

TAXATION

Ministers agree on VAT changes for carbon market **Page 4**

ECOFIN COUNCIL

Twenty countries now on official deficit list **Page 11**

INTERVIEW

Pervenche Berès, rapporteur for EP Crisis Committee **Page 20**

EUROPOLITICS

The European affairs daily |

Friday 4 December 2009 | N° 3874 | 37th year |

FOCUS

Barnier and financial services

Britain's bad mood over the appointment of French national Michel Barnier as commissioner in charge of financial services is not over yet. In an opinion column in *The Times*, Chancellor of the Exchequer Alistair Darling again warns Michel Barnier against the dangers of excessive regulation of European financial centres, among them the City of London.

The European Commission's spokesman took Barnier's defence, explaining, on 3 December, that he was "the right person for the job".

When handing out the portfolios, President José Manuel Barroso had commented that this former commissioner was "a Community player, someone who has already served the Commission with great competence, a man who has strong European convictions".

Nicolas Sarkozy will meet British Prime Minister Gordon Brown, on 10 December, in the wings of the European Council in Brussels to try to calm tensions between the two countries over financial regulation, the French president announced in Paris.

On the appointment of Barnier, he told journalists: "Gordon Brown didn't want him; it was a tough battle".

Sarkozy also announced that he would be in London soon with Barnier to "reassure the City," but he did not give a date.

CLIMATE CHANGE

Barroso, McCartney urge concrete commitments

By Anne Eckstein

The President of the European Commission, José Manuel Barroso, Dr Rajendra K. Pachauri, president of the Intergovernmental Panel on Climate Change (IPCC) and Sir Nicholas Stern, professor at the London School of Economics and president of the Grantham Research Institute on Climate Change and the Environment, all agree: "It is imperative that the major actors make an extra

effort in terms of reducing greenhouse gases". Talking to the press in Brussels, on 3 December, they emphasised that the larger economies must immediately and clearly indicate their goals. "We must be sure that they are doing the maximum they can," Barroso stated.

While noting his appreciation for steps taken in the last few days, particularly by the United States, China and India, a gap remains to be bridged between the commitments **(continued on page 4)**

"Less meat = Less heat"

Agriculture is responsible for around 18% of global greenhouse gas emissions (9% of carbon dioxide, 37% of methane and 65% of nitrous oxide), the Food and Agriculture Organisation estimates. Some 80% of these come from livestock farming. But how to involve agriculture in efforts to reduce these gases while maintaining food security? This question is not officially on the agenda of the Copenhagen conference, but was the theme of a public hearing organised by the European Parliament, on 3 December, on the initiative of Edward McMillan-Scott, (non-attached, UK), vice-president of the EP, and which was attended by Sir Paul McCartney and Dr Pachauri. McCartney and Pachauri called for people to eat less meat. One day without meat would reduce emissions by at least 5-6%, they stated. They argued that this was an

easy, cheap, individual effort that could have a significant impact on the climate. The debate was lively between the committed vegetarians and the defenders of intensive and productive European farming, but also including those "moderates" who support efficient agriculture that respects the environment and a food scheme that was "free".

At the end of the debate, McMillan-Scott, McCartney and Pachauri gave a joint declaration calling on all governments meeting in Copenhagen to change their policies on agriculture, development, the environment and health in way that reflects the impact of livestock farming in climate change, for all local and national governments to adopt a weekly 'meat-free' day in their canteens and lastly for people, especially in developed countries, to reduce their meat intake as an environmental measure.

Table of Contents

EUROPOLITICS

THE EUROPEAN AFFAIRS DAILY

The centrepiece of EU news



www.europolitics.info

Yes, I would like to subscribe to **EUROPOLITICS** daily:

6 MONTHS, 112 issues (paper version) + unlimited online access at the price of **€890**⁽¹⁾.

1 YEAR, 223 issues (paper version) + unlimited online access at the price of **€1,700**⁽¹⁾.

6 MONTHS, 112 issues (PDF + html) at the price of **€765**⁽¹⁾.

HELP US GET TO KNOW YOU BETTER...

YOUR ACTIVITY

Embassy

YOUR INTERESTS

Agro-industry and agriculture

EUROPOLITICS
SINCE 1972

is published by EIS
(Europe Information
Service S.A.),
subsidiary of SIAC group
Rue d'Arlon, 53
B-1040 Bruxelles

Chairman and Publisher:
René-Charles Millet
Publisher's Advisor:
Marc Paoloni

TELEPHONE
Direct lines: +32 2 737 77 (--)
Instead of (--), dial the two digits
after the person's name.

E-MAIL
Editorial staff:
editorial@europolitics.info
Subscriptions:
subscriptions@europolitics.info
Direct:
firstname.surname@europolitics.info
Advertising:
advertising@europolitics.info

EDITORIAL TEAM
**Executive Publisher &
Editor-in-Chief:**
Pierre Lemoine (20)

Production Editor:
Eric Van Puyvelde (22)
Editorial staff:
editorial@europolitics.info
Editorial FAX: +32 2 732 66 51

Editors:
Anne Fekete de vari (18)
Tibor Szendrei (33)

Special Editions Editor:
Rory Watson

Reporters:
Dafydd ab Iago (58)
Sarah Collins (54)
Anne Eckstein (36)
Ruth Milligan (48)
Célia Sampol (60)
Marianne Slegers (08)
Isabelle Smets (34)
Fabrice Randoux (37)
Nathalie Vandystadt (45)

Correspondents:
USA - Washington: Brian Beary
Asia - Seoul: Sébastien Falletti

Translation:
Christina Berta, Aïda Boghossian,
Betty Jackson, Michèle Morsa

Agenda, layout and website:
Philippe De Clercq (57)
Geneviève Jourdain (13)
Grégoire Maus (15)
Christine Serville (14)

ACCOUNTING:
Director: Pascal Duvent
Tel: + 33 1 42 74 28 93
Fax: + 33 1 42 47 29 00
accounting@europolitics.info

MARKETING/SUBSCRIPTIONS

Director: Frédérique Carton
Tel Subscriptions: +32 2 737 77 09
FAX Subscriptions: +32 2 732 67 57
E-mail Subscriptions:
subscriptions@europolitics.info

Head of Marketing:
Richard Mestré (41)

ADVERTISING
advertising@europolitics.info

PRODUCTION
Director: Philippe Gawsewitch
Printing: Identic, Brussels

Europolitics is published in French
under the name *Europolitique*.
ISSN 1811-4121

Contents N° 3874

Top Stories

TAXATION

Ministers agree on VAT changes for carbon market **Page 4**

ECOFIN COUNCIL

Twenty countries now on official deficit list **Page 11**

INTERVIEW

Pervenche Berès, rapporteur for EP Crisis Committee **Page 20**

Business & competitiveness

Competition/Telecommunications:

High-speed networks: Commission wins case against Berlin **4**

Energy: Commission makes GDF

Suez commitments legally binding **5**

EU/Mediterranean: Survey:

Trade potentials largely untapped **5**

Sectoral policies

Competitiveness Council:

Ministers identify priorities for research cooperation **6**

Rail transport: New rights

for rail passengers **6**

Regional policy TGV: Regions

demand better rail services **7**

Energy: Legal dispute on energy

investment notifications **7**

Energy: Geothermal industry

confident of reaching 2020 targets **8**

Climate change/Poland/Estonia:

Commission to appeal Court of Justice ruling **8**

Terrorism: Court annuls fund

freeze decision before October **8**

Agriculture: Commission

says organic only one path **9**

Economic & monetary affairs, taxation

Taxation: Ministers agree on VAT changes for carbon market **10**

Ecofin Council/Taxation:

Fiscal governance: No white smoke yet in Union **10**

Taxation: Swiss bankers swim

against current **11**

Ecofin Council: Twenty countries

now on official deficit list **11**

European Central Bank: ECB

begins to withdraw crisis loans **12**

External relations

Climate change: Barroso, McCartney

urge concrete commitments **1**

EU/US: Guantanamo still touchy

subject despite promised closure **12**

Institutions

EU/US: EU delegation opens for

business in Washington **13**

Trade policy

WTO: Emerging countries advance

alone due to lack of Doha progress **14**

In Brief

Fisheries: Guide prices for 2010 **15**

Recovery plan for Greenland halibut **15**

EU retail trade up **15**

Ecofin backs end to light-touch

derivatives regulation **15**

Finance ministers examine

'2020 strategy' **15**

Ministers want bankruptcy

strategy by next spring **15**

CoR: Automotive Crisis

Intergroup wants new deal **16**

Acquisition of Activos Port

Aventura authorised **16**

GDP edges back up **16**

Bank guarantees first to go,

say ministers **16**

Conference of Group Chairs

in Madrid **16**

VAT on postal services **16**

Aid for VW Slovakia approved **17**

Investigation into RTVE funding **17**

Conditional green light for

Romanian training aid **17**

State aid probe in Spain **17**

Polish aid to motorway cleared **17**

Electronics merger okayed **17**

EU Agenda 18

Jurisprudence

Family allowance: ECJ: Mother

keeps allowances if she changes

member state **19**

Interview

MEP Pervenche Berès, rapporteur

for EP's Financial Crisis Committee:

"No real counterweight to Barroso"

in Commission **20**

Climate change

(continued from page 1)

announced and the recommendations of the IPCC.

Sir Nicholas, who prefers to talk in terms of tonnes of CO₂, expects the goals of reducing emissions by 25% to 40% will end up with a global CO₂ emission of 40 billion tonnes by 2020 and of a further 20 billion tonnes by 2050.

“IT IS FEASIBLE”

If current commitments are increased to 46-47 billion tonnes, “it is feasible,” the British economist concludes, adding that ambitious and firm engagements

would kick off a veritable industrial and economic revolution.

