



## ***EU Facts Update: developments in the EU (October 2008)***

### **Economic Developments**

During October the global financial crisis deepened. EU Member States were involved in an extensive bail out of the European financial system. Germany injected €500 billion into its financial system. The Netherlands injected €200 billion, and Britain released €640 billion (£500bn) to save banks from collapse. Collectively this totaled €2 trillion across Europe.

This month Germany, Ireland and Greece pledged to fully guarantee personal bank deposits. This uncoordinated action provoked disapproval from other EU member states including Britain, who were concerned that this would create a competitive disadvantage to states whose policy is not as generous.

It was a trying time for Member States both within and outside the Eurozone, as the crisis displayed tensions between national priorities and a coordinated European Union response. Some commentators argued that the Eurozone provided additional stability during the financial crisis but that the significance of the Eurozone has been undermined by unilateral Member State actions. The French President and current EU President, Nicolas Sarkozy, claimed that the financial situation reiterated the need to establish an EU economic government specifically representing and providing a voice for Member States in the Eurozone.

### **EU Climate Package**

The EU has set targets for reducing greenhouse gas emissions. Including the target of a 20% overall reduction of carbon emissions by 2020, stipulations for 20% of energy to be sourced from renewable energy sources and for 10% of transport fuel to be sourced from biofuels. However the aim of finalizing the targets within two months was made more difficult by the current financial crisis, with Member States concerned that environmental restrictions on industry will create further economic pressure.

These concerns have been articulated most strongly by Italy and a group of 8 Eastern European member states, including Poland, who argued that their greater reliance on the manufacturing and industrial sectors puts them at a disadvantage. Thus Carbon Permit negotiations are crucial as this will allow EU Member States to trade excess carbon to those who need it.

### **Permanent EU Presidency**

European Commission President Jose Manuel Barroso and EU President Nicolas Sarkozy are pressing for a permanent EU Presidency, instead of the current system where the Presidency rotates between the heads of Member States every six months. A proposal for a permanent EU President is contained in the Lisbon Treaty, which is yet to be ratified by all member states.

### **European Pact on Immigration and Asylum**

The Immigration and Asylum pact proposes a united EU policy for tackling illegal immigration and establishing mechanisms to attract high-skilled workers from developing countries. The Pact proposes two new separate immigration control bodies to cope with the different immigration demands of southern and eastern Member States. It would also mean that there would be a unified position on the rights of asylum and the services provided.

A central priority of the Pact is to maintain a close relationship between the countries of origin of immigrants and the transit countries and the country of their destination in order to achieve a more coordinated response. The European Council on Refugees and Exiles (ECRE) stressed the importance of ensuring that any immigration procedures are respectful of human rights.

In order to attract high-skilled workers to Europe from developing countries, the pact outlines the development of a 'Blue Card' visa scheme, echoing the US 'Green Card'. The Blue Card will initially allow individuals to work in one EU country, however after 18 months they will be able to apply for another Blue Card to work in a different EU country within a month of arrival. The scheme hopes to replace the current 27 individual member state visas with a single European visa for skilled migrants. The Pact is scheduled to come into force by mid-2010.

## EU Trade Commissioner

Peter Mandelson, unexpectedly resigned as EU Trade Commissioner to return to the British Cabinet as Secretary of State for Business, Enterprise and Regulatory Reform. His replacement at the Commission is Baroness Catherine Ashton of Upholland, formerly the Labour Party's Leader of the House of Lords. Her appointment was approved by the European Parliament on the 22<sup>nd</sup> October.

## Member States

**UK** The UK government voted against a bill which aimed to increase transparency for EU influenced legislation. Conservative MP Mark Harper had proposed that for every Bill introduced into Parliament, Ministers would be required to declare whether it has resulted from an EU decision. The vote was subject to a government whip and was rejected.

**Ireland** After Ireland's rejection of the Lisbon Treaty at a referendum in June earlier this year, plans to successfully ratify the Lisbon Treaty were under scrutiny. A Parliamentary Committee has been established to understand the reasons behind the 'No' vote and put forward an action plan, the committee will publish its report by the end of November.

**Spain** People feel disengaged with the EU decision-making process, according to a recent survey conducted for the Spanish Foreign Ministry. 82% of Spain's population feel unable to influence EU decisions.

**Poland** Outlined proposals for adopting the euro by 2012.

**Hungary** is in the process of becoming the first EU state to accept an International Monetary Fund (IMF) loan, since Britain in 1976, signaling the severity of the current financial situation in some EU member states. The final decision will be reached in early November. It is thought that the IMF will lend €12.5 billion, to which the European Union will add €6.5 billion and the World Bank, a further €1.5 billion.

## External States

**Africa** will be the location of the first EU immigration centre outside of Europe. The center in Bamako, the capital of Mali, aims to reduce the number of illegal immigrants who often make dangerous journeys to reach the EU. As an alternative the centre will advertise jobs and offer advice on legal ways of travelling to Europe.

**Russia- Georgian** relations have been tense since Russian troops entered the Georgian regions of South Ossetia and Abkhazia in August, resulting in significant violence and fatalities. The EU has been involved in peacekeeping since the outbreak of violence, figure-headed by Hansjorg Haber, the Head of the European Union Monitoring Mission in Georgia. Twenty two EU member states have provided personnel for observer teams in Georgia, however there has been difficulties gaining permission for these teams to enter the regions. As a consequence talks for a political and economic pact between the EU and Russia stalled. Some EU foreign ministers headed by the UK's David Miliband have stressed that Russian-Georgian relations must be resolved before any closer ties are made between the EU and Russia. EU talks have been suspended until 18 November.

**Democratic Republic of Congo (DRC)** - The EU refrained from sending troops to East Congo in response to the recent upsurge in violence in the area between rebel groups and pro-government militia, resulting in approximately 20,000 people fleeing Goma, the capital of eastern North Kivu province. Despite calls from some Member States, including from the French Foreign Minister, that the EU should have a prominent role in peacekeeping in Congo, there is no consensus among EU member states to send troops into the region.

## Other Events

**MEPs bunk off and get paid!** It has been uncovered that more than 60 MEPs sign-in as 'present' on the Friday of the monthly European Parliament (EP) session in Strasbourg, when in fact the EP does not even sit on Fridays. These naughty schoolchild antics mean that MEPs receive €200 for each time they are signed in but not actually there!

**Naked Celebrities** MEPs raised concerns that x- ray body scanners proposed for use in European airports from 2010 are a beach of personal dignity because they act as a "virtual strip search", as the scanners produce revealing images which penetrate clothing. One concern for MEPs was that this could lead to undignified images of celebrities being sold for significant sums. In response the EU Commission has stressed that the use of the body scanners will be optional with the choice of using traditional metal detectors.

**Patriotic Number Plates** Motorist who display a national flag on their number plates could face fines because EU rules only allow for an EU flag to be displayed on EU number plates.

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