

# EUROPOLITICS

| The European affairs daily |

| Friday 4 May 2012 | N° 4417 | 40<sup>th</sup> year |[Table of Contents](#)**FOCUS**

## GNSS Agency moves to Prague

The lower chamber of the Czech Parliament announced, on 3 May, that it has given the green light to the transfer to Prague of the administrative headquarters of the agency in charge of managing Europe's own global navigation satellite system, Galileo. «The agency will move to Prague during the summer. The exact date has not yet been fixed but I expect it will be 1 August,» said Czech Transport Minister Pavel Dobeš. The European Global Navigation Satellite System (GNSS) Agency is the first EU regulatory body to move its headquarters to the Czech Republic, after having been provisionally located in Brussels.

The Galileo system is comprised of 18 operational satellites, and will start to provide the first 'European GPS' services to EU users from the end of 2014, the Industry Commissioner Antonio Tajani has said. Two satellites will be launched from Kourou, French Guyana, on 28 September. These will be added to the first two satellites, which were launched in October 2012, he said. Six others will follow in 2013 and eight others in 2014. The constellation should grow to 26 satellites by 2015, and 30 in 2020.

The programme will cost five billion euro in 2015, said Tajani's services.

**ECOFIN COUNCIL**

## CRD IV: Majority of states back compromise, UK still holding out

*By Manon Malhère*

After more than 15 hours of negotiations at the Ecofin Council, on 2 May, a qualified majority of member states seemed willing to back a fourth compromise text drafted by the Danish Presidency on the reform of rules on capital requirements for banks, known as CRD IV<sup>1</sup>. The vote will not take place until the next Ecofin Council, however, on 15 May, after «technical checks of the outstanding points,» said Danish Finance Minister Margrethe Vestager, on behalf of the EU Council Presidency. Meantime, it is hoped that the United Kingdom will sign up to the compromise.

London finds that there has been progress on adding flexibility to prudential rules, but still finds certain points very problematical. «If you look at the text, we have not implemented Basel III,» observed Chancellor of the Exchequer George Osborne. «I don't want to be taken for an idiot.»

Different observers find London's position and negotiating tactics difficult to understand.

«To take account of what George wanted on capital, we worked further with the Presidency to increase flexibility,» replied Internal Market Commissioner Michel Barnier. «What lies

behind George's position is total and permanent flexibility.»

Is the United Kingdom in a compromise mindset or is it opposed to an agreement at EU level? «I do not want to be described as being anti-European,» said Osborne, who added that he was seeking binding capital requirements.

*Osborne: "I don't want to be described as being anti-European"*

The main stumbling block for the 27 concerns the degree of flexibility to apply to the

maximalist harmonisation initially proposed by the European Commission. Two groups of member states are at odds on this question: on one side, France, Italy, Austria and Luxembourg, which wish to keep flexibility to a minimum; on the other, the United Kingdom, Sweden, Poland and certain Eastern European states. This second group wishes to be able to apply more binding rules.

**SYSTEMIC RISK BUFFER**

After intense discussions as 27, interrupted by numerous bilateral meetings, the Danish Presidency's compromise on capital requirements proposes: an additional ratio referred to as the systemic risk buffer, which authorises the member states to impose stricter requirements for common equity 'tier 1' capital than what **(continued on page 4)**

# EUROPOLITICS

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# Contents N° 4417

## Top Stories

### EUROPEAN CENTRAL BANK

Draghi sketches  
«growth pact» **Page 4**

### EU/CHINA

Debt crisis:  
Li backs EU **Page 12**

### CRISES

Stiglitz tells Europolitics: «Austerity  
will surely fail» **Page 20**

### Financial services, banks, insurance

Ecofin Council: CRD IV:  
Majority of states back compromise,  
UK still holding out ..... **1**

### Economic & monetary affairs, taxation

European Central Bank:  
Draghi sketches «growth pact» ..... **4**

### Sectoral policies

Structural Funds: EESC opposed  
to macroconditionality «as currently  
formulated» ..... **5**

Sustainable development: Transition  
to 'green' economy starts at local level ... **5**

Energy efficiency: ETUC calls  
for jobs-environment platform ..... **6**

Asylum: Court case illustrates  
shortcomings of Dublin system ..... **6**

Cyber security: As momentum for  
action builds, EU's role remains unclear .. **7**

### Business & competitiveness

Industry: Producer price index up ..... **7**

Competition: Court upholds cartel  
fine imposed on Legris and Comap ..... **8**

### Social affairs

Working time: ECJ: Entitlement  
to allowance from unused  
paid annual leave ..... **8**

Health: Commission takes pulse  
of Community programmes ..... **9**

### Institutions

European policy: European left places  
high hopes in François Hollande ..... **10**

### External relations

Climate change: South Korea to start  
emissions trading scheme in 2015 ..... **11**

EU/Ukraine: Euro 2012  
faces EU boycott ..... **11**

EU/China: Debt crisis: Li backs EU ... **12**

EU/Switzerland: Free movement:  
Berne tries to calm Union ..... **13**

### In Brief

Waste sector merger authorised ..... **13**

Green light for acquisition  
of Pipelife by Wienerberger ..... **13**

Kellogg cleared to buy  
Pringles Snack Business ..... **13**

Authorisation of GM soybean  
product not endorsed ..... **14**

DG INFSO changes name ..... **14**

EU denounces killing of  
environmentalist in Cambodia ..... **14**

EU slaps sanctions on  
Guinea-Bissau coup leaders ..... **14**

**EU Agenda** ..... **15**

### Interview

Crises: Stiglitz tells Europolitics:  
«Austerity will surely fail» ..... **20**

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## CRD IV

(continued from page 1)

is provided for in the Commission's proposal, aimed at implementing Basel III (Article 124 a). The text provides for a maximum ratio of 3% applying to all bank exposure with no control exercised by the Commission. The 27 are authorised to go as high as 5% without controls by the Commission only for domestic exposure. But if this ratio applies to domestic exposure and bank subsidiaries in another member state and if the national supervision authorities cannot agree, there will be mediation by the European Banking Authority (EBA). Afterwards, if a state wishes to go further, it will first have to seek authorisation from the Commission (ex ante control). The question of EBA mediation was debated particularly fiercely by Poland and Italy and Sweden pushed for a ratio of up to 5%. The United Kingdom seems to accept the new agreement.

The same cannot be said for (macro)prudential instruments (Article

443 of the draft regulation). Overall, to meet the United Kingdom's demands, the compromise text proposes the following more flexible provisions: for certain areas, the states may request an opinion from the Commission, the EBS and the European Systemic Risk Board. If one of the three institutions refuses, the matter goes to the Council, which will have to adopt a decision by qualified majority. But for two areas, risk weighting (risks attached to investments) and large exposure, they may act without seeking authorisation only for slight modifications. London sees this as progress, but finds that it does not go far enough.

On the nature of the financial instruments that can be considered common equity 'tier 1' capital, the Commission proposes to apply the 14 criteria set in Basel III determining eligibility for this category. However, in contrast with Basel III, eligible instruments would not be restricted to ordinary shares alone, since the definition of such shares varies in member states' national laws. A minority of states, the United

Kingdom among them, would prefer to apply the approach recommended in Basel III. Under the Presidency's compromise, the EBA would be entitled to intervene and to draw up a list of eligible instruments but it would not be binding. The approach based on substance rather than form would not be changed, however.

On leverage ratios, the obligation for financial institutions to publish their ratios from 2015 would be maintained, opposed by Paris and Berlin. On liquidity, the Commission could adopt delegated acts based on decisions by the Basel III Committee, taking into account specific European characteristics. ■

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(1) *The Commission proposed a regulation and a directive in July 2011. The aim of this fourth revision of the Capital Requirements Directives (2006/48 and 2006/49) is to implement the Basel III agreements.*

## EUROPEAN CENTRAL BANK

### Draghi sketches «growth pact»

By Sarah Collins

European Central Bank President Mario Draghi has fleshed out his idea for a eurozone «growth pact», insisting on continued budget cuts, labour and competition reform and an EU-funded infrastructure programme for poor regions. «We have to put growth back at the centre of the agenda without any contradiction with the need to continue to persevere in fiscal consolidation», he told reporters in Barcelona, on 3 May, at the end of a meeting of the ECB's Governing Council. «We need to have a common European discipline in doing these reforms that is not unlike what we've been able to put in place for the budgetary and monetary and discipline at euro area level», he said.

He added that politicians needed to commit to a «path for the euro», including ceding more power over budgetary policy to the EU. «If we want to have a fiscal union we have to accept the delegation of fiscal sovereignty from national governments to some form of central [authority],» he

said. «Clarity about our future, about our common European future, is one important ingredient of growth», he said.

