

# THE EUROPEAN

Issue 2-August 2009

## The European Movement in London Newsletter

### Committee news

In a regrettable development the Outer London Europe Group (OLEG) has decided to terminate its operations. Its members have been invited to join EMiL, hence uniting the two London branches so that they can campaign more effectively and provide a wider range of information and activities for their members in the capital. We welcome all OLEG members and we look forward to working together to promote the objectives of the European Movement.

In another development the Committee has decided to publish the Agenda and Minutes of its meetings, in an effort to communicate its work better. Both documents will be found at the EMiL website as well as the EM national website before and after the Committee meetings.

The Committee

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### European Parliament elects new President and Committee Chairs

After weeks of horse-trading among the political groups and national delegations, MEPs met in Strasbourg on 15-16 July to elect the new European Parliament President, its Vice-President and to decide the distribution of Committee chairmanships between the political parties.

In what many observers called a historic move, Mr Jerzy Buzek

became the first politician from a former Communist state to head a major EU institution. In a political deal

between the EPP and the Socialist-Democrats, Mr Buzek, who belongs to the centre-right EPP, will hold the Presidency for 2 and a half years before Martin Schulz, the Socialist-Democrat leader, takes over for the remaining 2 and a half years in the EP's mandate. The Polish MEP's election as President of the European Parliament is indeed a significant moment in the history of the EP and the EU as a whole. But as some observed the fact remains that when it comes to other influential positions in the EP countries from Central and Eastern Europe are underrepresented.

As far as the Committee Chairs are concerned the centre-right EPP group kept nine Chairs, the Socialists-Democrats six and the Liberals (ALDE) three. The Green group and the European Conservative and Reform group have taken one each. Germany came out a clear winner, securing for itself a number of influential Committees. France on the other hand lost the control of influential Committees like the Economic and Monetary Affairs Committee. The Germans took both the Environment and the Industry committee, key positions when defending national industrial interests. This development is interesting in political terms as well, with the Environment Committee to be headed by a Socialist (Jo Leinen) whereas the Industry Committee will be chaired by a Conservative (Herbert

Reul), setting up an interesting showdown between the European People's Party and the European Socialist Democrats when it comes to climate change legislation.

Despite the fact that the French claimed more Committee Chairs compared to the previous legislature, the positions they secured are seen as lacking significant influence. This relevant retreat affected mostly the French Socialist party, a reflection of the party's poor showing at the June polls. They managed to secure the Chairmanship of the Employment and Social Affairs Committee though (Pervenche Beres). Unemployment and social security will feature high on the agenda of the European Socialist and Democratic Party, in an effort to woo back voters, after the significant defeats Socialists suffered in the EP elections across Europe.



Source: European Parliament

In a major feat for the UK the two Committees with the biggest influence over financial services regulation and internal market issues, the Economic and Monetary Affairs Committee (ECON) and the Internal Market and Consumer Protection Committee (IMCO), were allocated to Brits. ECON will be chaired by Liberal Democrat MEP Sharon Bowles whereas Malcolm Harbour, Conservative MEP, will lead IMCO. Apart from Sharon Bowles, ECON will have another 5 UK MEPs among who Arlene McCarthy (Socialist-Democrat) will be one of the Committee Vice-Chairs. With a variety of legislative initiatives in the pipeline,

designed to change the financial services rule-book, a lot of the battles over the future architecture of the regulatory landscape will be fought in the influential ECON Committee.

Having Sharon Bowles chairing ECON is positive development for the UK, who in the past few months has been resisting proposals that it sees as potentially damaging for the City's position as a global leader in financial services. A lot will depend though on who will take the 'rapporteurships' for the important dossiers and who will be the coordinator for each party in ECON. The French Conservatives as well as the German Socialists, who, when referring to the need for stronger financial services regulation, have adopted a very anti Anglo-Saxon rhetoric over the last few months, are positioning to assume the above mentioned roles.

In another development that could affect the balance of power in the EP, ALDE, the Liberal Group in the EP that Sharon Bowles belongs to, elected Guy Verhofstadt, former Belgian PM, as its new leader. Mr Verhofstadt is a fervent federalist who among other things believes in the establishment of a single European financial supervisor and greater fiscal co-operation to deal with the burden of the financial crisis. He has proclaimed his intention to form a pro-integration coalition in the EP so, when it comes to voting on legislative proposals, he might be inclined to ally ALDE with the pro-regulation Socialist-Democrats in case the more laissez-faire centre-right EPP decides to vote alongside the Tories' eurosceptic European Conservative and Reform Group.

