**ENERGY**
Commission boasts of good progress on renewables **Page 4**

**HEDGE FUNDS**
Barnier to Geithner: Rules will not be protectionist **Page 8**

**EUROPE 2020**
Berlin, Paris key to 2020 plan, says official **Page 10**

EUROPOLITICS

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Table of Contents

FOCUS

## Banning speculation on derivatives

French President Nicolas Sarkozy, German Chancellor Angela Merkel and Luxembourg's Prime Minister Jean-Claude Juncker have called for an EU investigation into financial derivatives and want to ban speculation on these products. In a letter sent to the European Commission president and the Spanish EU Presidency, on 10 March, made public the next day, the three leaders and Greek Prime Minister George Papandreou propose that the Commission "carry out as soon as possible an investigation to determine the role and impact of speculation on CDS [credit default swaps] on bonds issued by European states".

Speculation on credit default swaps is seen as a factor in the Greek crisis, given this country's high debt.

"If this investigation uncovers market abuse or makes it clear that speculation has a significant impact on interest rates, we will have to quickly consider taking measures and if need be adopt legislation or regulations to put an end to such speculation," adds the text. Possible measures mentioned are a ban on speculative transactions on CDS and the buying of CDS which are not used for hedging purposes.

TRANSPORT COUNCIL

# Air accidents: Ministers agree to tighter cooperation

By Isabelle Smets

The EU member states plan to tighten cooperation between authorities in charge of technical investigations after accidents in civil aviation, on which the Council adopted a general approach, on 11 March.

The EU is not starting from scratch on this issue. It already has a directive that lays down the fundamental principles governing the investigation of such accidents (Directive 94/56/EC), which will be replaced by the new regulation. Basically, the new text establishes the same obligations of investigation by an independent authority in case of an accident or serious incident (eg a near collision, take-offs on a closed runway, multiple malfunctions of aircraft systems, etc), with the "sole" objective of preventing future accidents (the investigation should not be used to determine blame or liability). However, in addition to being a regulation – a stronger legal instrument than a directive – the new text also reinforces the aspect of cooperation between states and provides much more of a framework for the standing and role of investigators.

© AFP

A European network of civil aviation safety investigation authorities is planned to be created

aviation accidents. They agreed, at the Transport Council on 11 March in Brussels, to the creation of a European network of civil aviation safety investigation authorities, which should contribute to better sharing of some states' advanced expertise in the area of accident investigations. Member states with less expertise/capacity could turn to this network whenever they consider it necessary. The network could also organise training activities. The idea for the network is set out in a draft regulation presented by the European Commission last October on investigation and prevention of

In contrast with the Commission's initial proposal, the **(continued on page 4)**

# Contents N° 3937

## Top Stories



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Anne Eckstein (36)
Sophie Mosca (54)
Chiade O'Shea (37)
Sophie Petitjean (06)
Célia Sampol (60)
Isabelle Smets (34)
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# Air accidents

*(continued from page 1)*

Council limits the obligation to investigate serious incidents to cases involving the largest aircraft. Transport Commissioner Siim Kallas, backed by Estonia, regrets this choice but the Council's aim is to take account of differences in investigation capacities. The commissioner hopes that the European Parliament will restore the initial proposal but in any case the member states can choose to investigate any incidents they like.

A representative of the European Aviation Safety Agency (EASA) may be invited to participate in investigations. In the Council's general approach, however, the official would do so as an "advisor" and "under the control and at the discretion of the investigator-in-charge". These details clearly establish a subordinate role that is not found in the Commission's proposal.

### VICTIMS' RIGHTS

The text gives more account to an aspect that is more directly visible to citizens, namely victims' situation. It requires airlines to produce a list of passengers as quickly as possible after an accident, and at the latest within two hours. The Commission's proposal setting a deadline of one hour was supported by certain delegations (the Netherlands, Slovenia, Romania and Hungary), but the majority preferred to provide flexibility. They wish to be sure that airlines will not be forced to produce an approximate list under the pressure of a deadline. This list will be used to contact the families of those aboard.

The Council's general approach also obliges states to set up a plan for assisting victims of air accidents and their families. During a recent EP debate, rapporteur Christine de Veyrac (EPP, France) said she wished to add a similar obligation for airlines, "the first contact families turn to after an accident". The Council did not go that far.

The Spanish Council Presidency is convinced a first-reading agreement on the text is possible with Parliament. ■

ENERGY

# Commission boasts of good progress on renewables

**By Dafydd ab Iago**

The European Commission, on 11 March, published a summary of national renewable energy forecast documents, indicating member states' expectations of the national share of renewable energy in 2020. According to the executive, the national forecasts show that the EU is on track to meet and even surpass its overall 20% target by 2020 (20.3%). Under the RES Directive (2009/28/EC), member states were to have submitted their national forecast documents by the end of December 2009. Twelve member states failed that first deadline and by 1 February, Greece, Italy, Malta and UK still had not submitted the documents required. Despite member states not meeting the submission deadline, Commissioner Günther Oettinger still sees the forecasts as proof that member states are taking renewable energy "very seriously". "Our task will be to help all member states not only to reach the 20% target but to go beyond," said Oettinger in a prepared statement. Renewables accounted for 9% of total energy consumption in 2007. Some 63% of this is came from biomass and biowaste.

The summary report notes that at least ten member states expect to have a surplus in 2020, compared to their binding (minimum) target for the share of renewable energy in their final energy consumption (Bulgaria, Estonia, Germany, Greece, Lithuania, Poland, Portugal, Slovakia, Spain and Sweden). This surplus could then be (statistically) transferred to another member state.

### LARGEST SURPLUSES

Spain and Germany forecast the largest surpluses in absolute terms, of 2.7 Mtoe and 1.4 Mtoe, respectively. The Commission estimates the total quantity of the surplus at around 5.5 Mtoe, or around 2% of the total renewables needed in 2020. A further 12 member states say they will solely meet their goals domestically (Cyprus, the Czech Republic, Finland, France, Hungary, Ireland, Latvia, the Netherlands, Romania, Slovenia and the UK). Five member states (Belgium, Denmark, Italy, Luxembourg and Malta) expect to have a deficit in 2020 compared to their binding target for the share of renewable energy in their final energy consumption. The quantity amounts to around 2 Mtoe (<1% of the total renewable energy needed in 2020). Italy forecasts the largest deficit in absolute terms, of 1.2 Mtoe.