Draghi said it was crucial to attract private investors back into the market by removing legal obstacles to competition between companies and changing rules that prevent managers from firing older workers. «Who's going to create jobs? The private sector creates jobs, and some - a few - will be created by the public sector through spending on infrastructure», he said. Reforms needed to be undertaken «with conviction and with thoroughness». «This will free energies in the private sector that will create jobs», he said, adding that the EU could contribute some money for low-income areas through the budget and the European Investment Bank - by «means testing the EU funds».

The Italian-born ECB president has changed his tone of late as eurozone governments face into a double-dip recession that Employment Commissioner László Andor has said was partly caused by «the

predominant focus in the last two years on fiscal consolidation and internal devaluation». The austerity trap has led the European Commission to push for a €10 billion increase in capital for the EIB and to speed up the introduction of project bonds to leverage private funding to kick-start key energy, transport and renewables projects. Draghi said that governments that do need to continue to trim spending should concentrate on slashing non-investment expenditure, and should try not to raise taxes.

He made the comments after announcing that the ECB would hold its main borrowing rate steady at 1% for the fifth month in a row, with for overnight borrowing and deposit rates holding at 1.75% and 0.25%, respectively. Draghi pointed to a «stabilisation in economic activity at a low level» but warned that problems in eurozone sovereign debt markets could drag down growth. He also congratulated Spain and Italy for their spending reforms but said «several governments need to be more ambitious». ■

## STRUCTURAL FUNDS

**EESC opposed to macroconditionality «as currently formulated»**

By Isabelle Smets

The European Economic and Social Committee (EESC) is opposed to macroconditionality applied to EU cohesion policy, at least «as currently formulated,» reads an opinion on the future rules for the European Regional Development Fund (ERDF), adopted at its plenary session, on 25 April. In this opinion, the EESC rejects macroeconomic conditionality «for sending out the wrong signals and in fine penalising regions and citizens who are not to blame for macroeconomic excesses committed at national level». It adds that macroconditionality can represent an obstacle to economic growth and lead to the withdrawal of aid and the redistribution of instruments withdrawn in favour of the more developed regions. The EESC is nonetheless not opposed to all types of aid conditionality. It even states that greater use of conditionality in cohesion policy will achieve «more focused and real, sustainable results».

The EESC welcomes the Commis-

sion's proposals on thematic concentration «as a means to reduce fragmentation of effort». It recommends greater flexibil-

*“Macroconditionality can represent an obstacle to economic growth and lead to the withdrawal of aid and the redistribution of instruments”*

ity, however. The Commission's proposal to concentrate a large share of ERDF financing on specific objectives could prove less effective for the least developed regions because «mandatory investment objectives are perhaps not the best way to achieve the optimal development of the region or member state in question,» reads the opinion. «Specific development goals and needs of the regions are to be managed in a flexible way,» it adds. On

the other hand, the EESC agrees with the Commission's proposal to determine minimum shares to be invested for each category of regions in relation to the European Social Fund (ESF).

On the simplification of procedures, the EESC acknowledges the Commission's efforts but considers that too much complexity remains. «Through an excessive emphasis on auditing and procedures, both national and European authorities are stifling access to EU funding for SMEs and NGOs – too much energy is lost in administrative burdens. Gold plating at all levels is absolutely to be rejected.»

It also voices concern over the principle of partnership with regional and local authorities and civil society. The EESC applauds the Commission's proposals on partnership but notes that it is «deeply worried by signals from the Council where some member states seem to restrict the partnership principle». It calls on the European Parliament and the Commission to reverse this trend. ■

## SUSTAINABLE DEVELOPMENT

**Transition to 'green' economy starts at local level**

By Anne Eckstein

The implementation of a new sustainable development strategy that creates links between the social, environmental and economic pillars requires a renewed sense of urgency, political ambition, coherence and responsabilisation. Such was the message of the 'Think green! The opportunities of sustainable development and the green economy' conference, organised on 2 May in Brussels, by the Various Interests group of the European Economic and Social Committee (EESC).

The conference was held a few weeks ahead of the global conference on sustainable development, Rio+20 (20-22 June). The aim of the conference was to stress that it is first and foremost up to citizens and civil society to promote the efficient use of resources and sustainable development in the long run.

«It is a fact that we cannot continue our lifestyles and production patterns. Unfortunately, Europe has exported

*“It is a fact that we cannot continue our lifestyles and production patterns”*

its industrialised economic model to the world. Now it is only through coordinated action and political commitment at all levels that we will be able to aspire towards sustainable growth and to reverse environmental degradation,» noted Luca Jahier (Italy), who is the president of the Various Interests group.

The transition to a 'green' economy is an integral part of this process, but it is only the first step. Sustainable and environmental labelling, the exchange of

information on good practices, sustainable consumption modes and education programmes are only a few key elements of a 'Road map towards a 'green' economy', which the participants consider to be essential. To them, the objectives of Rio+20 will only be reached if the June conference leads to the adoption of a global political framework.

They also stressed the need to separate economic growth from the use of resources, the need to modernise the energy sectors and to introduce sustainable transport policies for people and goods.

«Local projects, communities and grassroots initiatives play a central role in achieving a 'green' economy. It is of utmost importance to motivate our fellow citizens to become actively involved in sustainable development strategies,» said the President of the EESC, Staffan Nilsson. ■

**ENERGY EFFICIENCY****ETUC calls for jobs-environment platform**

By Marie-Martine Buckens

An ambitious energy efficiency directive will provide powerful leverage for creating jobs. This is the message transmitted by the European Trade Union Confederation (ETUC), on 3 May, to the member states' permanent representatives (Coreper), set to meet on 4 May to discuss this controversial issue.

«The Commission's original proposal was already very conservative,» states Judith Kirton-Darling, ETUC confederal secretary, «and now national governments are watering down those limited demands rather than seeing energy efficiency as a means of creating hundreds of thousands of jobs in Europe». The resolution, adopted by the ETUC in October 2011 on the draft directive on energy efficiency, supports most of the many amendments adopted by the European Parliament on the initiative of its rapporteur, Claude Turmes (Greens-EFA, Luxembourg). In partic-

ular, it supports the adoption of binding energy efficiency targets at EU level to achieve an improvement of at least 20% by 2020. This provision has so far been rejected by a majority of member states.

The ETUC resolution also emphasises the role of employee involvement. It calls for a mechanism that permits both training and participation, pointing out that even the European Commission's «limited» proposal estimates that 2.4 million jobs could be created.

**GERMAN EXAMPLE**

To illustrate its point, the ETUC mentions the case of the German Alliance for Work and Environment, which has provided strong evidence of the net return on investment in energy efficiency and renovation programmes. This alliance brings together a wide panel of stakeholders: government, social partners and environmental NGOs. Through the active involvement of all these players,

notes the ETUC, it has made possible the renovation of more than 2.4 million flats, delivering a reduction of 1.5 million tonnes in 2009. The alliance also led to the creation of 221,000 jobs in 2008 and 340,000 in 2010, mainly in the skilled trades and construction sectors but also in the production of construction materials and in professional activities, such as architecture, consultancy and engineering.

The ETUC supports the European Parliament's amendments providing for the creation of financing systems to fund energy efficiency investments, particularly through the use of Structural Funds. It insists that the directive set a binding renovation rate for private buildings. The gradual renovation of public buildings alone, as planned by the Commission, is not enough, argues the ETUC, which points out that public buildings account for only 12% of building stock in the EU. ■

**ASYLUM****Court case illustrates shortcomings of Dublin system**

By Nathalie Vandystadt

Not only is the Dublin II Regulation cumbersome and overly bureaucratic, but EU member states are all too ready to disclaim responsibility for asylum seekers, a judgement by the EU Court of Justice has shown. The 2 May judgement (Case C-620/10) concerned a case involving Kosovan nationals Nurije Kastrati, Valdrina Kastrati and Valdrin Kastrati.

The court highlighted that under the Dublin II Regulation of 2003, only one member state is responsible for dealing with a request for asylum, in order to prevent asylum seekers from submitting several requests. However, in the case of Mrs Kastrati, it is unclear whether France or Sweden is responsible for the requests for asylum she submitted.

Initially, the Kosovar woman submitted a request to the Swedish Embassy in Skopje, FYROM, for a residence permit in Sweden for herself and her children. The request was refused, since the Swedish authorities

did not consider that a sufficient link existed between Mr and Mrs Kastrati. In March 2009, mother and children went to France on a short-stay visa, without requesting asylum. Subsequently, the family emigrated to Sweden.

Three months later, the Swedish immigration authorities asked France to deal with the family's request for asylum. In fact, under Dublin II, the member state which granted a residence permit or a currently valid visa is responsible for examining the request.

The family immediately asked Sweden for a residence permit, insisting that there was a personal link with Mr Kastrati, while withdrawing the request for asylum. However, the family was still out of luck: Stockholm ordered the woman and her children to be transferred, before the French authorities refused to take them.