“It is essential to bridge this gap and to have clear commitments and time scale,” said Dr Pachauri, because there is no alternative.

“It should be a case of cooperation and not confrontation”

The EU is unilaterally committed to reducing its emissions by 20% by 2020, but Barroso recalled that “to move to a 30% reduction is conditional on comparable efforts by other parties and

we are not there yet”. He added that the majority of the EU’s partners had made conditional offers. “We now need more concrete offers, that is the condition for achieving an agreement in Copenhagen,” he said.

Dr Pachauri and Barroso also underlined there would be truly global negotiations with China and India already making much progress in terms of developing technology.

“It is not a case of technology transfer but also of technology sharing,” Barroso said, adding “It would be a mistake to go to Copenhagen in a conflicting position between developed and developing countries. It should be a case of cooperation and not confrontation”. ■

COMPETITION/TELECOMMUNICATIONS

High-speed networks: Commission wins case against Berlin

By Nathalie Vandystadt

The European Commission has won a three-year legal battle against Germany on the sensitive issue of the development of high-speed internet networks. The EU Court of Justice ruled in Case C-424/07, on 3 December, that with its telecoms law of February 2007, Berlin failed to fulfil its EU obligations.

In cause is the principle of “non-regulation” of the new networks, which works to the advantage of Deutsche Telekom.

The case had already been under dispute for a year before being referred to the Court of Justice by the Commission. The stakes are huge. On one side, the Commission accused the member state of introducing ‘regulatory holidays’ by applying a principle of non-regulation.

This situation worked to the sole advantage of Deutsche Telekom, which undertook the development of its high-speed network (VDSL). The EU executive also wished to set an example in its reaction: it was in the midst of developing its (recently adopted) telecoms package aimed at strengthening competition on this market.

On the other side, Germany, which held the EU Presidency at the time, totally rejected the executive’s criticisms. The battle was waged in the framework of the telecoms package.

Two years later, the court has ruled in favour of the Commission. The executive had two key objections: 1. Germany limited the discretionary power of the national authority in the sector by introducing into its law the

“This judgement is an important precedent for telecoms regulation across Europe”

concept of ‘new markets’ and by laying down the principle of non-regulation; 2. the German law does not respect the procedures for consultation of the Commission imposed by EU rules.

The Commission won its case on both points. First, the court rejected the German argument that the principle of non-regulation of new markets is built into the regulatory framework (adopted in 2002). Berlin invoked in particular a Commission recommendation of 11 February 2003 and other points of the regulation under which, in general, new markets would not be subject to ex ante regulation (ie defined by a regulatory framework). The court argued that this recommendation simply envisages the possibility of taking the specific characteristics of new markets into

account. It concluded that “it is clear that such a provision may not be taken as a principle of non-regulation” of new markets.

The court then denounced the limits on the powers of the German national authority. Such limits deprive it of its freedom to submit new markets to market definition and analysis (to be notified to Commission), as obliged by EU rules.

For the Commission, this judgement confirms and underlines “the key principle of the EU telecoms rules and of EU telecoms policy of the last five years”. In other words, it is not possible to try to achieve more investment in the high-speed market by a relaxation of regulation or through ‘regulatory holidays’.

“This judgement is an important precedent for telecoms regulation across Europe,” concludes the Commission. Its timing is perfect since the Council and Parliament refused to give the Commission a veto power on remedies applied by national regulators in case of anti-competitive behaviour on the market. For the EU executive, this ruling will be very useful for promoting its competition policy as the best instrument for developing investments in the new networks, rather than “a friendlier attitude to dominant telecoms operators”. ■

ENERGY

Commission makes GDF Suez commitments legally binding

By Dafydd ab Iago

The European Commission, on 3 December, made legally binding commitments taken by GDF Suez to increase competition on the French gas market. Under Article 9 of Regulation 1/2003, the Commission could, if GDF Suez were to break the conditions agreed upon, fine the company up to 10% of its total annual turnover. GDF Suez has committed to significantly reducing, over the next 25 years, its long-term reservations on French gas import infrastructure capacity. Given these commitments, the Commission has now closed proceedings against the company that were formally opened in May 2008.

GDF Suez has committed to releasing a major share of its long-term reservations of gas import capacity into France. This will amount to some 10% of total long-term import capacity, or some seven billion cubic metres per year, in the period 2010-2011. GDF Suez also promises to continue to reduce its share of reservations to under 50% by 1 October 2014. This maximum

threshold of 50% will remain for GDF Suez operations until 2024. According to the Commission, GDF Suez' commitments will have a major structural impact allowing other companies to compete more freely on the French market.

The Commission argues that the reduction of GDF Suez' share of import capacity is a permanent change of a "structural" nature. "Unbundling would not have resolved the competition problem in this case," notes the Commission, stressing that concerns related to abusive capacity reservations by GDF Suez as a shipper of gas and not the behaviour of the network operator GRTgaz.

The Commission also appears keen to point out that its decision allows for GDF Suez to reach the 50% ceiling in 2014 in various ways. This could mean GDF Suez releasing existing import capacity but also expanding existing or constructing new import capacity infrastructure. "Such investment, which necessarily takes a few years to complete, will increase overall import capac-

ity into the French market to the benefit of both competition and security of supply," notes the executive. "At the same time, the Commission has also insisted on a very significant rapid capacity release."

Speaking to the press, outgoing Competition Commissioner Neelie Kroes was quick to point to other major competition decisions taken by the Commission to open up energy markets. These concerned Belgium's Distrigas (Belgian gas market); Germany's E.ON (electricity) and RWE (gas); the market-sharing agreement between E.ON and GDF (German and French gas markets); as well as fair access for electricity generators to Greece's lignite deposits. The Commission has most recently investigated Czech energy giant CEZ's offices due to concerns about abuse of dominant position. All these investigations have followed a pan-European energy sector competition inquiry concluded in January 2007.

The Commission's decision follows a consultation, in July 2009, of interested parties. ■

EU/MEDITERRANEAN

Survey: Trade potentials largely untapped

By Sophie Petitjean

A survey, published on 3 December, reveals that a large majority of businesses, among them Mediterranean and European, consider the trade and investment potential in the Mediterranean region to be unexplored. Direct European investment in the Mediterranean is, however, the most substantial, with nearly €15 billion (36.8%) invested in 2008, mainly in the energy sector. The crisis has not spared direct foreign investments worldwide, which recorded a drop of 22% in 2008 and were expected to fall further in 2009.

MARKET PERCEPTION

Launched among 143,000 businesses by the MedAlliance consortium, the survey looks at the strengths and weaknesses of the Euro-Mediterranean partnership. According to the results obtained, 81% of the businesses from various sectors (manufacturing, industry, agro-business and the service industry) believe the

commercial and investment potentials in the region are unexplored. The principal explanations given by businesses were the various obstacles to the market, including the lack of a visa policy to make it easier for professionals to travel there (92%), the lack of reliable information (91%) and of instruments for networking. Among the solutions proposed, 96% were in favour of networking instruments, namely simpler financial tools or ports, airports and modern logistical methods.

ENCOURAGING COOPERATION

MedAlliance, which conducted the survey, is a consortium of economic development organisations (ANIMA), chambers of commerce and industry (ASCAME, Eurochambres) and business federations (Businessmed). It contributes to the economic integration of Mediterranean countries by supporting development in the private sector. By launching this initiative, MedAlliance has remained loyal to its goal, says Euro-

chambres' International Affairs Director Dirk Vantuyghem: "Our goal is to talk politics, as often as they relate to Euro-Med relations, but also to offer instruments, concrete and practical solutions for better partnership".

Its 'Invest in Med' programme, financed 75% by the European Union in the period 2008-2011, brings together the 27 EU member states with nine partner countries in the Southern Mediterranean: Algeria, Egypt, Israel, Jordan, Morocco, the Palestinian Authority, Syria and Tunisia. During the past 18 months, 'Invest in Med' has already brought 200 initiatives to fruition to reinforce the amount and quality of Euro-Mediterranean commerce and direct foreign investment, while 500 industrial partnerships were identified following its initiatives. The programme attempts to encourage the maximum number of partnerships from the widest possible areas: public and private, from different countries, multinational and small businesses. ■

COMPETITIVENESS COUNCIL**Ministers identify priorities for research cooperation**

By Marianne Slegers

Under the chairmanship of the Swedish Minister for Higher Education and Research, Tobias Krantz, the EU Competitiveness Council adopted, on 3 December, four sets of conclusions on Union-wide cooperation in the field of research.

According to the conclusions, the “future priorities” of European research will include the provision of “guidance” to the post-2010 Lisbon strategy for competitiveness and growth. The member states are invited to take into account a set of “key considerations when developing future priorities for

research and innovation at European level”. The main aim here is to make member states capable of addressing “the grand challenges of our time and to transform the EU into a leading knowledge-based society”.

The Council also adopted a resolution on the “basic elements of an enhanced governance of the European Research Area (ERA)”. The resolution is based on a long-term strategic vision for ERA and receives “broad support from stakeholders and citizens in the context of the Ljubljana process towards enhanced governance of the ERA”.

The Council also launched a pilot “joint programming initiative” on combating neu-

rodegenerative diseases, in particular on Alzheimer’s disease.