The national forecast documents, nonetheless, need to be taken with a pinch of salt. Unlike the national renewable energy action plans (NREAPs), due in June 2010, there was no specific format required. Most member states concentrated on the net use of cooperation mechanisms. Some member states, however, went further, providing detailed forecasts of the sectoral breakdown of the renewable energy development up to 2020 (Bulgaria, Cyprus, Ireland, Latvia, Malta and Romania). Other member states (Bulgaria, Hungary and Romania) provided a technology breakdown. Whilst the forecast documents represent the countries' stated intentions as to promoting renewables, RES growth must still be obtained on the ground. Factors such as the price of fossil fuels, investment in new energy technologies and the ability of member states to speed up authorisation procedures and integration of renewables will also influence the ability to meet targets. The Commission's report also indicates how little spare room there is for those member states that do not meet their targets with their own domestic renewable energy. The Commission readily admits that the so-called 'cooperation' mechanism, allowing the statistical transfer of renewables, will only play a "minor" role. "Only around 2 Mtoe of the total renewable energy needed in 2020 will be traded between member states or third countries. In percentage terms, this amounts to less than one per cent," states the Commission. The summary report also underlines the expected rise in the share of electricity from renewable energy sources, up to 33%-35% in 2020. Portugal and Sweden expect to have the highest shares of renewable electricity in 2020, of 58% and 62%, respectively. With respect to the 10% target for renewable energy in the transport sector, Ireland and Sweden expect to exceed this with 11% and 13.8%, respectively. ■

*The summary report is available at www.europolitics.info > Search = 268189*

ENERGY COUNCIL

# Ministers to talk energy infrastructure and policy

By Dafydd ab Iago

The EU's energy ministers, meeting in Brussels on the morning of 12 March, will concentrate on their input for the spring European Council, notably in terms of two questions put forward by the Spanish EU Presidency on infrastructure and, more generally, energy policy's input to the Union's strategy for growth and jobs. Energy issues formed a central part of the European Commission's recently published 'Europe 2020' communication, which will be discussed by the spring European Council, on 25 and 26 March.

The two questions for EU energy ministers concern how European energy policy, and particularly the development of energy infrastructure, can contribute to a stronger economic growth and more job creation in Europe. Secondly, energy ministers should examine their practical contribution to the 'Europe 2020' strategy. At the Council, chaired by Spanish Secretary of State for Energy Pedro Luis Marín Uribe, ministers are also expected to reach political agreement on energy investment reporting (repealing current Regulation 736/96).

The proposal for a Council regulation, made by the Commission in July 2009 under the consultation procedure, aims at ensuring that the EU executive is accurately and regularly informed of investment projects in EU energy infrastructure. The existing 1996 regulation is seen as outdated, especially due to EU enlargement, security of supply issues, renewables, climate change policy and the variety of notification procedures. A review of the regulation is planned five years after its entry into force.

## SET PLAN

The Council should also adopt conclusions on the Strategic Energy Technology (SET) plan following the Commission's October 2009 communication entitled 'Investing in the development of low carbon technologies'. Other points include a discussion - over lunch - of the Commission's work programme on energy with the new Commissioner, Günther Oettinger. Not on the agenda, officially, is discussion of the proposal for a regulation (co-decision) on safeguarding security of gas supply (repealing Directive 2004/67/EC). Work has not progressed sufficiently on this sensitive subject. Under another 'other business' is Ukraine's payment record for Gazprom gas and the lack of reforms in the country's gas system.

An information note from the Commission reveals that the new Ukrainian President, Viktor Yanukovich, has indicated that he would like to address contracts with Gazprom (requiring payment by the 6th of each month for gas delivered) within the broader context of revising energy relations with Russia. "Energy relations with Russia are nevertheless likely to improve and so far Naftogaz has been able to meet its gas payment obligations," states the Commission. The latest payment was made on 4 March. ■

*The Presidency questionnaire and other documents are available at www.europolitics.info > Search = 268183*

TRANSPORT COUNCIL

# Agreement on aviation security charges remains distant

By Isabelle Smets

Discussions on the draft directive on aviation security charges are proving to be extremely complicated for the member states. Ministers had to make do, at the Transport Council in Brussels on 11 March, with adopting a progress report on the proposal, just as they did at their Council last December. Key points of the proposal still give rise to differences of views, starting with its scope.

The European Commission's proposal covers all EU commercial airports, a position recently confirmed by MEPs (see *Europolitics* 3930).

Although some states can agree to this broad scope, most are opposed, arguing that it would represent too great an administrative burden on small airports. What threshold could be set? Most wish to exclude airports handling fewer than five million passengers a year, ie roughly all regional airports. A compromise setting the figure at two million passengers a year was not given the support the Spanish Council Presidency had anticipated.

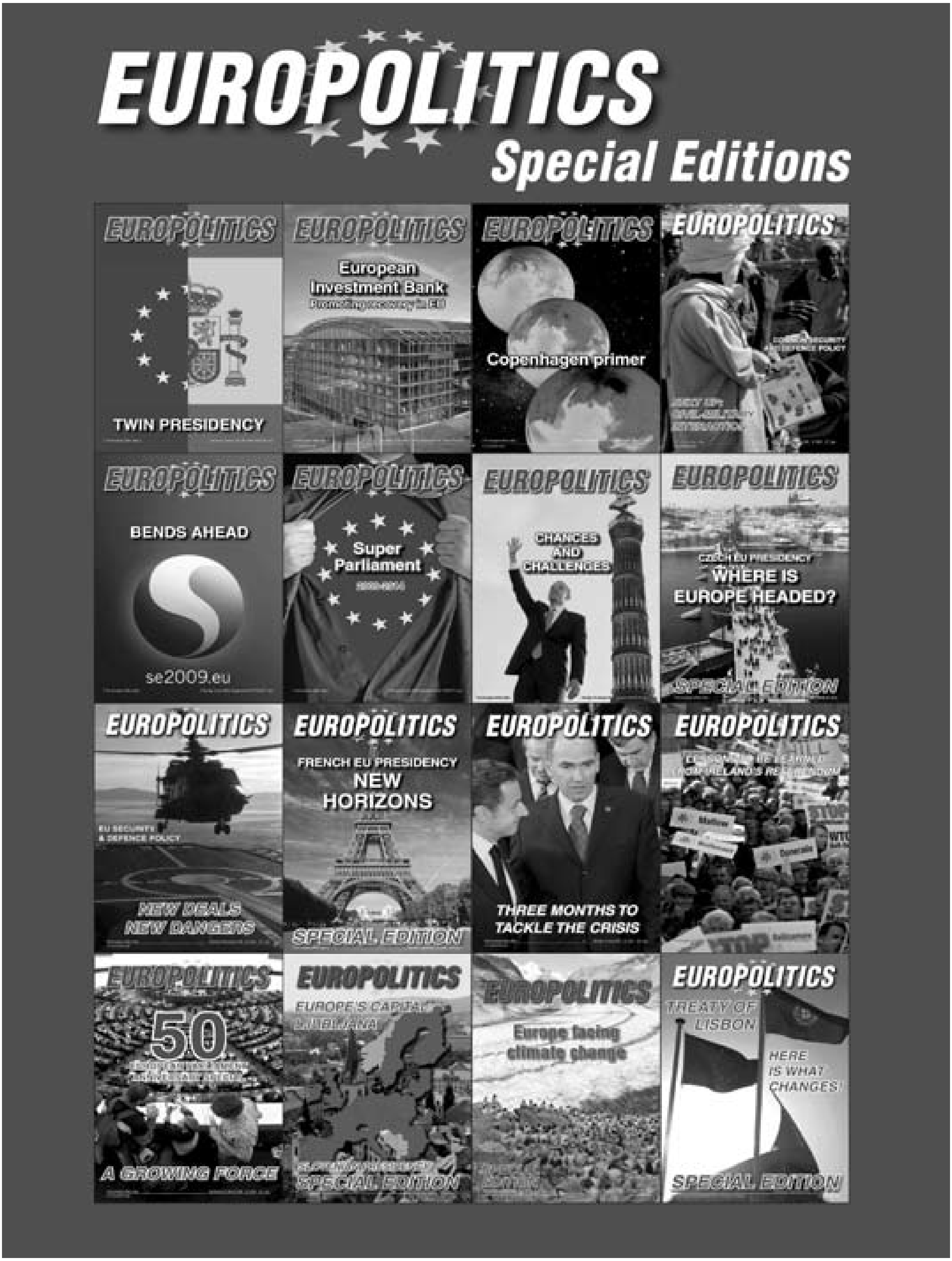
The aim of the proposal is to guarantee that security charges are set in a non-discriminatory and transparent way at airports and that they reflect the real cost of these services. Apart from the question of scope, however, the states are also having a hard time seeing eye to eye on the methodology/criteria for determining costs. Some are also digging in their heels over the establishment and prerogatives of an independent supervisory authority charged with ensuring correct application of the directive and settling disagreements between airport managers and airlines. In some countries, the level of charges is set by a parliamentary procedure and these states are concerned over seeing this prerogative called into question. More fundamentally, some find such a directive superfluous because there is already a directive on airport charges (2009/12/EC).