At this point the case landed in the lap of the European judges: Sweden requested information on the consequences of withdrawing a request for asylum, and the court said that the Dublin II Regulation ceases to

apply from the moment when there is no longer a request for asylum.

«The member state on whose territory the request was introduced (Sweden) is therefore responsible for taking the decisions required by the withdrawal of the request; in particular, to enclose the examination of the request with the consignment of information in the file of the requesting party,» said the court.

Despite the European Commission's proposal to reform the regulation and increase solidarity between member states on the issue of asylum, negotiations remain at a standstill. In its 'asylum package' of 2008-2009, the EU executive proposed the temporary suspension of the system of returning asylum seekers to the country where they landed - if these countries are facing excessive numbers of requests. Several countries, including France, have rejected this reform, saying that Dublin is already working well.

Germany, Greece, Italy, the Netherlands and the United Kingdom intervened in this case. ■

## CYBER SECURITY

**As momentum for action builds, EU's role remains unclear**

By Brian Beary in Washington

"The EU does not have any competence on national security - and it shouldn't have," Home Affairs Commissioner Cecilia Malmström told a conference on cyber security in Washington DC, on 2 May. But, underscoring how the division of labour in this field is still being carved out, Malmström added that "while NATO is doing a lot of work," the EU could contribute to that by building up knowledge and networks. She announced that she, Digital Agenda Commissioner Neelie Kroes and High Representative Catherine Ashton were formulating an EU strategy that they would unveil by the end of 2012, which should address the key emerging questions, notably the role government should play in cyber security.

Two MEPs attending the Centre for Strategic and International Studies seminar told *Europolitics* that they would like the EU to take on a broader role than that outlined by Commissioner Malmström in her presentation, which focused mostly on cyber crimes, such as misuse of domain names, child abuse networks and credit card fraud. Ivailo Kalfin (S&D, Bulgaria) said he had called for the EU to have its own cyber security coordinator but that the European Commission and many MEPs were opposing this. Monika Hohlmeier (EPP, Germany), Parliament's rapporteur on cyber crime, said she supported Malmström's proposal of 28 March 2012 to create a European cyber

crime centre based at Europol's headquarters in The Hague. Indeed, Hohlmeier said that Parliament was likely to push for the centre to be given greater resources than the annual budget of €3.6 million and staff of 50 experts that the Commission has proposed. The centre is scheduled to become operational in January 2013.

German Interior Minister Hans-Peter Friedrich said, in a keynote address, that the EU should "have a network of single points of contact in every member state" to enable daily communication on cyber threats. "Europol could be one contact point in this process" because "it is a very important player," he said. The EU, in addition, "could prepare our discussions at the G8 or United Nations". Several speakers noted that Russia and China were behind an initiative within the UN to regulate not merely cyber security but also content on the internet and they urged the EU and US to come together in opposing this. From the Estonian Defence Ministry, Undersecretary Jonatan Vseviov said that "NATO has done a lot" on cyber security, having already developed a cyber defence policy and established a cyber defence centre based in Estonia. Vseviov admitted that EU-NATO cooperation on cyber security would probably create difficulties in the future, as would divergent concepts about privacy.

**DATA PRIVACY DIFFERENCES**

The EU's closest collaborator on cyber

security, the US, still has not decided what the government's role should be in this domain, Jane Holl Lute, deputy secretary at the Department of Homeland Security (DHS), told the conference. However, she said that "the status quo is not acceptable" and that the US government's ultimate position would likely be "in the middle" of the two extreme positions, namely that government has no role at all, and that the cyber world is a warzone. Highlighting the growing transatlantic cooperation on cyber security, Holl Lute admitted "we have different views" on information-sharing and privacy and that this would likely be the subject of future debate. At the US State Department, Thomas Dukes, senior cyber policy advisor, noted that "apart from data privacy, we are almost in complete lockstep on cyber security" with the EU. Dukes said there had been an "exponential growth in interest in talking about cyber security" both in the EU, the US and at the OSCE, Council of Europe and Organisation of American States. Dukes welcomed the growing number of countries which have chosen to accede to the 2001 Council of Europe Convention on Cybercrime (the Budapest Convention). The US ratified the Budapest Convention in 2007, he noted. The EU and US "can raise the baseline" internationally so that "there are no safe havens" on the internet for "bad actors," he said. ■

## INDUSTRY

**Producer price index up**

Eurostat data

In March 2012, compared with February 2012, the industrial producer price index rose by 0.5% in the eurozone and by 0.6% in the EU27. In February, prices increased by 0.6% and 0.9%, respectively, Eurostat reported, on 3 May. Prices in total industry excluding the energy sector increased by 0.2% in both the eurozone and the EU27. Prices in the energy sector rose by 1.4% and 1.8%, respectively. In both zones, intermediate goods gained 0.3%, non-durable consumer goods 0.2% and

capital goods 0.1%, while durable consumer goods remained stable.

The highest increases in the total index were recorded in Greece and the United Kingdom (both +1.2%), Lithuania (+1.1%) and Cyprus (+1%). The only decreases were recorded in Sweden (-0.5%), Hungary and Austria (both -0.1%).

On an annual basis, March 2012, compared with March 2011, industrial producer prices gained 3.3% in the eurozone and 3.8% in the EU27. Prices in total industry excluding the energy sector increased by 1.5% in the eurozone and by 1.8% in the EU27. Prices

in the energy sector gained 8.5% and 8.6%, respectively. Non-durable consumer goods rose by 2.8% in the eurozone and by 3.1% in the EU27. Durable consumer goods increased by 2.3% and 2.2%, respectively. Capital goods gained 1.1% in the eurozone and 1.2% in the EU27. Intermediate goods rose by 0.9% and 1.2%, respectively.

The largest increases in the total index were observed in Latvia (+10%), Cyprus (+8.8%) and Hungary (+7.4%), and the smallest in Malta (+0.5%), Slovenia (+0.6%) and Austria (+1.6%). The only decrease was recorded in Sweden (-0.5%). ■

**COMPETITION****Court upholds cartel fine imposed on Legris and Comap**By *Sophie Mosca*

Legris Industries failed to present convincing arguments to the European judges hearing an appeal regarding its participation in the copper fittings cartel from 1988 to 2004 (Cases C-289/11P and C-290/11P).

Following on from the EU General Court, in March 2011 (see *Europolitics* 4169), the Court of Justice also rejected, on 3 May, the appeal lodged by Legris and its subsidiary Comap (99.99% owned by Legris) against the Commission's accusation and the total fine of €46.8 million imposed on the two firms in 2006.

In its 2006 cartel decision, the EU executive identified 30 companies belonging to 11 groups – Aalberts, IMI, Delta, Advanced Fluid Connections, Legris, Frabo, Mueller, Tomkins, Flowflex, Viegner and Sanha Kaimer – involved in a cartel in the copper fittings sector and imposed fines on the participants.

The court rejected the appellants' arguments aimed at requesting it to examine the factual circumstances of the cartel and trying to establish the impossibility of rebutting the presumption that the parent company exerts decisive influence over its subsidiary, such that the subsidiary does not determine its own

conduct on the market. The court held that this presumption implies that Legris must furnish the evidence necessary to reverse it, and since it cannot do so, it must be held jointly and severally liable for Comap's conduct and for payment of the €18.56 million of the total fine imposed on its subsidiary.

The General Court annulled the fines imposed on Aalberts, Aquatis and Simplex and reduced Kaimer's fine from €7.15 million to €6.33 million and Tomkins' from €5 million to €4.25 million.

Appeals concerning the same cartel case lodged by Aalberts, Kaimer, Viega and Tomkins are still being examined by the court. ■

**WORKING TIME****ECJ: Entitlement to allowance from unused paid annual leave**By *Sophie Petitjean*

Under EU law, a public servant may obtain payment of an allowance on retirement if, because of sickness, he has not been able to take all or part of the minimum paid annual leave to which he is entitled. In a ruling in Case C-337/10, handed down on 3 May, the EU Court of Justice nevertheless adds that this right is limited in time and that it is for national courts to determine whether it applies to possible additional entitlement to paid leave.

Georg Neidel, a fireman with the city of Frankfurt am Main (Germany) from 1970, was declared unfit for service on medical grounds in 2007. On retiring in 2009, he applied to his employer for payment of €16,821.60 gross for 86 days of leave not taken. According to his contract, Neidel was entitled to 26 days of annual leave and compensatory leave for public holidays. The administrative court in Frankfurt am Main, before which Neidel brought an action, referred a number of questions to the Court of Justice. In particular, it asked whether Directive 2003/88/EC on working time applies to public servants and whether the entitlement to an allowance covers only the minimum annual leave or whether it extends to the additional leave for which national law provides.

The court noted first that Directive 2003/88/EC applies in principle to all sectors of activity, both public and private. It obliges member states to take the measures necessary to ensure an annual paid leave of at least four weeks

*This entitlement can be replaced by an allowance only on termination of the employment relationship*

to all workers and states that this entitlement can be replaced by an allowance only on termination of an employment relationship (including retirement). The court therefore concludes that a public servant is entitled, on retirement, to an allowance in lieu of paid annual leave not taken because of the fact that he was prevented from working by sickness.