Furthermore, the ministers adopted conclusions on the “future of information and communication technologies (ICT)”. This text highlights the objective of establishing Europe’s leadership in ICT research, innovation and infrastructures. “Europe must develop new businesses and markets for innovative ICT applications, seek leadership in key ICT markets, technologies and sciences, improve the attractiveness of Europe to ICT investments and talents and use ICT tools to recover from the current economic slowdown,” the document says. ■

RAIL TRANSPORT**New rights for rail passengers**

By Isabelle Smets

Rail passengers have new rights in the EU, from 3 December, with the entry into force of Regulation 1371/2007 aimed at improving protection for travellers in Europe. It contains provisions on providing information to passengers and assistance to mobility-reduced persons and on railways’ responsibility in case of injury or death of passengers (right to advances for the family, which amount to at least €21,000 per deceased traveller) or in case of loss or damage to baggage (entitlement to compensation of up to €1,285 per piece of luggage). The text also obliges railway companies to compensate travellers, in certain circumstances, if their journey is delayed or cancelled (25% of the ticket price for delays of one to two hours, 50% if over two hours).

This does not necessarily mean that all EU rail passengers delayed by at least one hour will be automatically entitled to compensation. The regulation gives member states the possibility to defer the application of certain rights on national lines. The derogations, which must be notified to the Commission, are valid for five years at most but can be renewed twice. This potentially defers for up to 15 years the recognition of certain rights in some member states. The states can also choose not to apply the regulation

to regional, urban and suburban rail services. So whether commuters will enjoy new rights or not will be entirely in the hands of the member states. States can request derogations from the obligation to pay compensation for delays or cancel-

The regulation gives member states the possibility to defer the application of certain rights on national lines

lation, the obligation to accept bicycles in trains, the right to advance payment in case of death or injury of a passenger, and wheelchair access to train stations and platforms.

WHAT DEROGATIONS?


It is hard to say at this stage which states will seek derogations and for which rights. Transport Commissioner Antonio Tajani was evasive when asked about this. He simply mentioned some of the “star pupils” in Europe – Germany and France – that have anticipated application of the new rules. Anticipation does not mean an absence of derogations, however: France has notified derogations for regional and local services and Germany, on the eve of entry into force

of the regulation, had not yet announced whether or not it planned to seek derogations (see table on *Europolitics* site; on 2 December, around ten member states had not come to a decision on derogations).

Tajani did say that he hoped the member states would “keep derogations to a strict minimum”. The European Passenger Forum, which is active in the protection of travellers, has consequently expressed fears of seeing a “two-tier Europe” on rail passengers’ rights.

Antoine Hurel, vice-president of CER (Community of European Railway and Infrastructure Companies, which represents railways), admitted that “it will take time to apply this regulation”. He told *Europolitics* that the CER planned to publish on its website a ‘barometer’ of application of the new rules, state by state.

At the same time, the CER supports the regulation’s flexibility: “It is common sense to adapt rights to the nature of services,” said Hurel. “On major routes, where rail competes with air travel, it is normal to provide compensation. The situation is different on urban routes, where departures are much more frequent.” ■

 A table with the list of states that had applied for derogations as of 2 December is available at www.europolitics.info > Search = 262238

REGIONAL POLICY

TGV: Regions demand better rail service

By Manon Malhère

On the eve of the launch of the first European high-speed rail route, linking Paris, Brussels, Cologne and London (PBKAL), the Nord-Pas de Calais Region, the Kent County Council, the town of Breda and the Brabant metropolitan area have launched a 'European network of high-speed regions', a new dialogue forum for the different players seeking more balanced servicing, which is generally limited to capitals and large cities. "The problem is not just to go faster from one point to another, but also to get there intelligently," explained Michel Delebarre, vice-president of the Committee of the Regions, at the launch of the network, on 3 December in Brussels. He added that the creation of lobbies of this type "will do a service to the EU".

While the opening of the first European route (Paris-Brussels-Cologne-London), on 13 December 2009, forms

part of a rail revolution, reducing travel time and meeting ecological requirements, some regions note with concern that the quality of services is not keeping up with infrastructure development, since no service is provided for certain intermediary stations, particularly those in Southern England, Nord-Pas de Calais, the Netherlands and Germany. It is unacceptable, noted their representatives, for a return trip in one day between Calais-Fréthun and Ashford to be impossible because of the way schedules are organised. "We are not requesting a local train; this is not about territorial selfishness but about striking a better balance [...]. The TGV is an incomparable tool for regional planning," noted Daniel Percheron, co-founder of the network and president of Nord-Pas de Calais. This also contributes to sustainable and balanced regional development, said Delebarre, who added that "these trains must not become a flagship product that leaves the population indifferent".

The question is more complex, however, because for rail operators, only direct and long-distance services are likely to make the rail market more attractive than air.

The loss of market share to air travel is calculated in minutes wasted when the train makes a stop. It is interesting to note that SNCF (French railway) President Guillaume Pépi turned down the offer by the Nord-Pas de Calais Region to finance such stops, in other words, "to buy the minutes wasted in certain stations" provided a fair agreement could be reached, according to Percheron. Adopting a more consensual tone, Belgian MEP Mathieu Grosch (EPP), a member of the Transport and Tourism Committee and rapporteur on the sustainable future of transport, explained that if rail transport represents the future because it is more "ecological and safer, it must become the best and not try to diminish other means of transport" to be effective. ■

ENERGY

Legal dispute on energy investment notifications

By Dafydd ab Iago

Consideration of a draft report by Adina-Ioana Valean (ALDE, Romania) on energy infrastructure was dominated by legal questions at the European Parliament's Committee on Industry, Research and Energy (ITRE), on 3 November. Valean, backed by other ITRE MEPs, is arguing for full use of co-decision in discussion of the European Commission proposal for a regulation on notification of energy infrastructure investment projects. The rapporteur also wants a more precise (earlier) deadline for reporting new projects as well as expansion to include more types of energy projects. Valean is also worried about dual reporting and over-burdening companies.

The Commission's intention is clear: to gain an overview of energy infrastructure development. It estimates that some €1 trillion will have to be spent by 2030 on updating the EU's electricity network and generation capacity. Some €150 billion may be needed for gas networks (not including

import pipelines from third countries, such as Nabucco). Additionally, the Commission goes by the assumption that, by 2020, another 360 GW in power generation needs to be added (some 50% of currently installed capacity). The energy infrastructure notification proposal is currently based on Article 284 of the old EC Treaty - a general catch-all provision for the Commission to collect data. As for nuclear energy infrastructure, Parliament would only be consulted under Article 187 of the Euratom Treaty. "Leaving the legal base unchanged is legally not consistent and not acceptable for Parliament. Introducing a last-minute change in the draft without informing the Parliament runs counter the spirit of good interinstitutional cooperation," notes an internal ITRE coordinators' document.

HILBRECHT'S DE FACTO CO-DECISION

Following a suggestion from the Parliament's legal service, ITRE Chair Herbert Reul (EPP, Germany) is now set to write to the Commission and Council. MEPs

were obviously unimpressed by DG TREN Director Heinz Hilbrecht's suggestion that the Council would "de facto" act as if the proposal is under co-decision. Valean herself suggests splitting the proposal into co-decision (non-nuclear) and consultation Euratom sections. Aside from the legal questions, Valean was also supported in a call for the proposal's scope to be expanded. Adam Gierek (S&D, Poland) wondered why nuclear waste facilities are excluded. "Also interconnectors are not mentioned. All this is very important if we want to build a common European infrastructure," said Gierek. Yannick Jadot (Greens, France) went further to include heating and electricity storage. He supports amendments lowering the thresholds for notification requirements. He calculates that a 10MW threshold would leave out 40% of wind production. "Only 10% of photovoltaics and just half of geothermal production would be included," said Jadot.

The deadline for amendments is 9 December and discussion is scheduled for the 11-14 January ITRE meeting. ■

ENERGY**Geothermal industry confident of reaching 2020 targets**

By Dafydd ab Iago

The European geothermal industry is confident that it will reach its 2020 targets despite the current financial crisis. The European Geothermal Energy Council's (EGEC) 2009 Brussels declaration, with a perspective to 2020, set the industry the goals of extracting from heat stored in the Earth some six GW of electricity and 39 GW of heating. The association has also set itself a long term goal for 2030, whereby the geothermal sector would contribute some 5% of total electricity production and 3.5% of total heat generation in Europe. EGEC made

its statement at the Geopower Europe 2009 conference, on 3-4 December in Munich.

EGEC is also presenting national geothermal targets for both electricity and heating and cooling respective to the weight of geothermal in the 20% binding 2020 target set by the current Renewables Directive (2009/28/EC). The geothermal sector, however, wants national governments not only to endorse its targets, but also to provide the "necessary" political and legislative support within their national renewable energy action plans. These plans need to be presented by member states so as to outline exactly how they intend to reach their

own national goals from various renewable sources. Each member state must submit a plan to the Commission by 30 June 2010 at the latest.

EGEC sees one of the main barriers to greater use of the Earth's heat as the coverage of the drilling risk. The sector is therefore calling upon member states and EU institutions to work together so as to create a European risk insurance scheme. "The geothermal industry is sure to provide a large contribution to our future renewable energy mix and to ensure reaching the urgently needed CO₂ emission reduction," noted the association. ■

CLIMATE CHANGE/POLAND/ESTONIA**Commission to appeal Court of Justice ruling**

By Anne Eckstein

The European Commission announced, on 3 December, its intention to appeal against a Court of Justice ruling, which on 23 September gave Poland and Estonia additional pollution rights, rejecting what it considered to be a wrongly motivated decision.

The Court of First Instance (CFI) of the European Court of Justice had judged that the Commission had exceeded its powers in national allocation plans (Case T-183/07 – see *Europolitics* 3824).

The Commission, a spokesperson explained, believes the court "has interpreted too narrowly the powers of the Commission in the national allocation plan (NAP) assessment process. The CFI has not sufficiently taken into account the objective of the EU ETS [Emission Trading Scheme] to reduce emissions of greenhouse gases". The judges said that the Commission had not sufficiently taken into account the "equal treatment" between EU member states in terms of pollution rights.