*The states are having a hard time seeing eye to eye on the methodology/criteria for determining costs*

The differences of views are such that the Spanish EU Presidency did not even attempt to build convergence at this Council. Transport Commissioner Siim Kallas intervened to more or less support the states in their wish not to be forced to finance the security measures.

"Who has to pay? We don't want to decide at this stage because using taxpayers' money would give an advantage to aviation," said the commissioner. He called for a "fair financial environment for all modes of transport". This position does not go as far as the view expressed by MEPs, who call for the states to contribute to financing security measures. ■

*The progress report is available at www.europolitics.info > Search = 268210*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EU SECURITY & DEFENCE POLICY
NEW DEALS NEW DANGERS
FRENCH EU PRESIDENCY
NEW HORIZONS
SPECIAL EDITION
THREE MONTHS TO TACKLE THE CRISIS
50
A GROWING FORCE
SPECIAL EDITION
Europe facing climate change
TREATY OF LISBON
HERE IS WHAT CHANGES!
SPECIAL EDITION

NATURAL DISASTERS

# EP calls for urgent mobilisation of Solidarity Fund

By Anne Eckstein

The European Parliament has called on the European Commission to take all measures needed to deliver Solidarity Fund support without delay to the regions hit by storms earlier this year. The assembly also launched a pressing appeal to the Spanish EU Council Presidency, at its plenary in Strasbourg on 11 March, to revive the discussion on reform of this fund "in order to create a more effective and more flexible instrument". Revision of this regulation, proposed by the Commission in 2005, is being held up in Council. The EP gave its opinion in 2006.

Adopted by 474 to seven, with 50 abstentions, the resolution on the major natural disaster in the autonomous region of Madeira and the consequences of Xynthia in Europe states that it is imperative to establish new rules for the allocation of Solidarity Fund support "in order to deliver more flexible and more effective responses". MEPs call on member states to present their applications for support without delay – they have until 9 May, said Commissioner Janez Potocnik – and urge the Commission to provide rapid, more flexible and more effective responses. National, regional and local authorities should give priority to setting up effective prevention policies and spatial planning legislation and practices that take account of nature. The EP also calls for climate change to be taken on board. The white paper recommendations on adaptation to climate change need to be translated into measures and it is urgent to take action to ensure that "adaptation becomes a reality in the EU".

> *"We have to show our citizens that Europe can react quickly in emergencies"*

### WHOSE FAULT?

Before the vote, MEPs appealed repeatedly for solidarity: "I call for EU solidarity and the delivery of funds as soon as possible: we have to show our citizens that Europe can react quickly in emergencies," said Elisabeth Morin-Chartier (EPP, France). Parliament also wishes to learn lessons from the disaster. François Alfonsi (Greens-EFA, France) did not hesitate to point a finger at the competent authorities, saying that "building up areas prone to flooding on French coasts is no less serious than having authorised asbestos when it was known that people were dying from it".

### NOT ENOUGH FUNDING

The Solidarity Fund, which has an annual budget of €1 billion, intervenes in cases of major natural disasters causing damage above a given threshold for each country (eg €3.4 billion for France, 0.6% of GDP). This budget is far too low, according to MEPs. Parliament blames the Council, which has been holding up reform of the fund for over five years.

"One of the causes of these disasters is human intervention on nature: all financial means must therefore contribute to reconstruction in a spirit of safety, prevention and sustainability," commented a French member.

Parliament adds that EU solidarity should not be limited to the Solidarity Fund but should also be given effect through other EU funds: Cohesion Fund, ERDF, ESF and Agriculture Development Fund.

Insurance companies should also be encouraged to act more quickly. This aspect was discussed, on 9 March, in the assembly by Commissioner Michel Barnier (internal market and financial services), who announced that he would conduct a thorough review of insurance schemes against natural risks, particularly flooding.

He plans to consult all stakeholders and to organise a conference next year on this subject.

While everyone welcomed the swift reaction of the different intervention mechanisms, MEPs put back on the table Barnier's proposal to set up a disaster rapid reaction force. ■

BROADBAND

# Commission disagrees with Lithuania's market definitions

By Nathalie Vandystadt

The European Commission disagrees with a distinction made by the Lithuanian telecoms regulator between old copper networks and new optical fibre networks for telecoms and internet services, it announced, on 11 March. Under EU law, the executive can force a regulator to withdraw its measure when it concerns a market definition, as is the case here.

The Lithuanian regulator RTT defined two separate markets for access to networks close to the consumer (known as the 'last mile' or 'local loop'), one for the old copper networks and the other for the new optical fibre networks.

According to the Commission, "this approach could restrict competition by discouraging the incumbent operator and its competitors from investing in new networks," which in time could "lead to higher prices and lower quality services for customers".

Digital Agenda Commissioner Neelie Kroes has said that the new-generation networks "are crucial to Europe's sustainable economic recovery and to giving customers access to innovative services".

In short, the Commission argues that copper and optical fibre networks should "both be included in the same relevant market because of their similar technical characteristics".

### RECOMMENDATIONS DUE IN JUNE

The EU executive concludes: "The prices consumers pay for internet access appear to be equivalent, irrespective of whether services are provided through fibre or copper loops".

In June, the Commission will publish recommendations on regulating the new-generation networks. ■

CONSUMER PROTECTION

# ECJ: Telecoms regulator can ban combined offers

By Nathalie Vandystadt

A national telecoms regulator can prohibit a dominant operator from imposing combined offers (such as internet plus fixed telephony) on its customers. This is the gist of the judgement handed down, on 11 March, by the EU Court of Justice in a case pitting former monopoly Telekomunikacja Polska (TP) against the Polish regulator UKE (Case C 522/08).

A Polish telecoms law of 2004 protects consumers against having to subscribe to a service they do not need from a dominant operator. Two years later, the UKE therefore obliged TP to halt its illegal practice of making internet service contingent on taking out a contract for telephone service. TP brought several actions before the Polish courts, all of which were rejected. The operator then appealed to the supreme administrative court, which turned to the Court of Justice for a preliminary ruling on the compatibility of the Polish law with EU law.

The court reviewed the case from two angles, the 2002 telecoms regulation and the 2005 directive on unfair commercial practices.