The judges nevertheless point out that the directive does not preclude provisions of national law conferring on a public servant an entitlement to further paid leave in addition to the entitlement to a minimum paid leave of four weeks. In such a case, national legislation does not have to provide for payment of an allowance in lieu if a public servant who is retiring has been

unable to use that additional entitlement because he was prevented from working by sickness. According to the court, it is for member states to decide whether to confer on public servants an entitlement to further paid leave and whether such entitlement can be transformed into an allowance in case of sickness (and the conditions for granting this entitlement).

The court also strikes down the regulation of the Land of Hesse on annual paid leave, which restricts, through a carry-over period of nine months on expiry of which the entitlement to paid annual leave lapses, the right of a public servant who is retiring to cumulate the allowances in lieu of paid annual leave not taken because he was unfit for service. Based on its recent case law (Judgement C-214/10 of 22 November 2011), the court held that any carry-over period must ensure that the worker can have, if need be, rest periods that may be «staggered, planned in advance and available in the longer term» and «must be substantially longer than the reference period in respect of which it is granted». In the proceedings in question, the carry-over period laid down is nine months, that is to say a shorter period than the reference period (in this case, one year). ■

## HEALTH

**Commission takes pulse of Community programmes**

By Sophie Petitjean

The EU funded 673 health projects between 2003 and 2012, the European Commission highlighted at a high-level conference, held on 3 May, to celebrate the tenth year of EU health programmes. The conference was also the occasion for the launch of the European journalism prize for health, and the presentation HEIDI, a comprehensive search tool for European health information and data.

"In an economic climate where every cent of public spending is under scrutiny, and rightly so, we would like to demonstrate with real-life examples that money spent on health is money well spent," said the Commissioner John Dalli, in charge of health and consumers, before the opening of the conference, which brought together some 500 political decision makers, health sector representatives and journalists.

**'HEALTH FOR GROWTH'**

Besides sharing best practice, the main goal of the conference was to gauge stakeholders' reactions to the proposed regulation establishing the next programme, 'Health for growth'. The draft text, which was presented by the Commission in November 2011, suggests allocating €446 million from the Community budget to actions linked to health in the period 2014-2020. More

specifically, it identifies four key priorities: establishing innovative and viable health systems (48% of the budget), improving access to, and the reliability of, high quality health care for citizens (22%), promoting health and preventing illness (21%) and protecting citizens from cross-border health threats (9%).

The Council, co-legislator on this dossier, held an orientation debate on the matter in December 2011, and should adopt a partial general position on 22 June. For its part, the European Parliament is set to hold a first vote in the Committee on the Environment (ENVI), on 20 June.

To recall, during a debate, on 2 December 2011, several member states expressed their reservations on the name of the programme. Some of these countries also put forward certain criticisms, particularly regarding the choice of instrument (a regulation), the absence of measures against health inequality, and the way the budget was shared between the chosen objectives.

**CHALLENGES**

At the conference, the Deputy Director-General of DG Health and Consumers, Martin Seychell, laid out the future challenges that the EU will have to face on the issue of health. Specifically, he referred to demographic ageing, limited economic and professional resources,

the control and prevention of rare illnesses, cross-border health threats, the rapid development of health technology, the need to ensure universal access to quality health care despite the resource limitations, and the need to improve profitable and sustainable health care systems.

The Commission also presented for the first time its new health data tool, HEIDI ((Health in Europe: Information and Data Interface), which presents online information on the state of the population's health, health determinants, health services and other related subjects<sup>1</sup>.

The European journalism prize for health competition was also launched<sup>2</sup>. Now in its fourth consecutive year, the competition rewards articles originally published in the print or electronic media on one of the following subjects: 1. one or several themes from the 'Europe for patients' campaign; 2. active and healthy ageing, on the occasion of the European Year of Active Ageing and Solidarity between Generations; and 3. the theme for the special prize: stopping smoking'. The first prize in the competition is a cheque for €6,000. ■

 (1) [ec.europa.eu/health/heidi](http://ec.europa.eu/health/heidi)

(2) [ec.europa.eu/health-eu/journalist\\_prize/index\\_en.htm](http://ec.europa.eu/health-eu/journalist_prize/index_en.htm)



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**EUROPEAN POLICY****European left places high hopes in François Hollande**

By Pierre Lemoine in Rome

Speaking to an audience of left-of-centre European economists and political leaders, gathered for a seminar in Rome, on 2 May, Mario Monti, the quiet man carrying out unpopular reforms in Italy, played the role of the man to whom the EU can turn.

Anticipating the victory of the Socialist candidate, François Hollande, in the French presidential election, on 6 May, the Italian Council president declared: "What may happen in France could become an important factor" of political and economic developments in the EU. He added: "I do not need to highlight with pride what we have achieved to date in Italy" (meaning, since he took up his duties last November at the head of a government of technocrats that has the backing of both the centre-right and the centre-left). Monti then unambiguously offered his services: "I think that Italy is in a good position to help France and Germany strike a new balance if the question arises" because "we have succeeded in becoming more present, and I hope more convincing, in the European framework".

The former EU commissioner, first in charge of the single market, followed by competition, was alluding to the new policies that François Hollande hopes to put in place to release the stranglehold

of the EU budget pact pushed through by German Chancellor Angela Merkel.

Monti's position reflects his interest in obtaining more flexibility from Germany but without rushing things: "In the debate on the public debt crises," he said, "we need on the one hand to put pressure on Germany. On the other, we should be grateful to Germany because, in the early 1990s, binding rules were put in place, which today can seem archaic and perverse. Without these rules, however, Germany would never have agreed to share its currency and without these rules, in my opinion, Italy would have remained caught up in vicious circles. Without the social market economy, which we share in Europe despite our cultural and economic differences, we would not have an anti-trust authority or rules on deficits. We would have had inflation."

Massimo d'Alema, president of the left-leaning *Fondazione ItalianiEuropei*, former president of the Council of Ministers and former Italian foreign minister, added nuance to Monti's proposal. He told *Europolitics*: "France and Germany do not need an intermediary. If the 'Merkozy bloc' disappears, Italy will obviously have a role to play. This may help the European institutions regain the initiative. Germany and France will always have a special role, but it must be at the service of Europe." D'Alema,

like other Socialist and Social Democrat leaders present in Rome, voiced high expectations of Hollande: "François Hollande has called for the renegotiation of the budget treaty, not because he is opposed to budget discipline, but because we need a European commitment on growth. I think that France led by Hollande will be a valuable partner for Italy and for Monti".

Hannes Swoboda, head of the S&D group in the European Parliament, added: "We need a comprehensive solution and a very strong response to a situation that has become extremely serious, with alarming youth unemployment. We do not want gadgets like those announced at the latest EU summit. With a President Hollande in France, with other victories that will strengthen social democracy in Europe, we can change European economic governance."

Ernst Stetter, secretary-general of the Foundation for European Progressive Studies, the lead organiser of the Rome meeting, observed: "What is important is the existence of a project to put an end to austerity policies. The project can be based on the development of instruments that have been proposed, such as the financial transaction tax and the capital increase for the European Investment Bank". ■

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## CLIMATE CHANGE

**South Korea to start emissions trading scheme in 2015**

By Sébastien Falletti in Seoul

The adoption, on 3 May, by South Korea of a law establishing a cap and trade system for emissions is good news for the EU. Indeed, the Union was the first to create this system and has been defending and promoting it on the international scene for several years. Climate Action Commissioner Connie Hedegaard expressed her satisfaction as soon as the result of the vote was announced.

South Korea is the first Asian country to emulate the EU's Emission Trading Scheme (ETS). On 3 May, the National Assembly adopted a bill that should allow the country to reach its objective - a 30% reduction of its greenhouse gas emissions by 2020. The cap and trade mechanism will enter into force in 2015 and will cover 60% of South Korea's emissions.

"Seoul wants to establish rules that conform to similar arrangements in the European Union, Australia and New Zealand, while at the same time reflecting conditions and need of local businesses that may be hard pressed to meet cuts," said the South Korean Ministry of Strategy and Finance.

The government of President Lee Myung-bak had to strike a delicate balance between his pledge to combat global warming and the pressure from the industry, which is afraid the system will curtail its competitiveness on the world market.

The rules will only affect businesses that release 125,000 tonnes or more of greenhouse gases per year. Individual plants that emit 25,000 tonnes of global warming gases, such as carbon dioxide, will also come under the new restrictions.

The ministry said this new proposal aimed at preventing the risk of "green protectionism" from advanced countries. South Korea is afraid that the EU would impose retaliatory measures on imports from countries that are not making enough effort to curb their CO<sub>2</sub> emissions.

