, assuming knock-effects such as higher unemployment and a recession relapse.

The EU strengthened sanctions against Syria due to escalating violence in the country. Economic pressure was increased by stopping Syria from accessing any funds in the [European Investment Bank](#), and travel bans and asset freezes were extended to a further 18 individuals, taking the total affected by the sanctions to 74 individuals and 19

firms. However, the EU reiterated its earlier assertion that military action against the Syrian Government remains unlikely.

Justice and Home Affairs Policy

The unpopular 'Passenger Name Record' is likely to be approved by the EP despite consistent unease the EU – US data sharing package. Recently renegotiated, the controversial data agreement would mean EU airlines flying in to the US must hand over the personal details of their passengers, including details such as credit card numbers. The personal details can be retained for fifteen years by the US, although the data will be 'anonymous' after 6 months. Although several MEPs have admitted to misgivings regarding the deal, they are unlikely to refuse the package as airlines have to fulfil such requirements to gain entry to the US: failing to pass the package could lead to a court case with the airlines which many are reluctant to see take place.

Proposal for a written letter of rights for EU detainees approved by justice committee. The proposal is aimed at aiding those detainees from member states who are not given or made aware of their rights when arrested.

Environment

Stress tests on nuclear plants pass with flying colours. The EU Commission has announced that nuclear plants in the EU would be able to withstand an environmental disaster, as seen earlier this year with Japan's earthquake; however, a number of environmental groups remain unconvinced by the quality of the testing. There are more than 130 nuclear plants across the EU. This followed the announcement of Belgian plans to close its two nuclear power stations by 2025.

Talks for the United Nations Framework Convention on Climate Change began in Durban, South Africa. The EU is a signatory to the Convention. No deal is expected to be reached, instead attention is focused on agreeing to come to a new agreement in the future and to continue climate change efforts after the Kyoto Agreement expires next year.

European Commission threatened legal action over French algae, which has built up around the country's coast. The algae releases nitrates which contribute significantly to water pollution. The Commission also suggested that France's rules on the spreading of manure and other fertilisers which also lead to water pollution are not strict enough. The French Government has announced measures to tackle the problem which will be implemented in June 2012.

EU states

Spain – Elections see the return of the conservative People's Party to power, after 7 years in opposition. The Pasok party suffered their worst defeat ever as the public turn their back on their managing of the crisis and high levels of unemployment. Prime Minister-elect Mariano Rajoy said that difficult times are coming for Spain and vowed to govern delicately to get the country through its crisis.

UK – Prime Minister David Cameron intends to push for safeguards for the City in return for Treaty changes.

The UK government is planning a contingency plan to cope with a Eurozone break up.

Denmark – Due to take over the EU Council Presidency in January 2012, the government has announced that its main focus will be solving the on-going Eurozone crisis.

Belgium – Talks are reportedly close to producing a coalition government. The country has been in a leaderless limbo since the collapse of the last coalition in June last year. Political parties were shocked into action after the country's credit rating was downgraded and a 2012 budget was agreed within 24 hours. It is likely a government will be finalised within the next couple of weeks.

France – New austerity measures announced by French Prime Minister Francois Fillon, as the country battles to keep its AAA rating.

Hungary – Credit ratings agency Moody's downgraded Hungary's credit status to junk level.

EU candidate states

Turkey – Former Turkish ambassador to the EU, Volkan Bozkir, claims the 'EU dream is dead'. Speaking at a business conference in Istanbul the Mr Bozkir claimed the EU no longer launched 'visionary ideas' and it could no longer provide the same standard of comfort and wealth for member states' citizens.

Other States

Serbia – Debate over the possibility of Serbia being granted EU candidate status at next month's EU Summit continued as it looks increasingly unlikely.