Poland, whose electricity is produced by heavily polluting coal power plants,

saw 76.1 million tonnes of carbon equivalent returned in pollution rights to distribute to its businesses in Estonia, 11.6 million tonnes. The European Commission had cut the quotas for these two countries under the NAP for the period 2008-2012, considering that the data gathered were not reliable. The EU Court of Justice, hearing the appeal to annul this decision, had ruled in September that the Commission had committed "an error of law" in mentioning, without giving proof, their doubts on the reliability of the data from the two countries. ■

TERRORISM**Court annuls fund freeze decision before October**

By Nathalie Vandystadt

The Council and the EU Court of Justice are continuing their cat-and-mouse game in cases concerning the freeze of funds in Europe belonging to persons suspected of ties with terrorist organisations. In a new ruling (Cases C-399/06 P and C-403/06 P), the Luxembourg court annulled a decision freezing the assets of a Libyan national residing in the United Kingdom (Faraj Hassan) and a Tunisian residing in Ireland (Chafiq Ayadi), both of whom are suspected of having ties with Al-Qaeda and the Taliban. The reason given for the judgement

is that the EU states violated the rights of the defence. The backdrop to the cases is a series of UN resolutions which, since the terrorist attacks of 11 September 2001, require its members to hinder the financing of terrorism, in particular by freezing the assets of persons suspected of such acts. The 27 member states update their black lists every six months. Hassan has been on the list since October 2001 and Ayadi's name was added in November 2004. However, the fact that their names are on the list does not exempt the 27 from respecting the fundamental rights of the suspects. The court relied on its Kadi judgement of September 2008. Apart

from the rights of the defence – especially the right to a hearing and to effective judicial review - it held that the Council also violated the two complainants' fundamental right to property (as it had done in the Kadi case).

As in similar cases, however, the court did not annul the latest regulation in force, in this case the text of October 2009, which confirms the freeze of the funds of the two Libyan and Tunisian nationals, taking the Kadi ruling into account. It only annuls its earlier version. As a result, notes the court, "that regulation has not been challenged in these proceedings". So the two complainants are still on the EU terrorist black list. ■

AGRICULTURE

Commission says organic only one path

By Luc Vernet

While organic agriculture can contribute to the challenges posed by climate change, it is not by any means the only solution for the future, the European Commission said, on 1 December in Brussels, at the International Federation of Organic Agriculture Movements (IFOAM).

"I want to be clear: organic farming is part of the solution but it is not the single solution [...] in the case of dealing with climate change more than one road leads to Copenhagen," the European Commission representative told the organic producers. Organic agricultural practices have "good potential" to reduce nitrous oxide emissions linked to the efficient recycling of crop residues and manure, he noted.

"There is a lot to learn from organic practices," he said. However, "not every farmer will wish to convert to organic farming [...] productivity is still impor-

tant [...] and lots of things can be done in 'non-organic' farming systems to cut greenhouse gas emissions," he explained. By way of example, he cited the means

"If we tie our farmers up with too many rules, they'll just go out of business and then we'll end up creating more greenhouse gases by importing extra food"

to suppress or reduce the intensity of farming with zero or reduced tillage, a technique that he said is rarely used in organic farms.

The Commission would therefore like "to give all farmers the tools to strongly improve their environmental performance," but, he warned, "if we tie our farmers up with too many rules, they'll just go out of business and then we'll

end up creating more greenhouse gases by importing extra food".

IFOAM insists that conventional agriculture is "a major contributor to climate change", producing between 10% and 12% of global greenhouse gas emissions. Organic agriculture practices represent a good alternative, the organisation maintains. Underground carbon sequestration of organic farms' upper soil layers and the suppression of chemical fertilisers would "massively reduce" carbon and nitrogen emissions. ■

Logo put to vote

The European Commission will ask internet users, in the coming days, to vote for the new European logo for organic agriculture. Three drafts have been shortlisted from among 3,400 applications received in Brussels. The selection process is expected to take until January 2010.

EUROPOLITICS first

EUROPOLITICS

Tel: +32 (2) 737.77.09
subscriptions@europolitics.info

TAXATION**Ministers agree on VAT changes for carbon market**

By Sarah Collins

Suppliers could be able to shift VAT payments on carbon credits to their customers if an agreement reached by the EU's finance ministers, on 2 December, is upheld in the European Parliament. Taxation Commissioner László Kovács wants to clamp down on so-called carousel fraud in the EU's Emission Trading Scheme (ETS), after it emerged this summer that criminals were moving in on allowances. The idea is to take VAT out of the supply chain to prevent fraudsters from exploiting loopholes between countries by trading and re-trading

goods across borders, pocketing the VAT due. Under the new rules, domestic transactions involving carbon credits will be exempt from VAT. Only the final recipient will pay for it, but is then entitled to deduct it from his books. The European Commission estimates that VAT fraud costs EU governments around €40 billion each year. The 27 ministers agreed a 'general approach' on amending the VAT Directive (2006/112/EC) at an Ecofin meeting, allowing countries to impose a temporary reverse charge until June 2015. However, they failed to secure the same for mobile phones and computer chips, to match a UK opt-out dating back

to 2007. "The Ecofin could not come to a unanimous agreement, though there was support," Kovács said after the meeting. Ministers will revisit the issue next June, and the UK can continue the practice until a new accord is reached.

The Commission suggested amending the VAT Directive, on 29 September, after reports of fraud on the ETS emerged. In August, France and the UK – home to Europe's major carbon exchanges – abolished VAT in the carbon market. The EU executive said at the time that carousel fraud was also common on mobile phones, computer chips, perfumes and precious metals. ■

ECOFIN COUNCIL/TAXATION**Fiscal governance: No white smoke yet in Union**

By Tanguy Verhooseel

The EU's finance ministers did not manage to agree, on 2 December, on a compromise that would have switched to Switzerland the pressure currently being placed on banking secrecy in Luxembourg and Austria. However, the issue may only be partly postponed: Spain will inherit the dossier along with the rotating Presidency of the EU, on 1 January 2010.

The finance ministers attempted, in vain, to reach 'political agreement' on the review of the European Savings Directive (law).

Luxembourg and Austria secured the integration of this dossier into a 'package' also comprising the (re)negotiation of agreements on combating fraud with Switzerland, Liechtenstein, Andorra, San Marino and Monaco as well as the adoption of a new EU directive on administrative cooperation in the field of taxation.

Under pressure from the G20, the seven countries agreed to break into their banking secrecy by applying OECD 'standards' relating to the exchange of information between fiscal administrations upon request. In this context, they renegotiated various double taxation treaties.

Luxembourg and Austria are, however, in an awkward position. In fact, the Savings Directive provides that they will be forced to radically move towards the automatic information exchange system - and therefore do away with their banking secrecy - while

the Union has approved multilateral agreements setting in stone the limited commitments made by Berne, Vaduz, San Marino, Andorra and Monaco vis-à-vis the G20.

The European Commission has already negotiated a draft agreement with Liech-

“Officially, no disagreement has been noted, only a lack of agreement”

tenstein and is asking for authorisation from member states to open talks with other countries.

Luxembourg's Finance Minister, Luc Frieden, believes that the Union would be shooting itself in the foot by generalising the implementation of the automatic information exchange system on its territory, whereas other financial places could be content to implement the OECD's standards, which are less severe, on the exchange of fiscal information upon request. "It cannot help the Union if we encourage the relocation of capital to other countries or continents," argued the minister, on 2 December, claiming that "everyone is in the same boat," at least in Europe.

In short, Luxembourg, which considers itself to be "constructive," agrees to extend the field of application of the Savings Directive to new revenues (in particular, from

certain life insurance contracts) and to implement the OECD's standards, but not to abolish its banking secrecy if Switzerland is not also obliged to do so. These arguments clearly won over the Swedish Presidency of the Union, which has proposed a compromise that would switch to Berne the pressure today being placed on Luxembourg and Austria.

In a declaration, it was in fact stipulated – and therefore justified – that Luxembourg and Vienna will not ratify anti-fraud agreements with Switzerland, Liechtenstein, Andorra, San Marino and Monaco until these five countries agree to abolish their banking secrecy, in the framework of the review of EU regulation on the taxation of savings.

On 2 December, revealed a diplomat, France and the United Kingdom "asked for time" to examine this proposal, which, they fear, risks delaying the abolition of banking secrecy in the Union – for Switzerland, in fact, there is no question of abolishing it.

Faced with this blockade, for which Luxembourg refuses to shoulder the responsibility, EU finance ministers decided to postpone until 2010 the examination of all of these dossiers.

Switzerland could soon find itself at the centre of a serious conflict. "Officially, no disagreement has been noted" with regard to the compromise, insisted a diplomat. "Only a lack of agreement, for the time being." ■

TAXATION

Swiss bankers swim against current

By Tanguy Verhoosel

"It is absolutely clear that, for us, the automatic exchange of information is not part of the picture," noted Urs Roth. Going against the general trend of the G20, ie the will to increase fiscal transparency, the president of the Executive Committee of SwissBanking defended, on 3 December in Brussels, the 'Rubik project' being studied in Berne.

Imagined by the banking sector, 'Rubik' aims to ensure continuity in Europe of the model of the coexistence of information exchange and withholding at the source, and consequently to safeguard Swiss banking secrecy on a lasting basis.

The idea, explained Claude-Alain Margelisch, vice-president of the SwissBanking Executive Committee, is that Swiss banks and authorities will take the place of the tax administrations of EU member states by withholding for them the taxes owed by European savers, on certain categories of income, in total anonymity and at the rate in force in the country of residence. The scope

of such withholding at the source would be much wider than what is foreseen under the EU regulation on savings taxation. Depending on the national laws in the EU member

The 'Rubik project' aims to ensure continuity in Europe of the model of the coexistence of information exchange and withholding at the source

states, in addition to interest it could cover dividends, capital gains, income from collective investments and wealth taxation. It would concern both natural persons and certain legal structures, such as foundations and trusts.

