



## **EU Facts Update: Developments in the EU – September 2009**

### **EU INSTITUTIONS AND POLITICS**

**José Barroso was re-elected as head of the European Commission** by an absolute majority - 382 MEPs voted in his favour. This means that Barroso will remain at the Commission's helm for another five years. Barroso looks set to continue his free-market stance against protectionist inclinations, despite the recession. His new political mandate outlines this, as well as his desire to promote the EU as a global actor and to provide an 'exit strategy' to the current financial crisis. Barroso has also pledged to create three new Commissioner posts in a bid to achieve more in the domains of: internal affairs and migration, climate action, and justice, fundamental rights and civil liberties. The most pressing issue on Barroso's agenda is to encourage Ireland's citizenry to vote 'Yes' to the Lisbon Treaty when the country holds a second referendum on 2<sup>nd</sup> October. Many are eager to find out who will make up his new commissioner team and how he will divide portfolios (if the Lisbon Treaty is ratified the amount of commissioners will be reduced to 26, therefore the allocation of portfolios is attracting even greater interest.

**Germany's election results** brought an end to an unwieldy four-year "grand coalition" between the Christian Democratic Union (CDU) and the Social Democrats (SPD). German chancellor, Angela Merkel was swept back into power as the head of a centre-right government with the pro-business Free Democrats that aims to cut taxes and stop the phase-out of nuclear power. Initial election results revealed that her Christian Democrats (CDU) and their sister party, the Christian Social Union (CSU), had secured 33.8% of the vote, with the Free Democrats (FDP) taking 14.5%, giving the parties 323 seats in the Bundestag. The SPD suffered its worst result for 60 years. It secured only 23.1% – a drop of more than 11% since the last election. Merkel's new centre-right coalition will be the first CDU/FDP coalition since 1998, when the 16-year-old government of Helmut Kohl came to an end.

**Bulgaria's** recently elected Prime Minister, Boyko Borissov, has dismissed over 500 corrupt custom officials. Around 10% of Bulgaria's GDP is 'lost' due to the high levels of organized crime, which is damaging for the EU's poorest country. Borissov won the vote of Bulgarian citizens mainly from his party's central image of being tough on enforcing law order. From 2007 to 2008, Bulgaria's position on Transparency International's Corruption Perception Index (CPI) revealed their – already high - level of corruption had actually increased (by 0.5%) despite its now being an EU member (EU funds have often been amongst those 'siphoned off' by organized criminals). The EU welcomed Borissov's crackdown on corruption.

**French** President, Nicolas Sarkozy, accused former French Prime Minister Dominique de Villepin of trying to launch a smear campaign against him five years ago in a bid to ruin his campaign for the French Presidency. A court case began this month, in which De Villepin is charged with 'complicity in false accusation, complicity in using forgeries, receipt of stolen property and breach of trust'. The case is nicknamed the 'Clear stream' affair after the name of the Luxembourg bank where the alleged payouts were connected. The case surrounds a list that 'appeared' on de Villepin desk, which named prominent politicians and businessmen who had been complicit in accepting bribes from international arms sales. However, once the court ruled that the list was a fake, the spotlight turned on who was responsible for this forgery. Hence, de Villepin now stands trial. He faces five years in prison and a fine of over €40,000. If found innocent, de Villepin claims he will sue President Sarkozy for being held guilty until proven innocent.

## **EU ECONOMY**

**Bankers' bonuses:** Some EU leaders called for the banking sector to be more tightly regulated. Ahead of the G20 Summit in Pittsburgh, EU leaders met to agree on a collective EU stance. The overall opinion is that bonuses should be proportionate to the success of a company over the long-term. Some EU leaders expressed a desire for the G20 summit to convince the US to follow suit - Barack Obama opposes legal regulations on how banks should pay their staff. However, there were differing opinions within the EU – France called for a mandatory cap on bonus schemes but the UK called for effective, yet less stringent reforms (which is more closely aligned with the Obama camp).