President Lee has put 'green' growth and the fight against global warming at the top of his agenda, although critics point out that only little tangible progress has been achieved since he took office in 2008.

**EUROPEAN SATISFACTION**

"Welcome South Korea, the world's 12th largest economy, to the growing ETS family," said Hedegaard. The ETS is expanding in the Asia-Pacific region. South Korea is a "natural EU cooperation partner," she tweeted, on 3 May.

The EU has defended the ETS on the international scene and hopes to create a true world market for carbon by linking the ETS and the equivalent systems adopted by third countries. "All the countries that are headed in this direction are potential candidates to link the systems, and the EU is prepared to cooperate with them," said Commission spokesman Isaac Valero

Ladron. "This is already being done with Australia with which the Commission's services have regular contacts, and have created work groups to ensure the necessary coordination to create a link between the two systems," he added. ■

**Background**

Since South Korea is not an Annex 1 country of the Kyoto Protocol, it has no obligation to put forward a target for CO<sub>2</sub> emission cuts. However, Seoul has still pledged to reduce its emissions by 30% in 2020, ahead of the Copenhagen conference, in 2010. The country sees the climate change issue as an opportunity to assert its role on the global scene by becoming "a bridge between developing and developed countries". The pledge announced by the president amounts to a 4% reduction of greenhouse gas emissions compared to 2005. South Korea emitted 594 million tonnes of carbon dioxide in 2005, ranking ninth among member nations of the OECD. The goal is far from that set by the EU, which takes 1990 as a reference year, but it was hailed by supporters of a global climate pact since it could provide a new impetus to the global talks.

## EU/UKRAINE

**Euro 2012 faces EU boycott**

By Lénaïc Vaudin d'Imécourt

Agrowing number of countries have already decided to boycott the 2012 European Football Championships, which Ukraine will co-host with Poland between 8 June and 1 July, if no rapid progress is made on the rule of law in the former Communist state.

On 2 May, Austrian Foreign Minister Michael Spindelegger said his government decided to boycott all Euro 2012 football matches held in Ukraine as a sign of "our solidarity" with jailed ex-Premier Yulia Tymoshenko. The same day, Dutch Foreign Minister Uri Rosenthal said his government

and members of the royal family could also boycott the event if Tymoshenko's detention situation did not improve. German Foreign Minister Guido Westerwelle has threatened to block the final approval of the EU-Ukraine association agreement if the ex-premier did not receive adequate health care. German doctors have diagnosed her with serious back problems which, according to them, cannot be treated in Ukraine.

Meanwhile, the European Commission announced, on 30 April, that President José Manuel Barroso and Enlargement Commissioner Stefan Füle had "no intention" of participating in any events in Ukraine

"at this point," including the Yalta summit, scheduled for 11-12 May. The presidents of Germany, Austria, Italy, the Czech Republic, Slovenia and Estonia have also already confirmed that they would not attend the Central European summit.

Tymoshenko was sentenced to seven years in jail over allegations that she had exceeded her powers as prime minister by signing a gas deal with Russia in 2009. According to the Ukrainian ombudsman's office, she was subjected to physical violence during a forced transfer from her prison cell to a hospital, on 20 April, raising both EU and member state concerns. ■

**EU/CHINA****Debt crisis: Li backs EU**

By Marie-Martine Buckens and  
Lénaïc Vaudin d'Imécourt

Li Keqiang expressed his “full confidence and support for the euro area’s ability to cope with the sovereign debt crisis,” the President of the European Council, Herman Van Rompuy, said in a statement following his meeting with the Chinese vice-prime minister, on 3 May in Brussels. The two men also discussed “pressing international issues, such as the situation in Syria, the Democratic People’s Republic of Korea and Iran”. The issue of human rights was also discussed, being one that “remains key and an essential part of our relations,” according to Van Rompuy. “I welcome the decision to hold the next round of the EU-China Human Rights Dialogue at the end of May,” he added (see box). Li, who is set to replace Wen Jiabao as prime minister in 2013, also spoke with the President of the European Commission, José Manuel Barroso,

and the Commissioner for Trade, Karel De Gucht. The discussions focused on preparations for the G20, which will be held in Mexico in June. Lastly, the two men made the most of the high-level meeting on energy, which was being held on the same day to sign joint dec-

larations on EU-China urbanisation partnership and on energy security, and a joint statement for enhanced cooperation on electricity markets between the European Commission and the State Electricity Regulatory Commission of China. ■

**Press freedom?**

The European Commission is “one of the most open and transparent bodies in the world,” EU spokeswoman Pia Ahrenkilde Hansen said on the occasion of World Press Freedom Day, on 3 May. “We are practicing what we preach on media freedom,” she added at the daily briefing held by the Commission. However, besides a few photo opportunities, members of the press were not to be allowed to ask any questions after a high-level meeting the same day between President José Manuel Barroso and Chinese Vice-Premier Li Keq-

iang. “We deeply regret that our EU leaders in some sense of misplaced courtesy or diplomatic nicety feel they should not respect European principles and meet the press,” said Ann Cahill, president of the International Press Association (IPA) as she formally requested “that President Barroso holds a press briefing after his meeting”. In November 2010, the EU institutions tried to prevent journalists critical of the Chinese government from entering a press conference, until other EU journalists complained. The press conference was finally cancelled by the Chinese authorities.



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## EU/SWITZERLAND

**Free movement: Berne tries to calm Union**

By Tanguy Verhoosel

Swiss Economy Minister Johann Schneider-Ammann did his best to defuse the situation on free movement of persons, on 2 May in Brussels, where he met several EU commissioners and heard expressions of «comprehension» at best. This visit, insisted the Swiss minister, was «scheduled» and not put together at the last minute due to the waves made by the Swiss government's 18 April decision to limit temporarily the number of residence permits issued to nationals of eight Central and Eastern European countries. It did not take place in a «crisis atmosphere».

He nevertheless recognised that the scope and suddenness of reactions in the EU took Berne by surprise. Switzerland was astonished that EU foreign policy chief Catherine Ashton immediately described the Swiss measures as illegal (which Berne disputes) and did not sound the alert earlier, since the Swiss decision was foreseeable.

In these circumstances, Schneider-

Ammann tried to explain Berne's motivations to his European partners, saying that its decision, dictated solely by domestic policy considerations, «should be taken positively, not negatively»: it is meant to reassure the Swiss population and to pull the rug out from under those demanding a thorough renegotiation or even the termination of the agreement on free movement of persons. The minister explained this situation by telephone to Poland's Vice-Premier Waldemar Pawlak, who expressed «comprehension,» observed the Swiss minister. He then discussed it in person with the Commissioner for Employment, Social Affairs and Inclusion, László Andor.

«The meeting was positive,» according to Schneider-Ammann, who nevertheless acknowledged that Berne and the Commission still have «different opinions» on the subject and that the Europeans plan to place it on the agenda of the next annual meeting, on 27 June, of the EU-Switzerland Joint Committee charged

with managing the agreement on free movement of persons.

The Union still hopes to convince Switzerland to back down. It is likely to be disappointed: «Switzerland will not reconsider its decision,» reiterated Schneider-Ammann.

This was not the only controversial issue the Swiss minister discussed with his EU partners. He also provided certain clarifications on the ideas the Federal Council is exploring in its effort to work out a solution to the institutional problems that complicate relations between Switzerland and the EU, already considered unambitious by some in Brussels.

Schneider-Ammann also debated Switzerland's new regional policy with Competition Commissioner Joaquín Almunia. Certain of its tax measures spark concerns in Brussels. This was not a matter of «negotiating» but simply of «exchanging views,» explained the Swiss minister, who added that an expert group would be set up to examine the different concerns. ■

**In Brief****Waste sector merger authorised**

On 3 May, the European Commission granted clearance, under the simplified merger procedure, to the proposed acquisition of joint control by Scholz Austria GmbH and Asamer Familienholding GmbH of RPE Recyclingpark Eisenerz that is operating a mechanical factory for the treatment of various types of waste (a recycling park). Currently, RPE is exclusively controlled by Asamer. Scholz Austria, controlled by the German group Scholz and the Austrian group Voestalpine, is specialised in the recycling and trading of recyclable products, such as steel, metal scrap, industrial waste and other materials. Asamer is active in the sector of gravel, stone, concrete and cement production, in recycling, innovation and tourism.

**Green light for acquisition of Pipelife by Wienerberger**

On 3 May, the European Commission granted clearance, under the simplified merger review procedure, to the dissolution of the joint venture Pipelife International GmbH, which is specialised in the manufacturing and distribution of sewage pipes. Wienerberger AG, which already holds 50% of the shares in the joint venture, will acquire the remaining 50% shares from the Solvay Group. Wienerberger AG is a multinational company based in Austria and is active in the production of construction materials, in particular of clay bricks and tiles, as well as sewage pipes made from stoneware.