For more information on who chairs which EP Committee please [click here](#).

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### Barroso election delayed

The election of the next Commission President for the 2009-2014 term has turned into a saga. José Manuel Barroso has secured unanimous support from EU heads of state and government for a second five-year mandate at the head of the European Commission. But leaders of the European Parliament's political groups agreed during their July constitutive session to delay until 10 September their decision on when to stage a vote on the Portuguese's bid for a second term at the EU executive's helm.



Source: European Commission

The centre-right EPP (Barroso's political family) and the Swedish Presidency had previously pushed for an early vote on Barroso's re-appointment, arguing that Europe needed clarity over its leadership during times of recession. It soon emerged, however, that the votes were not there. Neither the Socialist-Democrats nor the Liberals or Greens were prepared to vote for Barroso at that stage so the necessary majority to elect Barroso during the July session was not there. Hence the decision was taken to revisit the issue of when to hold the ballot when the European Parliament Conference of Presidents

takes place on 10 September. A possible date for the vote could be during the 15-17 September Plenary Session in Strasbourg.

In the meantime the Socialist-Democrats, the Liberals and the Greens have asked Mr. Barroso to present his political programme for the next 5 years. He is expected to do so after the summer and the Socialist-Democrats as well, as the Liberals have already written to Mr. Barroso highlighting the political priorities they would like to see integrated into Barroso's programme. Both parties will base their decision to support his candidacy on whether or not his programme accommodates their demands.

Commentators see these developments as a clear indication of the increased assertiveness of the new EP. MEPs are keen to take advantage of the powers attributed to them by the Lisbon Treaty and they are not prepared to back the Member States' preferred candidate before ensuring that they are listened to when the Commission is drawing up its policy plans for the next 5 years.

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### Iceland applies for EU membership

Iceland applied for EU membership on 16 July, a move that seemed unthinkable before the financial crisis hit the shores of the Nordic island nation. On 27 July, just days later, the EU Council of Foreign Ministers accepted the application and asked the European Commission to draft an opinion, a thorough screening of the candidate's credentials based on answers to a questionnaire before negotiations begin. Sweden, a fellow Nordic nation and currently the holder

of the EU Presidency, is keen for the Commission to complete the procedure before the end of the year so talks can start in early 2010. Some observers believe that Iceland could be an EU member by 2012.

The accelerated procedure followed for Iceland comes in stark contrast with the long time Turkey has taken to move its candidacy negotiations forward. Turkey has been a candidate state since 1999 but membership negotiations officially started in 2005. In the 4 years since, only a handful of 'chapters', covering the Community acquis that a candidate country must adopt before becoming a member, have been concluded. The process has been delayed by slow political and constitutional reform in Turkey, a row between Cyprus and Turkey over the latter's non-recognition of the Mediterranean island and a general enlargement fatigue, mostly in big member states like Germany and France, following the eastern enlargement of 2004 and 2007.



Source: [www.visiticeland.com](http://www.visiticeland.com)

The reason for this apparent difference in treatment is the fact that Iceland has been part of the European Economic Area (EEA) since 1994. The EEA includes the EU and Iceland, Norway and Lichtenstein (3 of the 4 European Free Trade Association member states). Membership of the EEA means membership of the EU Single Market and implies that Iceland has

already incorporated into national law most of the rules that make up the Community acquis. This fact is expected to make the accession negotiations much simpler. Iceland also already meets the Copenhagen criteria, a set of political, legal, economic and constitutional conditions a candidate country must fulfill before acceding to the EU.

Nevertheless, the speed with which EU Foreign Ministers endorsed the Icelandic application raised eyebrows in the Balkans. Montenegro applied for membership on 15 December 2008 but the Commission was invited by the Council of Ministers to submit its opinion on 23 April 2009. Albania, which filed its own EU membership bid in April, has not seen its application followed up yet. EU officials, worried of sending the wrong message to the South-East European nations lining up for EU membership have been quick to stress that the EU remains committed to their accession trajectory. Olli Rehn, the Commissioner responsible for Enlargement, was in the region at the end of July in an effort to do just that.