"The advantage is that the system can be modulated and it will no longer be possible to dodge taxation," said Margelisch.

Yet the project being studied by the Swiss

government may be coming too late, after the EU's 27 finance ministers agreed, on 2 December, that only the model of information exchange between tax administrations has a future in Europe. Luxembourg's Finance Minister Luc Frieden even recognised that 'Rubik' is "unrealistic".

"The offer is coming at the right time," insisted Roth, however. On the one hand, it would guarantee very substantial financial revenues for states strapped for cash due to the crisis (much more than the €300 million they already collected in 2008 under the savings taxation agreement); on the other, it would guarantee "protection of the private sphere" for new-generation savers who, according to SwissBanking, "are prepared to pay the price".

Of course, the Swiss banks also stand to gain: 'Rubik' would enable them to escape the obligation, laid down in the savings taxation regulation, of withholding 35% from July 2011 (compared with 20% at present) on interest paid to their European clients. ■

ECOFIN COUNCIL

Twenty countries now on official deficit list

By Sarah Collins

The EU's finance ministers have held up a European Commission decision to give four member states an extra year to correct budget gaps that crossed an EU limit in 2008, while upholding new deadlines for nine others. They also issued a stern warning to Greece on a deficit that has appeared to spiral out of control due to statistical errors in Athens' accounts (see *Europolitics* 3844).

It means that 20 countries have now surpassed the 3% of GDP deficit limit set out in the Stability and Growth Pact. Ireland, Greece, France and Spain went over the line in 2008, while Austria, Belgium, the Czech Republic, Germany, Italy, the Netherlands, Portugal, Slovenia and Slovakia posted excessive deficits this year. The UK and Hungary had deficits pre-dating the crisis. Under Maastricht rules, once countries have surpassed the limit, the Commission recommends the Council to confirm an excessive deficit, and

gives out deadlines and advice to correct it. The countries then have six months to make progress on bringing it down. The Council confirmed the original deadlines in April (3722, 3730).

France, Spain, Ireland and the UK were given one-year extensions after lobbying by Paris, said one eurozone finance minister during an Ecofin meeting, on 2 December. French Minister Christine Lagarde remains cautious on whether the country will meet its new deadline of 2013, the same date that was set for Spain.

The Commission considers that all four did what was required of them but that given the financial crisis, the extensions are warranted. Ireland and the UK are to get until 2014 (financial year 2014-2015 for Britain) to bring down deficits that are the highest in the EU after Greece.

Meanwhile, Belgium and Italy are being given until 2012 to reduce their budget gaps, while the Czech Republic, Germany, the Netherlands, Austria, Portugal, Slovenia and Slovakia until 2013.

However, Greece was told that it did not adhere to Commission recommendations to bring down its deficit, after coming up against the EU's statistical office Eurostat recently for botching its yearly figures.

Athens' budget deficit could climb to 12.7% of GDP this year, says the Commission, the highest in the EU. Earlier this year, Greece had indicated its shortfall for 2009 would be 3.7%.

"We spent a considerable amount of time discussing the situation in Greece," Eurogroup President Jean-Claude Juncker said after a meeting of the 16 eurozone finance ministers, on 1 December.

"The situation is rather worrying."

In a draft budget, the recently elected Socialist government pledged to reduce the gap to 9.1% of GDP next year.

It is to send a new set of data to Brussels in January, and in February the EU executive will issue another set of recommendations. Juncker said, "We are keeping a close eye on the situation". ■

EUROPEAN CENTRAL BANK**ECB begins to withdraw crisis loans**

By Sarah Collins

The European Central Bank has left interest rates unchanged for another month, but ECB President Jean-Claude Trichet announced the bank is pulling out of its special 12-month loans after a final call in two weeks. The main borrowing rate is to stay at 1%, the overnight lending rate at 1.75% and the overnight deposit rate at 0.25% - historic lows reached earlier this year.

"Improved conditions in financial markets have indicated to us that not all our liquidity measures are needed to the same extent as in the past," Trichet told journalists after

the decision to withdraw the loans, which he said had been reached by "consensus". The deal to fix interest rates for another month was reached unanimously.

The third and last tranche of loans will be offered on 15 December and allotted the next day at a variable rate, as opposed to the fixed rate used on most other (shorter-term) loans.

ECB staff projections predict the eurozone economy will dip by between 3.9% and 4.1% this year. However, the bank raised its expectations for next year (compared to September estimates), predicting growth of between 1% and 1.5% of GDP.

The ECB's goal is to keep inflation at or around 2%, but staff estimates say that the rate will hover at 0.3% this year. It could rise to between 0.9% and 1.7% next year, and remain between 0.8% and 2% in 2011.

Trichet also called on governments to clean up emergency spending in order to reassure markets. "I expect these decisions will be implemented [...] They will help in improving the creditworthiness of the various treasuries concerned." Greece and Ireland currently have the worst positions in the eurozone, with widening government bond yield spreads (an indication of poor creditworthiness). ■

EU/US**Guantanamo still touchy subject despite promised closure**

By Brian Beary in Washington

On 1 December, four detainees from the US terror suspect prison camp in Guantanamo Bay, Cuba, were transferred to Europe. France took a former Bosnian resident of Algerian origin, Italy took two Tunisians (whom it plans to prosecute), and Hungary took a Palestinian. That brings to a total of eleven the number of detainees that Europe has received since US President Barack Obama announced, in January 2009, he would close Guantanamo within a year. At a press briefing last October following an EU-US justice ministerial in Washington, US Attorney-General Eric Holder, when asked if Europe was doing enough to help the US close Guantanamo, responded "we have gotten cooperation from the EU at an appropriate time and in an appropriate measure". He admitted, however, the US would not meet Obama's January 2010 target date for closing Guantanamo.

When Obama made his pledge, it was greeted with euphoria in the EU, so badly had Guantanamo hurt transatlantic relations. Nearly a year later, EU and US politicians are being decidedly low-key on the issue. In June 2009, EU ministers agreed to help Obama resettle some detainees cleared for release. In addition to the four most recent transferees, the United Kingdom has taken an Ethiopian, France an Algerian, Portugal two Syrians, Ireland two Uzbeks, and Belgium a detainee

of undisclosed nationality. Eighteen Guantanamo inmates have been transferred to non-EU countries: Bermuda, Iraq, Chad, Saudi Arabia, Afghanistan, Yemen, Kuwait and Palau. Not one has been released on US soil because the US Congress has forbidden this. That leaves 211 prisoners left in Guantanamo, nearly half of who are Yemeni, with the others coming from roughly two dozen other countries (none of them EU states).

Given its objection to Guantanamo on principle, why has the EU taken so few detainees? According to one EU official, "the Commission has facilitated transfers by setting up a legal framework," specifically a mechanism requiring governments to share information on who has been released. This was deemed necessary because of the lack of border checks between most EU countries, which means those released can travel freely across the EU. But the official stressed it was up to each member state to decide whether to take someone or not. This is a hard sell, especially when Congress says none can be released in the US, he said. While some other EU countries may take a few more detainees, "the majority will not be detained in Europe," he predicted.

Benjamin Wittes, fellow at The Brookings Institution think tank in Washington, noted how views on Europe's stance had changed over the past year. "For a long time, the pro-Bush camp was frustrated by Europe not helping while many Democrats were sym-

pathetic to Europe. Now everyone is frustrated. I do not think the Obama administration expected Europe to have taken so few by now." The harsh reality is that no government wants to take Guantanamo inmates. Wittes said this was understandable: "Of the 70-90 cleared for release, we say they are *probably* not dangerous. But even if just ten of them turn out to be dangerous, that could mean ten terrorist attacks."

TO DETAIN OR NOT

While Guantanamo is a relic of past policy, there are ongoing wars in Afghanistan and Iraq, where European and American soldiers continue to capture insurgents and terrorists. Brookings' Wittes criticised European militaries for refusing to take responsibility for those captured on the battlefield, essentially leaving the job to American, Afghan or Iraqi authorities. This approach enables them to avoid having to decide whether to treat detainees as prisoners or war or criminals. Generally, the EU prefers a law enforcement approach, the US a military one. Wittes argued that these contrasting approaches do not need to hurt transatlantic relations. "Neither side is wrong. We are facing different circumstances. The terrorist campaign against the US is directed from abroad from areas no government controls. In Europe, it is mostly indigenous terrorism so it naturally invokes law enforcement. We need to live and let live." ■

EU/US

EU delegation opens for business in Washington

By Brian Beary in Washington and Pierre Lemoine in Brussels

Fifty-five years after first registering a presence in Washington, a new chapter was opened, on 1 December, when the European Commission Delegation morphed into the European Union Delegation to the United States. The name change, as with the 134 other Commission delegations around the world, happened because the Lisbon Treaty, which creates an EU foreign service, entered into force that day. Angelos Pangratis, acting ambassador in Washington, unveiled the new plaque to assembled diplomats and politicians. The EU has no permanent ambassador because of the delay in ratifying Lisbon. The outgoing Commission was due to be replaced, on 1 November, but Ireland's initial 'no' to Lisbon has forced them to stay on in a caretaker capacity until 1 February 2010, when a new team is likely to be sworn in. The new Commission will then fill this prestigious post.