**Kellogg cleared to buy Pringles Snack Business**

On 3 May, the European Commission granted clearance, under the simplified merger review procedure, to the acquisition of the Pringles Snack Business, a subsidiary of Procter & Gamble, by Kellogg, both of the US. Kellogg is a producer of ready-to-eat cereal and convenience foods, such as cookies, crackers, toaster pastries, cereal bars, fruit-flavoured snacks, frozen waffles and veggie foods. In the EEA, Kellogg sells ready-to-eat cereal, cereal bars, toaster pastries and fruit-flavoured snacks. Pringles' Snack Business produces and sells Pringles potato crisps.

# In Brief

## **Authorisation of GM soybean product not endorsed**

A draft decision authorising genetically modified (GM) soybean product MON 87701 x MON 89788 was not endorsed, on 2 May, by the member states during a meeting of the Standing Committee on the Food Chain and Animal Health. The proposal will now be examined by the GM appeal committee as set up by Regulation (EC) 182/2011. The proposal for the authorisation concerns food and feed uses and not cultivation. The Commission tabled the proposal following an application submitted by Monsanto Europe S.A. and a favourable scientific assessment from the European Food Safety Authority (EFSA), which addressed all safety concerns surrounding this GM soybean. EFSA concluded in its opinion that this soybean is as safe as its non-genetically modified counterpart with respect to potential effects on both human and animal health and the environment. Further information is available at [ec.europa.eu/food/food/biotechnology/index\\_en.htm](http://ec.europa.eu/food/food/biotechnology/index_en.htm)

## **DG INFSO changes name**

On 2 May, the European Commission decided to change the name of its Directorate-General Information Society and Media to Directorate-General for Communications Networks, Content and Technology, with the acronym DG CONNECT. This change of name will take effect as of 1 July.

## **EU denounces killing of environmentalist in Cambodia**

The EU denounced the increasing level of violence in Cambodia surrounding illegal logging activities, following the death of a prominent environmentalist, at the end of April. «The EU Delegation calls for a speedy, robust and independent investigation of this case, which casts a shadow over the government's and civil society's efforts to curtail illegal logging in the country,» said a statement, released on 1 May, by the EU office in Phnom Penh. Chut Wutty, an experienced environmental activist was shot dead as well as a policeman, in Rattana, in the remote region of Koh Kong. Preliminary police reports said that the two men fired at each other simultaneously but subsequent reports indicated that the policeman had shot first at Chut Wutty, who has been fighting against illegal logging in the region. The EU denounces the growing level of violence aimed at intimidating members of civil society who are fighting against illegal logging in this country rich in precious tropical woods. In a statement approved by all the ambassadors of the EU member states in Phnom Penh, the European bloc urged the government to do more to combat violence.

## **EU slaps sanctions on Guinea-Bissau coup leaders**

Six individuals who "threaten the peace, security and stability of Guinea-Bissau" were targeted by an asset freeze and a travel ban to enter the EU, on 3 May. The Council of the EU decided to approve said restrictive measures "given the seriousness of the current situation," an official statement said. "Today's measures target the leaders of the recent coup d'état in Guinea-Bissau," said High Representative Catherine Ashton. "The EU strongly condemns it and demands that constitutional order be immediately restored," she added. The sanctions will enter into force as soon as they are published in the EU's Official Journal, on 4 May.

# EU Agenda

## Friday 4 May

### EUROPEAN PARLIAMENT

#### DELEGATIONS

##### 18TH EU-NEW ZEALAND INTERPARLIAMENTARY MEETING

*30 April - 4 May, Auckland, Wellington & Christchurch, New Zealand*

A delegation of six MEPs is visiting Auckland, Wellington & Christchurch, New Zealand for the 18th EU-New Zealand interparliamentary meeting. The head of the delegation is Mara Bizzotto (EFD, IT), and the members are Richard Ashworth (ECR, UK), Giles Chichester (ECR, UK), Michael Cramer (GREENS/EFA, DE), Alajos Meszaros (EPP, SK) and Hannu Takkula (ALDE, FI). Meetings with ministers, Maori business leaders and students, will be on the agenda. MEPs will also visit earthquake damage zones in Christchurch and meet local authorities on the reconstruction and rehabilitation of the city.

##### 4TH EP-UNITED ARAB EMIRATES INTERPARLIAMENTARY MEETING

*29 April - 4 May Dubai, Abu Dhabi, United Arab Emirates*

A delegation of seven MEPs is visiting Dubai and Abu Dhabi for the 4th EP-United Arab Emirates interparliamentary meeting. The head of the delegation is Angelika Niebler (EPP, DE), and the members are Antonio Cancian (EPP, IT), Anna Maria Corazza Bildt (EPP, SE), Paul Rubig (EPP, AT), Joseph Cuschieri (S&D, MT), Jutta Steinruck (S&D, DE) and Holger Kraemer (ALDE, DE). Meetings with ministers, representatives of commerce and industry and women on the board of the Dubai Chamber of commerce will be on the agenda. MEPs will also visit IRENA (International Renewable Energy Agency),

##### DELEGATION VISIT FOR RELATIONS WITH INDIA

*30 April - 4 May, Delhi, Chennai (Madras), India*

A delegation of 15 MEPs is visiting Delhi and Chennai (Madras), India. The head of the delegation is Graham Watson (ALDE, UK). During the visit MEPs will meet with government ministers and other parliamentarians, representatives of civil society and think tanks. The delegation will be discussing in particular the state of play of EU-India relations, including the ongoing negotiations on the Free Trade Agreement and cooperation on security and renewable energy.

##### EP INTERPARLIAMENTARY MEETING FOR THE MASHREQ COUNTRIES

*30 April - 4 May, Cairo, Egypt*

A working group of six MEPs from EP delegation for relations with the Mashreq countries is visiting Cairo, Egypt for interparliamentary meeting. The head of the delegation is Mario David (EPP, PT), and the other members are Said El Khadraoui (S&D, BE), Oana Antonescu (EPP, RO), Sajjad Karim (ECR, UK), Frida Brepoels (Greens/EFA, BE) and Marietje Schaake (ALDE, NL). Meetings with Egyptian politicians, religion representatives and youth organisations are on the agenda. MEPs will also have a round table with an EU project on digital freedom and with an alliance for Arab Women and Sabra Bano, Gender Concernes International.

##### 38TH EP-ISRAEL INTERPARLIAMENTARY MEETING

*30 April - 4 May, Jerusalem, Tel-Aviv, Israel*

Six-member working group of the EP Delegation for relations with Israel will represent the House at the 38th EP-Israel Interparliamentary Meeting. The delegation is lead by Bastiaan Belder (EFD, NL), and includes Sari Essayah (EPP, FI), Jan Philipp Albrecht (Greens/EFA, DE), Ivo Vajgl (ALDE, SI), Hynek Fajmon (ECR, CZ) and Corina Cretu (S&D, RO). The delegation will discuss the

Israeli internal political situation and developments in the wider region with academia and foreign relations experts and will hold the interparliamentary meeting with members of the Knesset on EU-Israel relations and rights of women.

##### SINGAPORE INTERPARLIAMENTARY MEETING

*1 to 4 May, Singapore, Singapore*

Seven members of the EP Delegation for relations with the countries of Southeast Asia and the Association of Southeast Asian Nations (ASEAN) visit Singapore. The delegation is lead by MEP Werner Langen (EPP, DE) and includes Robert Goebbels (S&D, LU), Astrid Lulling (EPP, LU), Gerald Häfner (Greens/EFA, DE), Teresa Riera Madurell (S&D, ES) Burkhard Balz (EPP, DE) and Philip Clayes (NI, BE). The delegation will meet with political leaders and business representatives and discuss especially the current negotiations of the free trade agreement between the EU and Singapore. The trade agreement will need to be ratified by EP to enter into force.

##### SUBCOMMITTEE ON HUMAN RIGHTS DELEGATION TO SANA'A

*1 - 4 May, Sana'a, Yemen*

A three-member delegation from Subcommittee on Human Rights will visit Sana'a, Yemen from. The delegation is led by Barbara Lochbihler (Greens/EFA, DE) and other members are Richard Howitt (S&D, UK) and Cristian Preda (EPP, RO). MEPs will meet ministers dealing with issues regarding National Reconciliation and Transitional Justice law, representatives of former opposition parties and Human rights NGOs. They will also meet Ms. Tawakkol Karman, Nobel Peace Prize laureate 2011. During the mission, MEPs will also visit EU-UNICEF project on juvenile death penalty in Sana'a prison.