Its ruling is based on the first angle because the Polish ban was decided before the date on which the period for transposition of directive on unfair practices expired (2007). The court notes that the Universal Service Directive establishes rights for consumers. Member states must see to it that companies "establish conditions in such a way that the subscriber is not obliged to pay for facilities or services which are not necessary or not required for the service requested".

*Poland must ensure the conformity of its law with the EU directive on unfair practices*

Consequently, holds the court, EU telecoms legislation "cannot preclude" a national regulation, which for the sake of consumer protection prohibits a company from making a contract contingent on conclusion of a contract for the provision of other services.

### NOT HARMONISED

The fact remains that consumer law is not harmonised in the EU. Paradoxically, the new 2005 directive on unfair commercial practices precludes a national regulation which, subject to certain exceptions, imposes a general prohibition of combined offers made by a vendor to a consumer. The message could therefore be different with the 2005 directive. As the court notes, however, this legislation only applies to the Telekomunikacja Polska-UKE case from the time of the deadline for its transposition into national law (ie from 12 December 2007).

As a result, Poland must ensure the conformity of its law with the EU directive on unfair practices. ■

HEDGE FUNDS

# Barnier to Geithner: Rules will not be protectionist

By Sarah Collins

Internal Market Commissioner Michel Barnier moved, on 11 March, to calm US fears that a draft EU directive on alternative investment fund managers has protectionist leanings. In response to a letter he received from US Treasury Secretary Tim Geithner this week, a spokesman for Barnier said, "The commissioner is extremely mindful of the fact that the adopted directive should not constitute a form of protectionism by imposing specific demands on non-European funds".

The statement comes on the day EU ambassadors are expected to wind up talks on the draft, which as *Europolitics* went to press had yet to solve the foreign funds issue. Under examination is a controversial clause (Article 35) that puts in place a regime where non-EU managers would have to comply with EU-style rules in order to be able to offer hedge funds and private equity to European investors.

The London-based Alternative Investment Management Association (AIMA) has said the draft as it stands would force fund managers to relocate outside of Europe, but the Commission insists that it is only adhering to G20 calls to bring the shadow financial market out into the open.

Finance ministers are due to sign off on a compromise text at a meeting, on 16 March, but a lot still rests on whether member states can be convinced of the need for "cooperation agreements" to be in place in the countries where foreign managers are based. The spokesman added, "Commissioner Barnier is convinced that the treasury secretary shares his desire to comply with procedure in preparing texts, and in particular the work of co-legislators on the proposal from the Commission".

Last April, the Commission released its draft directive (COM(2009)207) seeking to regulate managers, but not funds, who were not covered under the existing UCITS rules – from hedge funds and private equity to commodity and real estate funds. The EU executive estimates such managers held assets worth €2 trillion at the end of 2008.

Barnier will travel to the US in the coming weeks to meet with Geithner and his colleagues to talk about financial regulation, but hedge funds will likely be top of the list. He made a short visit to London last week – where 80% of the EU's hedge funds are based – to placate lobbyists that the rules would not be overly punitive.

### CREDIT DEFAULT SWAPS

Meanwhile, Barnier also welcomed calls by France and Germany to regulate sovereign credit default swaps (CDS), derivatives where investors bet on the default of a government on its debt. On 9 March, President José Manuel Barroso said the Commission would look into regulating 'naked' selling of sovereign CDS – where investors bet on the underlying bonds without owning them – as part of new rules on derivatives, due out before the summer. "We need to proceed with an in-depth analysis on credit default swaps markets so as to better determine how these markets function and if they are the subject of questionable practices," a spokesman said. ■

SOLVENCY II

# Insurers lay into Commission committee

By Sarah Collins

European insurers have hit out at the way the Solvency II Directive is being implemented, saying that it could have major repercussions on the sector. Tommy Persson, president of European insurance federation CEA, said, on 11 March, "The insurance industry has serious concerns about the effect of some of the current proposals, as they would be bad for consumers, bad for Europe's economy and bad for the insurance industry".

The Council and Parliament adopted the framework directive last April after two years of infighting, but the CEA has accused a decisive Commission advisory committee charged with laying down the detail of the directive of rowing back on the original agreement. The Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS), responsible for drawing up the so-called 'level 2' implementing measures in the Lamfalussy process, is recommending excessively "prudent" capital requirements on insurers that will lead to substantially higher costs, the federation says. In a report accompanying the statement, the group estimates the capital costs could lower returns for insurers by around 1-2%, which could mean savers having to shell out an extra 50% per year to get the same amount of money out of their policy at retirement.

AMICE, the group representing smaller insurers, also took issue with the excessive capital requirements. "The calibrations as currently proposed by CEIOPS do not give consumers the best deal [...] the suggested capital requirements, together with costly obligations in the areas of organisational structure, disclosure and reporting, could see the prices of insurance products rise considerably, at the same time reducing payouts," the group says in a statement. ■

EXTERNAL ACTION SERVICE

# Ashton asks commissioners for green light on EAS

By Chiade O'Shea

High Representative-Vice President Catherine Ashton called an extraordinary meeting of European commissioners, on 11 March, hoping to garner some support for her plans for her European External Action Service (EAS) plans. The discussions will notably touch on the management of the service's budget, a sticking point between Ashton and the Commission.

In her draft blueprint, seen by *Europolitics*, Ashton acknowledges the Commission's control of the budget, but nonetheless angles to be able to decide the overall, strategic allocation of funds. The college will want a clearer idea of what this would mean in practice and is likely to resist a reduction in any budgetary powers.

As the end of April deadline draws nearer for Ashton to draw up the decision, or legal document, that will bring the service into force, there is plenty of potential for tension. "The idea is to consult with a view to gaining the consensus needed to get the decision written," a source explained. "It is extremely complex because the [Lisbon] Treaty makes it clear it is her decision but she needs the consent of the Commission," he added.

Not only does Ashton have to get agreement from the Commission, she remains aware of the demands of member states, the European Council and Parliament, which she visited in Strasbourg, on 10 March. "The EAS is the point where all this pressure comes to bear [...] so people are inevitably pushing at the boundaries of things," he elaborated.

Ashton hopes to get agreement across the board on the key issues of budget, recruitment and the services' organigram in order to have the legal text on the table by the end of March, ready to be presented to the General Affairs Council in April. ■

ADMINISTRATION

# New selection procedure for civil servants

By Célia Sampol

The European Personnel Selection Office (EPSO) is introducing a new procedure for the selection of permanent staff for EU institutions, intended to be simpler and better adapted to requirements. The first competition under these revised rules will begin on 16 March.

The new procedure will allow improved recruitment planning by setting up a "triennial rolling programme," under which the institutions will regularly evaluate their staffing requirements. Annual competitions will thus be organised in three cycles (for administrators, assistants and linguists) and will be complemented by individual competitions for specialists. In order to prevent successful candidates from remaining on a reserve list for several years without finding a position, the lists will only be valid for one year.

The new procedure is also intended to improve the quality and reliability of recruitment. One of the key principles is to assess candidates based on their competences and no longer on their factual knowledge. On the other hand, the procedure will only take place in two stages - a preselection phase via computer in the member states, followed by an assessment phase in Brussels - and will last between five and nine months, whereas the former system could take up to two years. The preselection process will still include the assessment of cognitive ability and situational judgement, plus professional and language competency, depending on the profile sought. The test relating to EU knowledge will now take place during the second stage, at the same time as the exercises associated with the position. Finally, successful candidates will receive a 'passport of competencies' establishing their performance.