**Unemployment** in the Eurozone reached a ten-year high, according to statistics released at the beginning of the month.

## **LISBON TREATY**

**Ireland** faced mounting pressure to vote in favour of the EU's Lisbon Treaty at the 2<sup>nd</sup> October referendum. Poland's President Lech Kaczynski said he will sign the Treaty if Ireland vote 'yes', and that Germany has now made it clear that it will be proceeding with ratification (see entry below). Also, José Barroso made Ireland's voting 'yes' to the Lisbon Treaty his first priority after his re-election as EU Commission President.

**Germany's** Parliament approved new legislation to increase its role in domestic decision-making on EU matters. With the new laws approved, Germany's President Kohler can now sign the ratification bill on the EU's Lisbon Treaty. Kohler previously refused to sign the bill until he had confirmation from the country's high court that the Lisbon Treaty did not conflict with national law. The court ruled that the Lisbon Treaty reduce democratic decision-making in Germany and called for legislative reform before German can ratify the Lisbon Treaty.

**Czech Republic** President Vaclav Klaus caused uneasiness in Brussels when he threatened not to sign the EU's Lisbon Treaty. It has been suggested that Klaus intends to withhold his signature until a Conservative government is elected in the UK (the new UK General Election is will take place before June 2010). This is because the UK Conservatives have promised their citizens a referendum on Lisbon. French President, Nicolas Sarkozy said that, 'the Czech Republic will have to face consequences if it continues to delay final ratification' because if the Lisbon Treaty fails to come into force then the EU will be relegated to 'stay in no man's land'.

## **ENVIRONMENT**

**CO<sub>2</sub> emission quotas:** The European Court of First Instance ruled that individual member states can set their own quotas on CO<sub>2</sub> emissions. The case had been brought by Poland and Estonia, who opposed the EU Commission's attempt to enforce common quotas. However, the Commission said that it might appeal against this ruling, because it could compromise the EU's Emission Trading Scheme and stall the Commission's attempts to establish a common EU position on CO<sub>2</sub> targets ahead of the United Nations Climate Change Conference in December. However Bulgaria, Hungary, Latvia, Lithuania, and Romania had also opposed the CO<sub>2</sub> quotas.

**Green EU regulation** came into force on September 1, banning the manufacturing and importing of 100w incandescent (clear and non-clear) light bulbs and inefficient halogens. This ban is the first phase of regulation which will progressively phase-out all inefficient light bulbs over the next 3 years. Traditional light bulbs must be replaced with energy-saving bulbs, known as 'compact fluorescent lamps' (CFLs), a move which is expected to reduce CO<sub>2</sub> emissions by 32 million tons as well saving EU households around €50 per year. By 1 September 2012, incandescent bulbs will no longer be available to buy within the EU.

## **EXTERNAL RELATIONS**

**G20 2-day summit:** The summit in Pittsburgh was a focal point of external relations in September. Firstly, Russia agreed - after talks with the US - that sanctions against Iran were inevitable because of Iran's ambitions for a nuclear programme. Iran faced an unwelcoming crowd at the summit after Iran's President Mahmoud Ahmadinejad's was accused of illegitimately hijacking the country's recent presidential election, and violating substantial human rights. The UK boycotted Ahmadinejad's speech at the UN General Assembly and the US and France walked out. Secondly, Libyan's leader, Colonel Gaddafi gave a memorable 90 minutes speech (which should have been only 15 minutes). Gaddafi also tore up the UN Charter whilst on the podium. The G20 summit also agreed that emerging economies (such as China) would be given greater voting power in the International Monetary Fund (IMF).

**Canada** removed visa restrictions on citizens from the Czech Republic in 2007, but because excessive numbers of Romas (an east European minority group) have been entering Canada, the visa restrictions have been re-imposed. The EU has called on Canada to remove the restrictions by the end of the year or face EU retaliatory measures.

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