##### 2ND PARLIAMENTARY COOPERATION COMMITTEE MEETING

*3-5 May Dushanbe, Tajikistan*

A delegation of nine MEPs is visiting

Dushanbe, Tajikistan for the 2nd Parliamentary Cooperation Committee meeting from. The head of the delegation is Paolo Bartolozzi (EPP, IT), and the members are Nicole Kiil-Nielsen (Greens/EFA, FR), Alfreds Rubiks (GUE/NGL, LV), Herbert Dorfmann (EPP, IT), Niccolò Rinaldi (ALDE, IT), Katarina Nevedalova (S&D, SL), Carmen Romero Lopez (S&D, ES), Ine s Ayala Sender (S&D, ES) and Marc Tarabella (S&D, BE). This meeting is the 2nd Parliamentary Cooperation Committee between the EU and the Republic of Tajikistan; the first one took place last year in Brussels. The Partnership and Cooperation Agreement between the EU and Tajikistan entered into force on 1 January 2010.

### MEP'S TO OBSERVE PARLIAMENTARY ELECTIONS IN ARMENIA

3-7 May, Yerevan

A delegation of 7 MEPs, chaired by Krzysztof Lisek (EPP, PL) is heading to Armenia to participate in the work of International Election Observation Mission by observing parliamentary elections in Armenia. The other members of the delegation are Jan Brezina (EPP, CZ), Marian-Jean Marinescu (EPP, RO), Miguel Angel Marti nez (S&D, ES), Norica Nicolai (ALDE, RO), Judith Sargentini (Greens/EFA, NL) Milan Cabrnoc, (ECR, CZ) On 6 May they will split into three teams and observe elections in Yerevan and two other cities in the country on 7 May there will be a press conference on the outcome of the election where the MEPs will deliver their statements.

## COUNCIL OF MINISTERS

### POLITICAL AND SECURITY COMMITTEE (PSC)

Brussels

### COREPER I

Brussels

## EUROPEAN COMMISSION

### TRAVEL AND VISITS

■ Viviane Reding in Lisbon: meets with Assuncao Esteves, President of the Portuguese Parliament; meets with Pedro Passos Coelho, Prime Minister of Portugal; meets with Paula Teixeira Da Cruz, Portuguese Justice Minister; meets with Portuguese Minister of European Affairs, Paulo Portas; addresses the Committee on Constitutional Affairs, Rights, Freedoms and Guarantees and the European Affairs Committee of the Portuguese Parliament; delivers a speech at the Universidade Lusíada de Lisboa

■ Joaquín Almunia gives the opening speech at the Public Hearing on the Green paper on payments (Brussels)

■ Neelie Kroes in Berlin: delivers speech to re:publica event; meets Klaus Wowereit, Mayor of Berlin

■ Janez Potocnik receives Pavan Sukhdev, CEO GIST (Green Initiatives for a Smart Tomorrow) Advisory and study leader of TEEB (The Economics of Ecosystems and Biodiversity)

■ Olli Rehn meets with Andreas Schmitz, President of the Association of German Banks (Brussels)

■ Michel Barnier receives the Public Private Partnership Club (PPP)

■ Michel Barnier makes a speech as part of a meeting with industry leaders, organized by EFAMA (European Fund and Asset Management Association) (Brussels)

■ Michel Barnier delivers the closing speech at the conference on Mobile Payments, organized by DG MARKET (Charlemagne, Brussels)

■ Michel Barnier receives Andreas Schmitz, President of German Banks

■ John Dalli in Czech Republic: attends the Colorectal Cancer Patient Conference 2012, holds press conference with Leos Heger, Health Minister and meets Roman Onderka, Mayor of Brno

■ Máire Geoghegan-Quinn meets with the Federation of German Industries (BDI/BDA) (Brussels)

■ Máire Geoghegan-Quinn meets with the European Broadcasting Union (EBU) (Brussels)

■ Kristalina Georgieva receives a CEO delegation from the European Satellite Operator's Association

■ Günther Oettinger in Stuttgart: delivers a speech at the European Day with Minister for European affairs of Baden-Württemberg Peter Friedrich

## GENERAL COURT

09:30

■ *Judgment T-529/09*

In 't Veld v Council  
Fifth Chamber

## ECONOMIC AND SOCIAL COMMITTEE

### 20TH MEETING OF THE EUROPEAN ECONOMIC AREA CONSULTATIVE COMMITTEE (EEA-CC)

3-4 April, Akureyri, Iceland

The Consultative Committee aims at adopting two resolutions: on the EEA Review and on the Enterprise dimension of the Internal Market.

### Public Hearing

### THE EUROPEAN TECHNOLOGY PLATFORMS (ETP'S) AND INDUSTRIAL CHANGE

ETPs are clusters grouping all the relevant stakeholders of a specific either sector or field of technology: ETP have proved to be effective in defining their respective Strategic Research Agendas, containing the priorities for research and innovation. There are presently up to 36 ETP active in 5 areas: Energy, ICT, Bio-based economy, Transport and Production and processes. Venue: EESC, VMA 3, 09:30 – 13:00

09:00-17:00

Cross-border Latvian/Lithuanian CAP conference: Implications of CAP inequality – consequences and opportunities, Hrs siège

09:30-13:00

CCMI/099 - Hearing and 2nd meeting of the Study Group on The European Technology Platforms (ETP's) and industrial change, VM3

10:00-13:00

SOC/449 The contribution of migrant entrepreneurs to the EU economy - 1st study group meeting, JDE61

10:00-13:00

Extraordinary meeting of the TEN section bureau - 3■4/5/2012, Paris (FR Paris)

## COMMITTEE OF THE REGIONS

### 95TH PLENARY SESSION

3-4 May, Brussels

Venue: European Parliament, JAN 2Q2

## Saturday 5 May

## EUROPEAN PARLIAMENT

### DELEGATIONS

#### 2ND PARLIAMENTARY COOPERATION COMMITTEE MEETING

3-5 May Dushanbe, Tajikistan

See Friday.

#### MEP'S TO OBSERVE PARLIAMENTARY ELECTIONS IN ARMENIA

3-7 May, Yerevan

See Friday.

#### 38TH EU-ICELAND JOINT PARLIAMENTARY COMMITTEE MEETING

2 - 5 May, Akureyri, Iceland

See Friday.

## Sunday 6 May

## EUROPEAN PARLIAMENT

#### MEP'S TO OBSERVE PARLIAMENTARY ELECTIONS IN ARMENIA

3-7 May, Yerevan

See Friday.

## CONFERENCES AND SEMINARS

### Symposium

#### GROWING BEYOND SUMMIT

8 May, Brussels

Research Symposium on Growing Beyond Summit Presentation of CEPS/Ernst & Young study on Government & Innovation. Keynote speakers:

- José Manuel Barroso, President of the European Commission

- Andrea Renda, Senior Research Fellow, CEPS
  - Ilaria Rosso, Co-founder Electro Power Systems
  - Jim Wales, Founder of Wikipedia
- Registration: [www.seeuthere.com/2012-ErnstYoungeventonGovernmentInnovation](http://www.seeuthere.com/2012-ErnstYoungeventonGovernmentInnovation)  
Venue: Bozar

### Conference

#### EU IN CRISIS - ANALYSIS, RESISTANCE AND ALTERNATIVES TO CORPORATE EUROPE

5-6 May, Brussels

Corporate Europe Observatory, the Transnational Institute, civil society activists and trade unionists from across Europe gather for a two-day conference to discuss an alternative way forward for Europe. Speakers from across the European [www.corporateeurope.org/sites/default/files/Detailed\\_programme\\_5.pdf](http://www.corporateeurope.org/sites/default/files/Detailed_programme_5.pdf)  
Inscribewww.corporateeurope.org/EU-in-crisis-conf  
Contact: Helen Burley: [helen@corporateeurope.org](mailto:helen@corporateeurope.org) or tel: 0044 7703 731923

### Conference

#### ENERGY TRANSITION BY 2050: A MULTIFACETED CHALLENGE FOR EUROPE

10 May, Brussels

The Development Group (D Group) and Egmont – the Royal Institute for International Relations are holding an international high level energy conference. The key issue to be addressed is the EU transition towards a low carbon economy and the contribution of the energy sector to that goal – with a specific focus on the EU Energy Roadmap 2050, the necessary EU strategy and policy measures for the decarbonisation of the energy sector, as well as the successive steps in the agenda. Venue: 09:00-17:00, Residence Palace, Rue de la Loi 155  
Contact: [hina.hussain@dgroup.de](mailto:hina.hussain@dgroup.de)  
[www.dgroup.de](http://www.dgroup.de)

### Stakeholders' debate

#### "SOLAR CITIZENS: PEOPLE IN CHARGE OF THEIR ENERGY FUTURE" - European Solar Days Interactive Debate

10 May, Brussels

The debate will be hosted by Amalia Sartori, the newly elected chair of the ITRE Committee. The high-level panel debate will welcome representatives from the European Commission, Covenant

of Mayors and a senior representative from Lampiris, the 100% green energy provider.