In carrying out this revision, EPSO wants to convince "the best candidates" to work for the EU. ■

EUROPE 2020

# Berlin, Paris key to 2020 plan, says official

By Sarah Collins

A senior European Commission official has said Germany, France and larger member states are going to have to pull their weight in order for the new 'Europe 2020' strategy to work. The plan, launched on 3 March by Commission President José Manuel Barroso, sets five headline targets for EU countries to meet on employment, education, research, climate change and poverty reduction. But while Greece is currently playing on the minds of EU policy makers, Gerard De Graaf, head of the aptly-named 'Strategic Objective Prosperity' unit in the Commission's Secretariat-General, says that the more prosperous member states will have to shoulder a large part of the burden of reform over the next decade. "We can't have a strategy that imposes obligations on some countries but not on others," he said at an event organised by Eurochambres, on 11 March. "That is a question the bigger member states will have to answer. The success of the strategy lies in Berlin, Paris, the UK, Rome and Madrid."

Germany was throwing its weight around in talks between EU ambassadors, on 11 March, who were to ink a compromise text for leaders to agree at the European Council, on 25 March. While it still has to go through finance ministers and foreign ministers before then, it looks increasingly unlikely that member states will sign up to any numbers at the summit. Most controversial are the 25% poverty reduction goal and the aim to spend 3% of gross domestic product on research and development. The Commission had wanted to agree the five EU-level targets in March so talks could begin on national targets, which will be broken down according to the abilities of each member state.

There will be no punishment for not meeting the targets, despite repeated and continuing calls from the European Parliament to do so, but De Graaf says the new tools available under the Lisbon Treaty should motivate countries to meet their aims. "We believe that member states will do these reforms because they are convinced that they are in their interest, and if they don't do the reforms they will fall behind."

Under Article 121(4) of the treaty, the Commission can address policy warnings and recommendations to errant member states, effectively naming and shaming countries that persistently flout EU rules. In February, Greece was pulled up for overstepping the deficit and debt limits set out in the Stability and Growth Pact, but the warnings can also be used to police progress in other policy areas - the employment target, for example. However, De Graaf says the EU executive will not be abusing the new power. "It is not the kind of thing you want to receive. We want to use this sparingly. It's the threat that produces the effect, not its use." He says the Commission will also be drawing up a scoreboard as a way of keeping tabs on countries that are lagging behind, something he says has been very effective in the internal market area. ■

EU/SOUTH KOREA

# FTA signing likely to be delayed

By Sébastien Falletti in Seoul

The EU and South Korea are likely to postpone for at least a couple of weeks the signing of their bilateral free trade agreement (FTA) originally scheduled for April, according to a senior South Korean diplomat. Amid persisting resistance from MEPs and European car makers, the EU executive has indicated to its Korean counterparts that it needed more time to complete its own internal procedure. Chief negotiator Lee Hye-min hinted at a possible delay ahead of meeting with his European counterpart, Ignacio Garcia Bercero, scheduled for 12 March in Paris. Before flying to Europe, Lee Hye-min indicated that his country still aimed at signing the far-reaching trade deal by the end of April but that the EU side was likely to require extra time in order to finalise its own procedure. "It's a matter of weeks not months, should the official signing get delayed," he said. This issue will be at the heart of the meeting between EU Trade Commissioner Karel De Gucht and Trade Minister Kim Jong-hoon, which is to take place on 15 March in Brussels.

Prior to the signature of the agreement that was initialled on 15 October 2009 in Brussels, the text negotiated by the European Commission needs to be formally approved by the Council and receive the backing of the European Parliament. Originally, the Commission planned to submit the final agreement to the member states in March, paving the way for a signature ceremony in April. However, the EU's executive arm is unlikely to transmit the 2,000-page text to the Council this month, "since the translation into all EU languages has not been completed yet," a Commission official told *Europolitics*.

The delay will also provide the Commission extra time to secure the support of the European Parliament, which was granted new powers in the field of trade policy under the Lisbon Treaty and has voiced its concern regarding the impact of the trade deal. European car makers are trying to take advantage of this situation by lobbying the MEPs fiercely, stressing that the FTA will hurt companies and jobs in Europe. "The real question is how powerful the EU automobile lobby's influence in Brussels and in some national capitals - which has fiercely opposed the deal so far - will turn out to be in the system's new, yet still sketchy, configuration," said Iana Dreyer from the European Centre for International Political Economy (ECIPE).

Against this backdrop, the Commission has been trying to speed up the ratification process, stressing the need for the FTA to enter into force by the end of this year. In case this deadline is not met, several important regulatory changes that would benefit European car makers will need to be renegotiated with Seoul, argues DG Trade. "This is not true. This is a tactic from the Commission to accelerate the ratification process," Erik Bergelin, expert at the ACEA, told *Europolitics*. The car producers are urging the Parliament to wait for the completion of an impact assessment study of the FTA before making a decision. "There is no reason to rush," added Bergelin. ■

## FOREIGN POLICY

# Parliament demands more say

By Chiade O'Shea

The European Parliament, on 10 March, adopted two resolutions advocating a stronger stance for the EU on a wide range of foreign and security policy issues, especially as the European External Action Service (EAS) comes into effect. The resolutions were based on reports written by Gabriele Albertini (EPP, Italy) on the Council's assessment of the EU's foreign and security policy around the world in 2008 and another drafted by Security and Defence Subcommittee Chair Arnaud Danjean (EPP, France) on the ways the Lisbon Treaty will affect the Common Security and Defence Policy (CSDP). Both votes passed comfortably.

In the debate on the two reports, members of the European Parliament said their institution should be systematically consulted before CSDP missions were launched in order to give the EU's foreign policy democratic legitimacy. Danjean said that "greater responsibility for the European Parliament in these sensitive areas is indispensable for legitimising a policy whose main aim is to safeguard the security of European citizens".

The MEPs also called for greater parliamentary involvement in the appointment of EU special representatives, as well as in senior appointments to the EAS. Their involvement in day-by-day foreign affairs actions should extend to greater access to documents, they added, even where sensitive or classified.

*MEPs want greater parliamentary involvement in senior appointments to the EAS*

Given Parliament's extended budgetary powers under the Lisbon Treaty, MEPs called for a review of interinstitutional agreements to make sure the new procedures were implemented appropriately.

The deputies argued for greater funding for the EU's action abroad, particularly for unpredictable events, such as international emergencies. They also asked the Council and Commission to significantly increase resources for civilian engagements in Afghanistan.

In response to Danjean's report on foreign and security policy under the Lisbon Treaty, MEPs called for a permanent EU operations centre to be established under the supervision of the High Representative for Foreign Affairs, Catherine Ashton.

MEPs raised concerns about nuclear proliferation, particularly in regard to Iran and North Korea, noting that the European Union has "undertaken to use every means at its disposal to prevent, deter, halt and, where possible, eliminate proliferation programmes," but called for more to be done.