Apart from the new name, the inauguration of the European External Action Service will see the Washington and other delegations grow in size as EU Council officials plus officials from EU member state foreign ministries are added. The goal is to have roughly one third of each but this will take time given that most delegations are presently almost 100% full with Commission officials. Washington may have the highest profile of the overseas delegations, but it is not the biggest. With a staff of 78 - two thirds of whom are local hires, one third officials posted from Brussels - the DC office trails both Moscow, which has a staff of 115, and Beijing, which has 97.

The Washington office has a higher proportion of classic 'diplomats' than

EU delegations in developing and EU candidate countries, which have more officials tasked with managing financial assistance programmes. As of 1 November, there were 5,403 Commission staff



Pangratis unveils the plaque

in delegations to non-EU countries and international organisations. About two thirds were local hires, one sixth permanent Commission officials and one sixth Commission contract agents. Which means the Washington office makes up just 1.4% of the Commission's overseas staff.

The Commission opened its first office in Washington in 1954. It was then representing the European Coal and Steel Community, the EU's first incarnation. The delegation had a two-room office that was run by two Americans with an annual budget of US\$41,000. It was not until 1977 that an EU official headed the delegation, Belgian Fernand Spaak, son of EU founding father Paul-Henri Spaak. Since then a Brit, a French, a Dutch, a Belgian, a German and an Irish man (never a woman) have headed the delegation, Ambassador John Bruton most recently, having departed on 31 October.

PARLIAMENT OFFICE

Meanwhile, three European Parliament staffers are due to be posted to Washington in mid-January 2010, marking Parliament's first permanent pres-

ence in DC. They will be physically based within the EU premises but will have a separate identity. The whole EU delegation will move premises in March 2010. With MEPs visiting Washington with increasing frequency in a bid to strengthen their links with the US Congress, the new office will provide them with logistical support in setting up meetings, arranging accommodation, etc. On the policy side, tensions could well develop here with the Commission staff because there are issues - notably EU-US agreements to transfer personal data to US law enforcement authorities - where Parliament takes a different view to the Commission and has accused the latter of not being vigilant enough in protecting privacy rights.

The decision to open an office is the initiative of the new Secretary-General of Parliament, Klaus Welle, who is acting on a resolution from the Parliament Bureau dating from 11 December 2006. The move also follows up on a recommendation contained in a report on EU-US relations drafted by the German MEP Elmar Brok (EPP-ED), former chair of Parliament's Foreign Affairs Committee (A6-0173/2006). Other proposals in the pipeline, which also aim to increase awareness in Congress of the EU, are for Congress to open a liaison office in Brussels and for a staff exchange programme between the Parliament, Congress and Senate to be established.

Parliament's office will consist of three officials, two of whom are already known:

- Piotr Nowina Konopka, born in 1949, is an economist and former spokesman for Lech Walesa and Solidarity from 1982 to 1989. Konopka is a former Polish interior minister, former rector of the College of Europe, former president of the Polish branch of the Robert Schuman Foundation in Warsaw and, since 1 November 2006, the director of relations with national parliaments (DG IPOL) in Parliament's Presidency Directorate-General.

- Tessa Ryan, deputy chief of staff of the secretary-general ■

Staff in EU delegations

Moscow: 115

Beijing: 97

Washington: 78

Tokyo: 53

WTO Emerging countries advance alone due to lack of Doha progress

By Fabrice Randoux

As expected, the World Trade Organisation ministerial meeting in Geneva failed to achieve a breakthrough on the Doha round of international trade talks, on 2 December, which augurs badly for sealing a deal in 2010 in the negotiations that began in 2001. "At this rate of negotiation, concluding in 2010 will be a real challenge. That's why we need to accelerate," admitted WTO Director-General Pascal Lamy. Late March will be "the time to check" whether a deal is "feasible" by the end of 2010 or not, he added.

The United States is singled out for failing – due to the crisis – to give priority to these negotiations, which aim to remove tariff barriers on thousands of products and to put an end to European and American agricultural subsidies. In an interview published in *The Wall Street Journal*, on 3 December, US Trade Representative Ron Kirk recognises that, in the United States and the rest of the world,

"people are afraid" of the consequences on employment of greater market opening. According to Kirk, Barack Obama thinks the Doha round can be concluded during his current term of office, ie by the end of 2012. He adds, however, that there will only be a deal if the emerging nations (China, India and Brazil in particular) and the developing countries agree to open up their markets more significantly to industrial goods. What is on the table now "doesn't deliver meaningful market access in the part of the world that will be growing and driving GDP growth over the next few years," notes Kirk, who intends to continue holding bilateral talks with the emerging countries.

The latter reject these criticisms and 22 of them took the initiative in Geneva of signing a mutual cooperation agreement. Under the agreement, they will lower customs duties by at least 20% on 70% of all goods traded with these partners. This proves that the "developing countries are determined and have the capacity to come

to agreement," commented Argentina's Minister Jorge Taiana. He added that the logjam in the Doha talks is "not a problem" that comes from their side. Algeria, Chile, Egypt, Cuba, India, Iran, Malaysia, Mexico, Mercosur (Argentina, Brazil, Paraguay and Uruguay), Morocco, Nigeria, North Korea, South Korea, Pakistan, Sri Lanka, Thailand, Indonesia, Vietnam and Zimbabwe began their discussions in 2004. This agreement illustrates the boom in bilateral and regional relations in the last few years, in any case. From June to October, no fewer than ten new regional trade agreements were notified to the WTO. According to the organisation, there are now nearly 400 such agreements.

In the wings of the WTO meeting, Agriculture Commissioner Mariann Fischer Boel voiced optimism over the conclusion of an agreement "by the end of the week," putting an end to the lengthy banana war between the EU and Latin American producers (see *Europolitics* 3862). ■



YPIN
young polish international network

We would like to meet you on www.ypin.pl

YPIN is a Network of Young Polish Professionals from all walks of life: law, finance, academia, civil service, technology and the arts.

**YOUNG POLES IN EUROPE,
JUST TRY US!**

YPIN is committed to: Creating a Worldwide Network of Young Polish Professionals, Supporting International Understanding and Integration, Promoting the Internationalisation of Poland.

In Brief

Fisheries: Guide prices for 2010

On 1 December, the Council adopted a regulation that sets guide prices and Community producer prices for certain fishery products for the 2010 fishing year, based on the proposal presented by the European Commission, on 24 November (see *Europolitics* 3867). The regulation responds to a requirement of EC Regulation 104/2000 establishing a common organisation of the markets in fishery and aquaculture products. It provides that guide prices and Community producer prices must be set for every fishing year. Guide prices must take account of the projected evolution of production and demand and serve as the reference for setting the different technical parameters needed for the functioning of intervention mechanisms. The Community producer price concerns only processed tuna-based products and serves as the basis for payment of an allowance granted in terms of the evolution of prices on global markets. The regulation is available at www.europolitics.info > Search = 262142

Recovery plan for Greenland halibut

The EU Council adopted a regulation, on 1 December, that will strengthen the recovery plan for Greenland halibut. The new text amends Regulation 2115/2005, currently in force, by building into EU legislation the amendments adopted by the Northwest Atlantic Fisheries Organisation (NAFO) at its meeting in September 2007. NAFO decided at that time to toughen up requirements on catch declarations and on additional control measures with a view to improving inspections at sea of vessels entering or leaving the NAFO zone.

EU retail trade up

In October 2009, compared with September 2009, the volume of retail trade rose by 0.3% in the EU, after a decline of 0.3% in September, Eurostat reported, on 3 December. The food, drinks and tobacco sector remained stable but the non-food sector expanded by 0.7%. In October 2009, compared with October 2008, the retail sales index dropped by 0.9%.

Ecofin backs end to light-touch derivatives regulation

EU finance ministers have welcomed the European Commission's "paradigm shift" in derivatives regulation, calling for a less light-touch approach. In conclusions released on 2 December, after a meeting in Brussels, the ministers call on the Commission to look into the effects of moving from over the counter (private) trading to central exchanges and clearing houses, as recommended by the EU executive in October (COM(2009)563). The Commission is focusing particularly on credit default swaps, a bet on a debtor going bankrupt, which have grown exponentially in recent years, making up around 10% of the derivatives market in December last year, according to the Bank for International Settlements. On 31 July, the largest banks operating in Europe - including Barclays Capital, Deutsche Bank, Credit Suisse and UBS - began to clear CDSs through two European clearing houses, ICE Europe and Eurex.

Finance ministers examine '2020 strategy'

The Union's finance ministers have given their first assessment of the European Commission's post-Lisbon strategy, saying that the EU budget and European Investment Bank lending should be brought closer into line with

the new plan. In conclusions released on 2 December, the ministers said that the increased social and climate focus of the new '2020 strategy' should not divert attention or funding from growth and jobs. They also opt for a limited number of "properly framed" targets for member states to adhere to - although these should not impinge on national responsibilities. The Commission released proposals for a '2020 strategy', on 25 November (COM(2009) 647/3), and aims to have it approved at next year's spring Council. However, Socialist MEPs have asked to postpone the deadline to allow for more talks.

Ministers want bankruptcy strategy by next spring

The European Commission should present concrete proposals on winding up insolvent banks by next spring, according to Ecofin conclusions, released on 2 December. The EU executive released a communication on crisis management, on 20 October (COM(2009) 561/4), which for the first time floated the idea of 'living wills', a bank's plan on how to wind up operations in the event of a crisis. Finance ministers want to see work done on asset management and cross-border bank failure. While current EU rules provide for the winding up of banks (Directive 2001/24/EC), they do not cover banks with subsidiaries in other member states. The Commission says that subsidiaries are the predominant form of cross-border banking business in Europe, holding assets of almost €4 trillion in 2006. Ministers are also keen to see safeguards for shareholders and investors written into the new proposals. The Commission will close its consultation on the communication at the end of January.