However, despite the fact that Iceland's path towards membership seems to be shorter and easier than that of countries in South-East Europe, the north-Atlantic nation still has a variety of obstacles to clear. The Icelandic Parliament has postponed a decision on whether to reimburse British and Dutch citizens who held accounts with Icesave, a web-based subsidiary of Icelandic bank Landsbanki, which collapsed during the banking turmoil in the last quarter of 2008. This is seen by Holland as a deal-breaker. Fisheries policy is also expected to be another contentious issue, one that had kept the Icelanders from applying for EU membership until

now. Reaching a deal that would accommodate the Icelandic fisheries industry within the EU common fisheries policy is expected to prove complicated. Last but not least public opinion in Iceland remains split. In a recent poll 39% of Icelanders supported EU membership, with 39% opposing it.

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### Commission takes action to promote competition in energy markets

The Commission continues its push to liberalise energy markets in the EU and open them up to competition. In a recent move it targeted E.ON's and GDF-Suez's dominance in the German and French gas markets respectively.

The two groups, which are Europe's largest utilities, had a fine of €553 million each imposed to them by the Commission. The fine was imposed because of an agreement between the two energy giants to not compete on respective gas markets.

In a separate case, GDF-Suez agreed to limit its imports into France to less than half by 2014, after the Commission discovered that the group had reserved most of the country's import capacity for the long term. Up until now two-thirds of the gas imported in the country was imported by GDF-Suez.

The Commission's action against the two companies is part of its efforts to ensure that national incumbents give up past monopoly positions. The Commission has repeatedly stated its intention to guarantee European consumers more price competition and more choice of supplier. The EU executive's actions come in the back of legislative decisions taken by the

EU in March 2009. The so called Third Energy Package aimed, among other things, to separate the control of big utility companies over the generation and distribution networks of energy, increasing access for more players in to the energy market in Europe.

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### Nabucco pipeline agreement signed

In an effort to safeguard alternatives sources of gas for Europe, the agreement for the Nabucco pipeline was signed by 5 EU and non EU states on 13 July in Ankara. Nabucco, which is expected to come on-stream in 2014-2015, will bring Caspian gas to a hub in Austria via Turkey, Bulgaria, Romania and Hungary. The project is seen as a way out of the EU's dependence to Russian energy supplies. Gas for the Nabucco project will be principally supplied by Azerbaijan but alternative sources are considered because Azeri gas is not enough to make the venture viable.



Source: Nabucco Gas Pipeline GmbH

The Nabucco pipeline has been subject of controversy since its conception. Russia, who also competes for access to Azeri gas, sees it as a US effort to weaken its influence in the region and stronghold over Caspian energy supplies. Turkey viewed the project as a bargaining chip in an effort to push forward its EU membership bid. Also, in an effort to position itself as more than just a transit country, Turkey tried to secure

the use of 15% of all natural gas flowing through the pipe. The deal almost collapsed when the Azeri government accused Turkey of trying to secure Azeri gas in preferential terms in order to re-export it to the European markets for a higher price. At the end Turkey failed in its efforts to become a gas dealer but secured significant profits from transit fees.

The pipeline has also been the source of contention within the EU. A Commission effort to label the Nabucco pipeline as an EU project met with the resistance of many member states, notably Germany, who view alternative Russian pipelines (like the Nordstream from Russia to Germany through the Baltic Sea) as more viable. At the end the project secured €200 million in loan guarantees from the EU, which is part of the bloc's €5 billion recovery package and must be spent in 2009 and 2010.

Construction is expected to begin in 2011 but the projects success depends on whether enough countries will commit gas to supply the pipeline's 31 billion cubic meters capacity. Apart from Azerbaijan, Turkmenistan is seen as a potential source. Iraq, Egypt and even Iran at a later stage could also potential supply the project with gas. But commentators warn that Russia and China are also competing for gas supplies from the Caspian region and express doubt that enough gas will be secured on time to meet the project's full potential.

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### Dates for the Diary - September

- **14 September, Committee Meeting** (agenda will be available on the website and facebook page shortly).
- **17 September, EMiL Monthly Social** at 18.30 at the Royal Horseguard Hotel, Whitehall, London.

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