During the debate, members urged moves to lead to faster deployment of CSDP missions and EU forces, including establishing a European air transport fleet, a new generation of observation satellites and a maritime surveillance system. ■

## MARITIME SECURITY/SOMALIA

# Executive recommends measures to prevent piracy

By Eric van Puyvelde

Shipping operators need to apply measures to prevent acts of piracy at international level and the member states should ensure that they do so, noted the European Commission, on 11 March, in a recommendation. The EU executive aims to ensure the effective application of measures for self-protection and prevention of acts of piracy and armed attacks against ships, known as best management practices (BMP), adopted by the International Maritime Organisation (IMO).

Given the increase in acts of piracy off the coast of Somalia, the IMO adopted a set of measures in the form of circulars, which lay down specific measures for dealing with pirate attacks in the Gulf of Aden and off the coast of Somalia. The measures were drawn up on the basis of the BMP developed by shipping operators[1] themselves.

The EUNAVFOR Atalanta military operation – the first naval operation conducted under the European Security and Defence Policy (EDSP) – is helping to deter, prevent and suppress acts of piracy and armed robbery off the coast of Somalia. As part of this operation, the Maritime Security Centre - Horn of Africa (MSC-HOA) enables shipping companies and ships to register before sailing through the Gulf of Aden so that they can be given information about the area and be tracked by Atalanta forces. Unfortunately, about a quarter of the vessels of all states passing through the area are still failing to register with the MSC-HOA, notes the Commission.

It therefore wants the member states to ensure that their shipping operators are aware of all the measures for self-protection and prevention, including registration on the MSC-HOA website (*www.mschoa.org*) before sailing through the Gulf of Aden. The member states are also asked to check that ships sailing in dangerous areas have enough able-bodied crew members on board.

The Commission will ensure follow-up of this recommendation with the member states during the meetings of its Maritime Safety Committee (MARSEC). ■

*(1) International Association of Independent Tanker Owners (INTERTANKO); International Chamber of Shipping (ICS); Oil Companies' International Marine Forum (OCIMF); Baltic and International Maritime Council (BIMCO); Society of International Gas Tanker and Terminal Operators (SIGTTO); International Association of Dry Cargo Ship Owners (INTERCARGO); International Group of Protection and Indemnity Clubs (IGP&I); Cruise Lines International Association (CLIA); International Union of Marine Insurers (IUMI); Joint War Committee (JWC) & Joint Hull Committee (JHC); International Maritime Bureau (IMB); International Transport Workers Federation (ITF)*

EU/CITES

# Union to press for bluefin tuna ban

By Anne Eckstein

The European Union decided, on 10 March, to defend a ban on bluefin tuna. The decision forms part of the negotiating brief adopted by the member states' permanent representatives (Coreper) with a view to the Conference of Parties to the Convention on the International Trade in Endangered Species of flora and fauna (CITES), to be held in Doha, Qatar, from 13 to 25 March. The brief still has to be formally approved by the Council.

The EU will therefore support the inclusion of bluefin tuna in Annex I of the CITES text (total ban on trade and consequently on fishing) but its decision is watered down by a proposal to postpone the final decision until the next meeting of the International Commission for the Conservation of Atlantic Tunas (ICCAT), in November 2011, "in order to guarantee a viable future for small-scale fisheries operators and to study possibilities of financial compensation for the sectors affected".

Environmental defence organisations welcome the decision but regret that the attached conditions weaken its scope. Greenpeace takes the view that with this agreement, "the EU provides a critical mass in favour of a positive vote at the CITES conference," but that its wish to postpone implementation of the measure will have the effect of giving the fishing industry another year to sell its catches.

Oceana also expressed a mixed reaction, saying that the "EU's conditional support will considerably weaken the entry into force of this measure". ■

### Other species and by-products

The negotiating brief also covers protection of other species and by-products, such as ivory, polar bears, sharks and corals. The EU is not expected at this stage to vote in favour of a total prohibition on trade in polar bears (a listing in Annex II allows strictly regulated trade) since it considers that climate change and the loss of habitats resulting from the melting of ice sheets constitute the main threat to polar bears.

On the other hand, it will continue to oppose the resumption of trade in ivory until appropriate mechanisms are put in place to guarantee that this activity will not contribute to an increase in illegal hunting of elephants. As usual, this question is expected to lead to heated debates. Tanzania requested authorisation, on 6 March, to sell its stock of 100 tonnes of elephant tusks, stating that it intended to use the funds raised (around US$11 million) to combat poaching. Zambia is expected to do the same, while its neighbour Kenya is opposed. According to Nairobi, the poaching of elephant and rhinoceros tusks has increased in Africa since the partial waiver, in 2007, of the international measure prohibiting Botswana, Namibia, South Africa and Zimbabwe from selling ivory to China and Japan.

EU/GEORGIA

# Ashton hails Tbilisi's new strategy towards breakaway regions

By Joanna Sopinska

The EU has welcomed Georgia's new 'State strategy on occupied territories: Engagement through cooperation', which was approved by the government in Tbilisi, on 27 January[1] In a statement, issued on 10 March, High Representative Catherine Ashton described the document as "a constructive step towards easing tensions, building confidence and reaching out to the residents of the Abkhaz and South Ossetian regions".

Since August 2008, when the frozen conflict in Abkhaz and South Ossetian regions erupted into an open military conflict between Russia and Georgia, the Southern Caucasus country has been struggling to regain stability, both internally and on the foreign stage. Although the Abkhaz and South Ossetian regions formally still remain an integral part of Georgia, Tbilisi in fact has no control over the two regions, which proclaimed independence shortly after the ceasefire. Unlike Moscow, the EU has not recognised Abkhazia and South Ossetia as independent countries and continues to support Georgia's territorial integrity and sovereignty. The new strategy on occupied territories, which "rejects the pursuit of a military solution" and expresses Georgia's intention to consider a "status-neutral" framework for interaction with the breakaway regions' authorities, is expected to help Tbilisi to break the current stalemate.

#### A BENCHMARK CASE

On the same day, in her maiden speech before the European Parliament on the EU's foreign policy priorities, Ashton singled out the Union's involvement in Georgia since the August 2008 war between Tbilisi and Moscow as "the benchmark for the future operation" of the EU diplomatic service to be set up in the coming months. When the conflict erupted, "we took the international lead, brokered a truce and deployed a 300-strong monitoring mission in record time," said Ashton. "In this case, we demonstrated what the EU can do when we fully mobilise the resources we have," she said. Now "we work on trade, on visa liberalisation, and we support measures to rebuild the ties with the breakaway republics," Ashton added. However, all of these initiatives are at a very early stage, and talks have yet to be launched with Tbilisi on a free trade area and a visa-free regime.

On a more general note, Ashton said that ensuring "greatest stability and security in our neighbourhood by promoting political and economic reform" will be one of her three key priorities. "Our wider international credibility also depends on getting our neighbourhood right," she said. But the top EU diplomat's strategy on how to turn words into deeds was rather vague. She mentioned Russia and Ukraine only to refer to visits to and meetings in the two countries, stopping short of giving details on her policy towards these neighbours or any other countries bordering the Union. ■

*(1) Late reaction to the strategy results from the fact that the draft statement had to go through a special consultation procedure in order to get the agreement of all 27 member states.*

CLIMATE CHANGE

## EU welcomes China and India's stance on Copenhagen

By Anne Eckstein

The European Union welcomed declarations by the Chinese and Indian governments, according to which the two countries are united in their support for the Copenhagen Accord. "The support of these two countries implies that it should be possible to find a global solution to the fight against climate change in the United Nations Framework Convention on Climate Change (UNFCCC). We must now firmly establish the Copenhagen Accord in the negotiation process and I expect China and India to help us benefit from the progress made in Copenhagen," declared the Commissioner for Climate Action, Connie Hedegaard.