In Brief

CoR: Automotive Crisis Intergroup wants new deal

The Automotive Crisis Intergroup of the Committee of the Regions (CoR) met, on 2 December in Brussels, for the fourth time since being launched for a dialogue on solutions and measures being implemented in regions hit hardest by the economic crisis in the automotive sector. Intergroup members described their specific problems and the remedies being applied. The discussions brought to light the common denominator to all the regional initiatives, namely the determination to develop innovation and the ecological sector. The development of electric, hybrid and low-carbon vehicles has the unanimous support of intergroup members. Created in 2009 by Jean-Yves Le Drian, president of the Regional Council of Brittany and CoR member, the intergroup is meant to allow the exchange of best practice and experiences as a way of mitigating the impact of the crisis in the regions concerned, to facilitate interactions between regional clusters and to implement common development projects. It is also working on a political solution to the crisis in the automotive sector (to be put to the vote at the plenary in February), a sort of 'new deal' for the sector.

Acquisition of Activos Port Aventura authorised

The European Commission granted clearance, on 3 December, to the acquisition of joint control of Activos Port Aventura, a newly created company, by Leisure Park Holdings S.A. (Luxembourg) and Criteria Caixa Corp. S.A. (Spain). Leisure is a subsidiary of Investindustrial, a private equity group. Criteria is an investment company, mainly active in the industrial and financial sectors. Port Aventura will be active in the operation of leisure parks.

GDP edges back up

According to estimates released by Eurostat, on 3 December, GDP rose in the third quarter of 2009 by 0.4% in the eurozone and by 0.3% in the EU27, compared with the previous quarter (in second quarter 2009, growth was -0.2% in the eurozone and -0.3% in the EU27). Compared with the third quarter of 2008, seasonally adjusted GDP showed a 4.1% decline in the eurozone and a 4.3% drop in the EU27, after -4.8% and -5%, respectively, for the previous quarter.

Bank guarantees first to go, say ministers

Governments should first dispense with public bank guarantees before withdrawing other emergency funding from the economy, EU finance ministers have said. Member states should issue prior warnings to their 26 counterparts before starting the pull-out of extra cash, they went on, and the European Commission should centralise all moves. Member states should also be allowed the freedom to stop spending at different times, depending on their economic outlook. The conclusions on exit strategies, released on 2 December, built on principles the 27 had signed up to in an October meeting in Gothenburg. The Commission estimates that around a third of the EU's GDP has gone into bank recapitalisations and guarantees, while around 2.6% of GDP will be spent on stimulating demand and jobs in the real economy over 2009 and 2010.

Conference of Group Chairs in Madrid

For its traditional gathering before each changeover in the rotating Council Presidency, the Conference of European Parliament Group Chairs is in Madrid, on 3 and 4 December, in anticipation of the Spanish EU Presidency that begins

on 1 January 2010. Although the Lisbon Treaty creates a permanent European Council presidency, the system of rotating half-yearly Presidencies will continue to manage the work of the different Council compositions. During their visit, EP President Jerzy Buzek (EPP, Poland) and the heads of the seven political groups will meet Spanish Prime Minister José Luis Rodríguez Zapatero (Socialist), as well as members of his government and national MPs. They will also be received by King Juan Carlos. The Spanish EU Presidency will be in charge of managing implementation of the Lisbon Treaty, a subject that is expected to dominate discussions with the representatives of the European Parliament.

VAT on postal services

The Ecofin Council adopted, on 2 December, conclusions noting that the third Postal Directive will enter into force on 1 January 2011 (1 January 2013 in some member states). The Council stresses the importance of taking all necessary measures to solve the political problems originating from the VAT treatment of postal services before the third Postal Directive will enter into force and the liberalisation of the postal market is a fact. Taking account of existing tax arrangements in member states, the Council invites the upcoming Spanish and Belgian Presidencies to explore and examine all options in order to make steps forward in this respect and to report the progress made at the Ecofin Council, in December 2010, at latest.

In Brief

Aid for VW Slovakia approved

The European Commission authorised, on 2 December, aid of €14.3 million that the Slovak authorities intend to grant to Volkswagen Slovakia, belonging to Volkswagen AG, for the transformation of an existing plant in Bratislava. The Commission's assessment found the measure to be compatible with the requirements of the regional aid guidelines 2007-2013. In particular, the project, involving eligible investments of €300 million by Volkswagen Slovakia, will significantly contribute to the development of the region's economy without unduly distorting competition.

Investigation into RTVE funding

The European Commission has opened a formal investigation under the EU state aid rules into the new tax based funding system for the Spanish public broadcaster RTVE. Spain is planning to modify the public broadcasting system by abolishing advertising and other commercial activities of RTVE and replacing this source of income by newly introduced taxes on TV and telecommunications operators. The Commission does not object to the modification of the funding system as such, but has doubts concerning the compatibility of the new tax with EU law. In particular, the Commission doubts whether the new taxes are in line with EU rules on electronic communications networks and services. The opening of a formal investigation allows the Commission to examine the measures more closely and gives interested third parties the possibility to submit comments. It does not prejudge the outcome of the procedure.

Conditional green light for Romanian training aid

The European Commission has authorised, subject to certain conditions, under EU rules on state aid, training aid up to €57 million planned by Romania in favour of Ford Romania SA. The aid supports the company's plan to offer an extensive training programme to its current and future employees at the Craiova car plant in Romania. The Commission found the aid to be in line with EU rules on training aid because it is targeted at redressing a verified market failure - underinvestment in training and is appropriate as policy instrument. However, to ensure that the aid amount corresponds to training expenses effectively incurred, that distortions of competition are minimised and that employees benefit in full from the skills acquired through the training, the Commission imposed conditions regarding the payment of the aid and reporting and monitoring requirements.

State aid probe in Spain

The European Commission, on 3 December, initiated a formal investigation procedure under EU state aid rules into two agreements between BIZKAILUR, a public entity owned by the provincial authorities of Bizkaia, and a group of private investors. These agreements concern the establishment of Habidite, a construction module factory, in Alonsotegi, Bizkaia. The Commission considers at this stage that the commitment by BIZKAILUR to purchase 1,500 houses from the new Habidite Alonsotegi factory may involve state aid. The Commission also has doubts regarding the conditions at which Bizkailur will provide land for industrial use to the Habidite Alonsotegi factory, which could constitute state aid.

Polish aid to motorway cleared

The European Commission gave the green light, on 2 December, to aid proposed by the Polish authorities for the company Autostrada Wielkopolska II S.A. The aid is intended for the construction and maintenance of the section of the A2 motorway between the villages of Swiecko and Nowy Tomysl. The construction of this section of motorway follows on from the granting of a concession in 1997. The Commission considers that the financial advantage to the beneficiary is proportionate and necessary. The Commission has therefore declared the aid to be compatible with the common market.

Electronics merger okayed

The European Commission approved, on 2 December, under the EU Merger Regulation, the proposed merger between Renesas Technology, jointly controlled by Hitachi Ltd. and Mitsubishi Electric Corporation, and NEC Electronics Corporation (NEC-EL). All parties to the transaction are headquartered in Japan. The Commission concluded that the transaction would not significantly impede effective competition in the European Economic Area (EEA) or any substantial part of it. The Commission's investigation revealed that the proposed merger would not give rise to competition concerns in the markets for microcontrollers, SRAM, LCD drivers and other types of semiconductors, as these markets are characterised by dynamic competition and significant buyer power. In particular, the combined entity would continue to face large and effective competitors.

EU Agenda

Friday 4 December

EUROPEAN PARLIAMENT

THE PRESIDENT'S DIARY

Madrid, Spain

■ 8:00 - Meeting of the Conference of Presidents in Madrid

DELEGATIONS

VISIT OF THE COMMITTEE ON TRANSPORT AND TOURISM TO LONDON

9:00 - 18:30, *London, United Kingdom*

EP SENDS ELECTION OBSERVATION DELEGATION TO BOLIVIA

9:00 - 17:00, *Bolivia*

COUNCIL OF MINISTERS

COMPETITIVENESS COUNCIL

3-4 December, *Brussels*

EU-UKRAINE SUMMIT (TROIKA)

Kiev

POLITICAL AND SECURITY COMMITTEE (PSC)

Brussels

CHILDREN IN THE UNION - RIGHTS AND EMPOWERMENT (CURE)

3-4 December, *Stockholm*

The conference aims to present preliminary findings from the studies of this project. Presentations will be mixed with discussions on the themes of the project including for example information, legal representation and the appearance of the child victim in court.