In a letter published, on 9 March, on the UNFCCC website, Su Wei, China's chief negotiator on climate change, confirmed that his country may be included in the preamble of the Copenhagen Accord, which lists the countries associated with it. On the same day, India's Environment Minister, Jairam Ramesh, announced that his country, which is still hostile to any binding commitments, has, however, decided to ratify the Copenhagen Accord. "We participated in negotiations on the accord and we will abide by them," he declared to the Indian parliament. The Convention Secretariat confirmed that it had received these official notifications.

The extraction of this conservative agreement was immediately contested by a large part of the 192 countries participating in the Copenhagen conference because it was negotiated "behind closed doors and within a small committee". The conference had finally "taken note" of this, adding the need for countries rallying to this cause to provide official notification, which would then be recorded in a list attached to the text. ■

TRADE

## FTA with Colombia and Peru to further cut banana tariffs

By Chiade O'Shea

The European Union's free trade agreement (FTA) with Colombia and Peru will entail a further cut in banana import tariffs for the two nations, the European Commission confirmed, on 10 March. The tariff, which was previously reduced from €176 per tonne to €114 for all Latin American countries in a deal brokered by the World Trade Organisation in December 2009, will be cut again to €75 for Peru and Colombia. The new rate will come into effect with the FTA, which was agreed on 1 March and is expected to be signed later in 2010 (see *Europolitics* 3930) The additional €49 cut has angered the Association of European Banana Producers, which says farmers within the EU will be disadvantaged by the increasingly favourable situation of those in Peru and Colombia. The association expressed its "astonishment and concern" at the inclusion of the measure in the FTA and warned of further negative consequences to the EU farmers they represent if such measures are extended, as they expect, to other Latin American producers.

The December agreement between the EU and Latin American countries ended a 15-year dispute over EU banana imports, with the Union agreeing to gradually cut its import tariffs on bananas from Latin America to the €114 mark. The United States, in return, agreed to settle its related dispute with the EU.

The Colombian and Peruvian FTA provides for total liberalisation of trade in industrial products and fisheries including, at entry into force, 80% liberalisation of industrial products with Peru and 65% with Colombia. In addition to the fruit and vegetable sector, it is likely to open up new trade opportunities in fisheries, automobiles, electronics and machinery, wines and spirits and services. ■

# In Brief

### Corrigendum

In our interview with IPCC Vice-President Jean-Pascal van Ypersele (*Europolitics* 3927), the following sentence should correctly read: "Upon analysis and insofar as the commitments announced may all be brought down to a comparable basis, the Secretariat of the Convention [UNFCCC – ie not the Secretariat of the IPCC as we erroneously wrote] evaluates that, for all Annex I countries, these commitments represent a reduction of 14% (compared with 1990), to be compared with 25% to 40% by 2020, deemed necessary by the IPCC […]".

### Financial assistance to Latvia

The European Commission made a €0.5 billion disbursement to Latvia, on 11 March, as part of the balance of payments support granted to member states that have not adopted the euro, intended to provide medium-term financial assistance to cope with cashflow problems or economic pressure. This follows a positive assessment by the Commission of the implementation by the authorities of the economic conditions attached to this disbursement (financial and structural reforms, fiscal consolidation). This is the third instalment of a €3.1 billion loan approved by the EU in January 2009.

### Transportable pressure equipment

There is simplification in sight for the very specialised sector of transportable pressure equipment, eg tanks, pressurised casks and bottles. The Transport Council, meeting in Brussels on 11 March, adopted a general approach on a draft directive that will replace existing legislation (Directive 1999/36/EC), which governs the safety of transport of such equipment and ensures free movement. The legislation is ten years behind technical progress and international legislation on the transport of hazardous goods, which is incorporated into EU law through Directive 2008/68/EC.

# EU Agenda

## Friday 12 March

## EUROPEAN PARLIAMENT

### THE PRESIDENT'S DIARY

*Amman, Jordan*

■ Participation in Euro-Mediterranean Parliamentary Assembly (EMPA) plenary session, 13-14 March. President Buzek is vice-president of EMPA
• Bureau / Enlarged Bureau and committee meetings

### OTHER EVENTS

**EMPA: MIDDLE EAST PEACE PROCESS THE BIG ISSUE AT JORDAN PLENARY**

***Amman, Jordan***

The situation in the Middle East, the impact of climate change in the Mediterranean region and the possibility to set-up a Mediterranean Bank will be the main points for debate at the sixth plenary session of the Euro-Mediterranean Parliamentary Assembly (EMPA) taking place from 12 to 14 March, in Amman, Jordan.
The Assembly will also debate and vote on recommendations on the value added of the Union for the Mediterranean to the development of the Mediterranean region (rapporteurs: Raimon Obiols and Ivo Vajgl), on Freedom of expression and respect for religious beliefs (rapporteur: Hélène Flautre) and on the preservation and sustainability, transportation, tourism and fishing and aquaculture of the Common sea, including the Dead Sea (rapporteur: Ioannis Kasoulides).
The EP Delegation will be led by Jerzy Buzek, President of the Parliament
Following the plenary session, the Italian Parliament - Gianfranco Fini, Speaker of the Chamber of deputies, and Renato Schifani Senate's Speaker - will take the reins of EMPA for a year (until March 2011), succeeding Abdel Hadi Al-Majali, Speaker of the Jordanian Parliament and current president of EMPA.
Press conference Sunday 14 March
A joint press conference will take place Tuesday 17 March at 12:45. Room PHS 3C50.
Croatia and Montenegro could join the Assembly
EMPA may also decide to welcome, as new members of the Assembly, Croatia and Montenegro, which are also members of the Union for the Mediterranean.
EMPA brings together 280 parliamentarians. Of these, 130 represent EU members (81 members of the 27 EU national parliaments, on the basis of equal representation, and 49 members of the European Parliament), 10 members from the parliaments of the European Mediterranean partner countries (2 members for each of the delegations from Albania, Bosnia and Herzegovina, Croatia, Monaco, and Montenegro), 130 members of the parliaments of the ten founding Mediterranean partners, on the basis of equal representation, and 10 members from the Mauritanian Parliament.
Contact: Thomas Dudrap: foreign-press@europarl.europa.eu, +32.498.98.32.84 - +32.2.28.44524 (BXL), +33.3.881.77015 (STR)

## COUNCIL OF MINISTERS

### TRANSPORT, TELECOMMUNICATIONS AND ENERGY COUNCIL (ENERGY PART)

***11 March, Brussels***

### POLITICAL AND SECURITY COMMITTEE (PSC)

***Madrid***

### MEETING OF COMPETENT AUTHORITIES FOR MEDICAL DEVICES (CAMD)

***11-12 March, Madrid***

### MEETING OF NATIONAL AGENCIES OF THE YOUTH IN ACTION PROGRAMME (BUSINESS MEETING)

***10-12 March, Toledo***

### FORUM: 'INCLUSIVE EDUCATION: PAVING THE WAY FOR SOCIAL COHESION'

***11-12 March, Madrid***

## EUROPEAN COMMISSION

### TRAVEL AND VISITS

■ José Manuel Durão Barroso on an official visit to Madeira
■ Catherine Ashton in Lapland (12-13): participates at the annual retreat for foreign ministers hosted by Alexander Stubb, foreign minister of Finland
■ Viviane Reding delivers a speech 'The future of European criminal justice under the Lisbon Treaty' at the Academy of European Law (ERA) (Brussels)
■ Siim Kallas receives David McMillan, director-general of Eurocontrol
■ Maros Sefcovic meets with Nikiforos Diamandouros, European ombudsman (EP, Brussels)
■ Maros Sefcovic delivers a speech at the seminar 'The new mandate of the European ombudsman - What to expect?' organised by the European ombudsman (EP, Brussels)
■ Janez Potocnik at the launch of the Life Cycle Assessment System and Handbook (BERL, President's Gallery)
■ John Dalli in Italy: visits the European Food Safety Authority (EFSA) (Parma), delivers a speech during the plenary session workshop 'The future of the European environment and health process' of the World Health Organisation (WHO) 5th Ministerial Conference on Environment & Health
■ Maire Geoghegan-Quinn visits the Institute for Prospective Technological Studies (IPTS) (Seville)
■ Günther Oettinger receives Eamon Ryan, Irish minister for communications, energy and natural resources
■ Günther Oettinger receives Mauri Pekkarinen, Finnish minister of economic affairs

■ Johannes Hahn and László Andor participate in the meeting of the Ministers for Regional Development of Visegrád Countries and Slovenia on the 'EU cohesion policy in Central Europe' (Bohinj, Slovenia)
■ Stefan Füle in Prague: meets with Jan Fischer, prime minister of the Czech Republic, Lubomír Zaoralek, member of the Chamber of Deputies of the Czech Republic

# COMMITTEE OF THE REGIONS

■ External meeting of the Bureau of the Committee of the Regions
*11-12 March, Valladolid (Spain)*

# Saturday 12 March

# EUROPEAN PARLIAMENT

### THE PRESIDENT'S DIARY

***Amman, Jordan***
■ Participation in Euro-Mediterranean Parliamentary Assembly (EMPA) plenary session, 13-14 March

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# Sunday 14 March

# EUROPEAN PARLIAMENT

### THE PRESIDENT'S DIARY

***Amman, Jordan***
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### OTHER EVENTS

**EMPA: MIDDLE EAST PEACE PROCESS THE BIG ISSUE AT JORDAN PLENARY**
***Amman, Jordan***
More info at Friday 12 March

# COUNCIL OF MINISTERS

### EU-ALC MINISTERIAL FORUM ON THE INFORMATION SOCIETY

***Segovia***

### ENTEP MEETING ON THE EDUCATIONAL POLICIES OF THE TEACHING PROFESSION

***14-15 March, Madrid***
The ENTEP (European Network on Teacher Education Policies) is an advisory or reference group which acts as a sounding board for the European Commission and the individual member states.

OPEN FORUM

# Greek crisis: Degeneration or regeneration of European integration?

By Spyros A. Pappas (*)

*In 1992-1993, the monetary crisis that hit Europe rendered the European Monetary System (EMS) weak. Since late 2009, the crisis of Greek public finances has been hurting the euro. Same cause - but same consequences?*

It is important to identify the causes behind the EMS crisis. In a system where the fluctuation between European currencies is limited to more or less 2.25%, Germany maintains a policy of high interest rates and strong currency that the other member states fail to follow. Speculative attacks against the pound, then against the lira, the peseta and finally against the French franc finally sealed the fate of the EMS, which had a fluctuation band of around 15%. This crisis was part of the reason for the introduction of the euro.

Almost twenty years down the road, the Greek budgetary crisis puts the creation of the euro into perspective. The common currency was meant to provide protection against speculative attacks. Indeed, the sine qua non condition of membership of the eurozone, and of the European Union in general, was - and still is - compliance with the economic stability pact that limits fiscal deficit to 3% of GDP and debt to 60% of GDP. Under Article 126 TFUE (ex-Article 104 TCE), the enforcement of this budgetary discipline falls on the European Commission and the Council of the European Union. In practice, most member states have found it difficult to meet these conditions. In 2003, France and Germany managed to avoid the Commission's excessive deficit procedure by bringing together a blocking minority, of which Greece, in particular, was a part.

But the procedure against Greece went ahead. Athens was ordered to clean up its public finances and in response it presented a fiscal austerity plan. However, this did not prevent it from falling victim to a major speculative attack, coupled with the decision by several ratings agencies to downgrade the Greek government bonds. The situation is thus rather similar to that in 1992-1993: a crisis of public finances in one - or several - member states, fuelled by a speculative bubble,

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Pappas: "The Commission should play its role"

against the backdrop of inter-country tensions. The question is: does this crisis weaken or strengthen the Union?

Let us recall that the process of European integration has been punctuated by crises. They have always moved the Union towards deeper integration and were in fact at the origin of European progress. Suffice it to mention in this context the Gaullist 'empty chair' policy, the Luxembourg compromise or the oft-cited principle of subsidiarity. Should we then not look at the current economic crisis in the same way - and with optimism? I would say yes - and no.

Yes, because the EU has given proof of its 'consolidated' ability to overcome any obstacle it has faced on its way towards achieving its original – albeit still distant – goal. And no, because this time the crisis is not only internal and there are no mechanisms available to deal with it. And it is exactly here that the challenge lies.

Thus far, we tried to make a distinction between 'economic cooperation' and 'political union', based on the dubious premise that Europe may be economic without necessarily being political. However, these two issues are inextricably linked to such an extent that they are two sides of the same coin. 'Economic' cannot be separated from 'political', and vice versa. It is therefore time to identify the next step and take it - otherwise we risk jeopardising an achievement without precedent, the acquis communautaire. If a problem is global then its solution must also be so. Failing that, we should at least look for a Community solution. National solutions are no solutions here, since they must advance and serve the common interest and all members of the European 'legal' Community must side with them.

Tensions and conflicts are unavoidable. These days the German press is replete with articles critical of Greece. They may be inappropriate, but are certainly covered by the freedom of expression. Meanwhile, the reactions in Greece may be considered disproportionate, but it is also clear that neither side challenges the spirit of cooperation and solidarity. All this proves that in this Community of ours it is tolerated for member states to skid off the track, since it may happen between states, and especially between partners.

Nevertheless, the EU cannot afford to turn a blind eye and attack other problems. It needs to coordinate a response to this unprecedented crisis. The European Commission should play its role and show the way ahead, while the member states should follow its lead - starting with Greece, which has the onerous privilege of being affected to this extent. Ultimately, national sovereignty can only be understood from the perspective of European sovereignty. Without the latter, national sovereignty would not be meaningful in an international context. And in a globalised world, it is only the EU that can assure national sovereignty. ■

*(*) Spyros A. Pappas is a member of the Athens and Brussels Bars and former director-general at the European Commission.*