Contact: Anna Wergens: +46.90.70.82.62
- +46.90.17.83.53

EUROPEAN COMMISSION

TRAVEL AND VISITS

■ Jacques Barrot participates in the seminar of the Prefects from the French regions (French Permanent Representation to the EU)

■ Viviane Reding participates in the award of the 4th Luxembourgish annual Film Awards (Luxembourg)

■ Stavros Dimas gives a speech at the Open Forum for Environmental Crime (Athens)

■ Paweł Samecki receives Daniel Perisse, Director of the Conference of Peripheral Maritime Regions (CPMR)

■ Paweł Samecki meets a group of students of the Diplomatic Academy of the Polish Ministry of Foreign Affairs (BERL 11/11)

■ Olli Rehn delivers a keynote speech at Business Fellows Conference (organised by Finnish Business and Policy Forum) (Helsinki, Finland)

ECONOMIC AND SOCIAL COMMITTEE

Brussels, at the EESC

■ Meeting of the Section for "Employment, social affairs and citizenship" (SOC)

COMMITTEE OF THE REGIONS

PLENARY SESSION

3 and 4 December, *Brussels, Paul-Henri Spaak building (European Parliament), Hemicycle*

9:00: Discussion and adoption of opinions

- University Business Dialogue⁴
COM(2009) 158 final - CdR 157/2009 rev. 1 – EDUC-IV-041
Rapporteur: Mr Masood (Member of Bradford City Council, UK/EPP)
- A sustainable future for transport: Towards an integrated, technology-led and user friendly system
COM(2009) 279 final - CdR 146/2009 rev. 1 – COTER-IV-026
Rapporteur: Mr Hallikmägi (Member of Pärnu Town Council, EE/ALDE)
- Restriction of the use of certain hazardous substances in electrical and electronic equipment and procedures concerning waste electrical and electronic equipment
Proposal for a Directive of the EP and of the Council - COM(2008) 809 final – 2008/0240 (COD)
Proposal for a Directive of the EP and of the Council - COM(2008) 810 final – 2008/0241 (COD) - CdR 217/2009 rev. 1 – DEVE-IV-044
Rapporteur: Mr Zająkła (Mayor of Łubianka, PL/UEN-EA)
- Green Paper – Reform of the Common Fisheries Policy and building a sustainable future for aquaculture
Green Paper - COM(2009) 163 final
Communication from the Commission to the EP and the Council
COM(2009) 162 final - CdR 218/2009 rev. 1 – DEVE-IV-045
Rapporteur: Mr Valcárcel Siso (President of the Autonomous Community of Murcia, ES/EPP)
- Towards an EU Forest Policy with a particular focus on the 20/20/20 targets
Own-initiative opinion - CdR 219/2009 rev. 1 – DEVE-IV-047
Rapporteur: Mr Banaszak (Member of the Kujawsko-Pomorskie regional assembly, PL/UEN-EA)
- Any other business
- Date of the next meeting
13:00.: End of meeting

INSIGHT Jurisprudence

FAMILY ALLOWANCE

ECJ: Mother keeps allowances if she changes member state

By Sophie Mosca

In response to a question by the Verwaltungsgerichtshof, the Higher Administrative Court of Austria, the EU Court of Justice specified its case law on maintaining the right of a divorced wife to family allowances when the divorced husband is resident and employed in Austria and the wife and daughter are settled in another member state¹.

THE CASE

Romana Slanina, the mother of a daughter born in 1991, resided in Austria and obtained family allowances for her daughter until summer 1997. She then moved to Greece following her divorce and exercised sole parental authority. Her ex-husband, an Austrian national, resided in Austria, where he was employed, and was required to pay maintenance but did not do so. The Finanzamt (tax office) in Mödling (Austria) ordered her to repay the family allowances paid from 1 January 1998 to 31 October 2003 on the ground that she had been living permanently with her daughter in Greece and that, in order to obtain family allowances, the child's centre of interests and permanent residence must be in Austria. Slanina claimed that, although under Austrian legislation she was not entitled to family allowances, Regulation No 1408/71 on the application of social

security schemes to employed persons and members of their families moving within the Community should nonetheless apply. Since her ex-husband, was living and working in Austria, Slanina was entitled to family allowances under that regulation, despite the fact that she was living in Greece. The court confirmed this analysis.

In their preamble, the judges specify that Regulation 1408/71 applies to "employed or self-employed persons who are or have been subject to the legislation of one or more member states [...] as well as to the members of their families". The term 'member of the family' is defined as any person defined or recognised as a member of the family or designated as a member of the household by the legislation under which benefits are provided, or if the person in question is mainly dependent on that person. The Austrian court must therefore verify whether this condition has been met. If it emerged that such was the case, Slanina would maintain entitlement to these allowances even though she leaves that state and settles with her child in another member state, where she does not work, and even though her ex-husband could receive those allowances in his member state of residence. The fact that the child's parents are divorced and that the person to whom the family benefits are to be awarded is Slanina rather than the worker himself, namely Slanina's

ex-husband, is irrelevant.

'ANTI-OVERLAPPING' RULE

The Verwaltungsgerichtshof then asks the court whether the fact that Slanina took up employment in Greece affected her entitlement to family allowances in Austria. Until 2001, Slanina was neither in employment nor registered as seeking work in Greece, then she was working as a seasonal tourist guide from May until the beginning of October each year. It is apparent from the observations of the Greek government and the Commission, which intervened in the case, that Greek law provides for the payment of family allowances only to certain employed persons and residence in Greece by itself is not sufficient. It is for the referring court to determine whether the fact that Slanina was in employment in the Hellenic Republic gave her an entitlement to family allowances in that member state. If it emerged that such was the case, it would be necessary to apply the rule against 'overlapping' in Regulation No 1408/71 intended to resolve cases under which entitlement to Austrian family benefits would have been suspended up to the sum provided for by Greek legislation. ■

(1) Judgement of 26 November 2009, Case C-363/08

EUROPOLITICS

GET MORE FOR LESS
BENEFIT FROM OUR REDUCED
GROUP SUBSCRIPTION OFFER

Tel: +32 (2) 737.77.09
subscriptions@europolitics.info



Save €€€ on your
subscriptions

INTERVIEW WITH MEP PERVENCHE BERÈS, RAPPOREUR FOR EP'S FINANCIAL CRISIS COMMITTEE **“No real counterweight to Barroso” in Commission**

By Sarah Collins

French MEP Pervenche Berès was recently named rapporteur for the European Parliament's special Committee on the Financial Crisis, which is to draft a text on the long-term effects of the market disturbance of the past year – and what the EU can do to come out the other side. On the eve of a Council decision that looks set to water down the European Commission's September proposals on financial supervision, the Socialist deputy talks sanctions, wonders what Barnier knows about financial markets and criticises Barroso's power games.

Have we got it right on financial supervision – is it wise to put the new Systemic Risk Board (macro side) under the ECB?

The UK complained that it should not be automatically someone from the ECB that would lead the whole process so we had to find another solution. This is an EU compromise and we have to live with it. I'm not a 100% advocate, in any case, for the ECB. I do believe that in macroeconomic issues there is need for more coordination. But if you're going to settle a supervision system for the EU you need to match different aspects. Of course you need to take into account the main or major currency around the table and you also need to take into account the size of the financial market. In the end this is the kind of contradiction we had to accommodate.

Are you concerned that finance ministers will agree to water down the powers of the new European supervisory authorities (micro side)?

This safeguard clause [where member states can appeal a decision with fiscal consequences] is just a trick by which you can undo the whole process we've been pushing. For me, if you really want to be consistent in setting an integrated supervision scheme, you also need to discuss the issue of sanctions. I know many member states are not ready for it but this is the reason that we are not at the final step for EU integration. I strongly regret that the basis for the proposal that was drafted by the Commission could be watered down. The fact

that these authorities could not address individual situations is a drawback.

What about future threats to financial markets – should we be watching out for China in particular?

If you look at the conclusions of the last G20, it's critical that the issue of the international monetary system was not addressed at all, or very scarcely. And when you look at the outcome of the visit of our two Jean-Claudes and our Joaquín [to Beijing on 30 November] – our three Js – it's just appalling. The starting point of this analysis is that we are dependent on the US and that our own strategy cannot phase out from the US one. But is this strategy the right one – only to put the pressure on China and somehow to be “complice” of the US? It might be that the next step should be that we should propose our own strategy and be independent of the US one.

The risk of speculative bubbles is even more in Asia, so our three Js have good reason to see that what's happening on the exchange rate is a critical one.

Were you happy to see Michel Barnier appointed internal market commissioner with responsibility for financial services?

The EU's portfolio on financial markets needed to be in the hands of someone in the Eurogroup. I would not have liked to have financial markets as a portfolio on its own because that would give the feeling that it could be independent of everything else. You need to make sure you have investor protection and this has always been the mindset of DG MARKT. But one of the lessons of the crisis is that this vision really needs to be balanced, taking into account financial stability and systemic risk. And this is all about macroeconomics. I've always thought that financial markets should be attached to DG ECFIN. If you look at what's happening all over the world, the kind of solutions the Commission is coming out with when it comes to supervision, the whole idea is to reshuffle the system to make sure you have a strong link between macrosurveillance and microsurveillance. And so they are teaching lessons to the whole world but not applying it to themselves.

What kind of commissioner will Barnier be? Do you expect different initiatives from him than from his predecessor, Charlie McCreevy?

I don't know what [Barnier] knows about financial markets, for one thing. If you look at the way this Commission is moving they don't even need to have a commissioner to launch any proposals. Now you have a Commission where we only have one president in place and he's able to launch, on his own, a paper that will outline the strategy for the whole EU for the ten next years [the '2020 strategy']. So this animal is moving without head. I believe that Barroso is enough as a head but when you look at the composition of the Commission now, it's organised to make sure there is no real counterweight to Barroso. This was his purpose when organising the distribution of the portfolios. In the previous Commission, on some items it was not so much that Charlie McCreevy didn't launch any initiatives, it was more that he resisted the ones that were coming from his services. With this in mind, it will be much easier for Barnier to accept proposals coming from his services.

What do you expect from the Spanish Presidency?

Well, if you had a nightmare in terms of a calendar for your Presidency you would choose the Swedish slot. They didn't know this would be the case. So Spanish life will be much easier. The broader negotiation will be the adoption of the '2020 strategy', which appears not to be called the Lisbon strategy anymore, which would have been quite stupid. Lisbon doesn't need to have a strategy, they have a treaty and [the name] was absolutely meaningless for people. The challenge for the Spanish Presidency is of course – if you don't want this animal that is moving without head, which is the consultation paper that has been launched by President Barroso – you need time. My dream solution would be that the spring Council would be a consultation and even that President [Felipe] González [head of the EU's reflection group on the future of Europe] would be there, to have a feeling of what he's thinking for a 2030 strategy. And then you would have the final result in June. ■