Venue: European Parliament, Brussels, 12:15h - 14:45

Registration: [www.epia.org](http://www.epia.org)

Contact: Scarlett Varga at [s.varga@epia.org](mailto:s.varga@epia.org)

### FIFTH WORLD FORUM ON ENERGY REGULATION (WFERV)

13-16 May, Quebec City, Canada

More than 1,000 participants from a hundred countries. Keynote speakers from the World Bank, the International Energy Agency, the World Energy Council, International Federation of Industrial Energy Consumers, International Gas Union, etc.  
Contact: [info@worldforumv.org](mailto:info@worldforumv.org).

### Conference

#### IMPLEMENTING THE EU ENERGY ROADMAP 2050: AT WHAT COST AND AT WHAT SPEED?

14 May, Brussels

Organiser: EESC

<http://www.eesc.europa.eu/?i=portal.en.events-and-activities-energy-roadmap-2050>

### GAS INFRASTRUCTURE EUROPE ANNUAL CONFERENCE

24-25 May, Krakow, Poland

The GIE conference gathers top level representatives from the European Institutions, regulatory authorities, international organizations and the natural gas industry. More than 300 delegates are participating at this event.

Organisers: Gas Infrastructure Europe  
[www.gie.eu/index.php/annual-conference-2012-home](http://www.gie.eu/index.php/annual-conference-2012-home)

### Conference

#### POLITICS VS INDUSTRY: ON THE CLIFF EDGE Europe's New Energy Challenges"

4-5 June, Malta

- Energy challenges: a global perspective
  - Mismatched European policies: energy / climate reality check
  - CEO Forum: financing investments, refining strategies
  - EU Islands: test beds for mainland integration?
- [www.eurelectric.org](http://www.eurelectric.org)

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- External Action Service, n°4039, 10/09/2010
- Arctic challenges, n°4033, 02/09/2010
- EU/Australia cooperation, n°3982, 21/05/2010
- Future of Kosovo, n°3972, 05/05/2010
- SESAR, air traffic revolution, n°3971, 04/05/2010
- CDS, 3954, 09/04/2010
- EU-US Private data, 3942, 19/03/2010
- EU2020, 3915, 10/02/2010
- SEPA 2010, 3912, 05/02/2010
- EU/Bosnia, 3897, 15/01/2010
- Commissioners' Hearings, 3893, 11/01/2010
- Programme of Stockholm, 3878, 10/12/2009
- The Roma challenge, 3857, 10/11/2009
- Financial supervision financière : what's it all about, 3852, 03/11/2009
- Two top posts, ten contenders, 3846, 26/10/2009
- EU External Action Service, 3843, 21/10/2009
- Egnos, Galileo, GMES : Europe's space ambitions, 3839, 15/10/2009
- Financing strategic energy technology, 3830, 02/10/2009
- EU in Asia, 3820, 19/09/2009
- Europe of research: Broken promises, 3815, 11/09/2009
- EU Court of First Instance at 20, 3810, 04/09/2009
- EU-US financial regulations, 3805, 28/08/2009
- European Parliament 2009-2014: Parliamentary committees, 3801, 27/07/2009
- Security of energy supply, 3794, 15/07/2009
- Commission: Member states preparing to nominate candidates, 3790, 09/07/2009
- EU-US food safety disputes : 3781, 26/06/09
- Aviation: The answers to climate change, 3773, 16/06/09
- Three heads for Europe, 3767, 08/06/09
- Atalanta, 3761, 28/05/09
- Competition policy, 3758, 22/09/2009
- Third energy liberalisation package, 3748, 07/05/09
- Five years after: Whither enlargement?, 3744, 30/04/09
- 15 years of the Committee of the Regions, 3738, 22/04/09
- Washingtonians Europeans should know, 3727, 02/04/09
- Airbus A400M, 3722, 26/03/09
- Solana, 3717, 19/03/09
- European Parliament's priorities in run-up to elections, 3709, 09/03/09
- Water, a global challenge, 3712, 12/03/09
- The crisis: A test for Europe, 3699, 23/02/09
- EU-US – Barack Obama: Chances and challenges, 3674, 19/01/09
- ESDP mission in Georgia, 3664, 23/12/08
- Poznan conference, 3649, 2/12/08
- Regions and migration, 3645, 26/11/08
- Enlargement report, 3632, 5/11/08
- Pact on immigration and asylum, 3617, 15/10/08
- Reform of the Common Fisheries Policy, 3604, 26/09/08
- Citizens' access to law and justice in Europe, 3598, 18/09/08
- Customs Union, 3594, 12/09/08
- Community Fisheries Control Agency, 3580, 28/07/08
- Telecoms package, 3579, 25/07/08
- Energy liberalisation, 3576, 21/07/08

## SPECIAL EDITIONS

- Shedding light on new comitology n°4360, 9/2/2012
- 2012 : metamorphosis, n°4333, 4/1/2012
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- EU/Med renewables cooperation, n°4312, 24/11/2011
- Security & defense what next after Libya ?, n°4299, 7/11/2011
- Structural Funds 2014-2020; New rules n°4280, 7/11/2011
- Poland's presidency, n°4233, 1/7/2011
- Mobility of companies, n°4229, 29/6/2011
- Online gambling, n°4219, 10/6/2011
- EU must address press freedom, n°4172, 30/03/2011
- EU affairs training, n°4121, 18/1/2011
- Economic union (Hungarian presidency), n°4111, 4/1/2011

# EUROPOLITICS

Special Editions



**CRISES****Stiglitz tells Europolitics: «Austerity will surely fail»**

By Pierre Lemoine in Rome

Because he is American and a Nobel laureate in economics, his discourse – disturbing, iconoclastic and in total opposition with European Council conclusions in recent months – stands a better chance of attracting attention. Joseph Stiglitz urges Europe to reverse the tough austerity measures being imposed on it by Germany and the budget pact signed by 25 of the 27 member states. «There has never been a successful austerity programme in any large country,» he said in an interview with *Europolitics*. «There is not a single example anywhere in the world showing that it is possible to cure an ailing state by cutting salaries, pensions and social benefits.»

Reiterating his message in addresses he is giving in Europe for the moment, particularly at a seminar in Rome, hosted, on 2-3 May, by the Foundation for European Progressive Studies (FEPS), Initiative for Policy Dialogue and Fondazione Italianeuropei, the former World Bank chief economist hammered home his point: «Lower growth provokes deficits, and not vice versa. Choosing austerity will only make deficits worse and will lead to high unemployment that will be economically, socially and politically untenable. This approach reminds me of medical practice in the Middle Ages: when the patient died, the conclusion was that the doctor stopped the blood-letting too soon. The chance of solving the problem only by more blood-letting is close to zero,» he continued.

The Nobel Prize winner for economics sees the need to work on both over-indebtedness and growth, because «without growth prospects, Europe is under threat of a second wave of recession». He noted in passing that the crisis in Ireland is not due

to excessive public spending but to a «huge mistake,» which was «to try to save failing banks with taxpayers' money». «However big it may be, no bank is worth such a sacrifice by citizens. It's no surprise that citizens have lost confidence in finance and politics. In both the United States and Europe,



«Europe is under threat of a second recession»

we need a more transparent, more equitable and more moral financial system.»

The solutions? For Stiglitz, «trade surpluses in Germany, which represent costs for others, should be compensated for by public investments, which are necessarily more profitable than the apparent costs.

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*«Unemployment causes deficits, and not the other way round»*

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All states should invest in infrastructure and education. They can do this without increasing deficits, by raising taxes in a fair manner, in particular by introducing a financial transaction tax.»

His main recommendation? «It is urgent to lay out a growth programme, a holistic growth programme. Europe needs to adapt. Austerity by itself will surely fail. This growth programme can be made consistent with the constraints facing countries like Spain and Italy. In this programme, which has many elements, the key is invest-

ment. I say that Europe as a whole is stronger and larger than other parts of the world and that it is obviously in the interests of the entire world for Europe to return to growth. There are different ways it can do this. But first it needs an economic strategy and a different involvement by the ECB.

Europeans have to pool their debt, or substantial parts of the debt, and encourage investment.»

How much time does Europe have to react? «It has to act quickly because in the meantime austerity will impose enormous costs on the European economies and make unemployment worse. One out of two young people is already unemployed in countries like Italy. I would like to emphasise that what is going on now is the destruc-

tion of capital, of human capital, the most important resource. The consequences of delay will be huge and long-lasting.»

A special message for countries like Italy? «Rather than focusing on reducing expenditure, there should be more focus on raising revenues, because there is more to lose economically by cutting spending than by raising tax revenues. This can be done in a progressive way. The redistribution that results will also stimulate the economy. Because inequality was one of the causes of the crisis, inequality is one of the reasons the economy remains weak.»

A final question to Stiglitz: Would you encourage the idea of implementing the golden rule in public accounts? «Yes,» he answered unhesitatingly. «I would include both the golden rules, taking out investment, and a review of the structure of surpluses, of what they would be in a situation of full employment. Because it is unemployment that causes deficits. Deficits don't cause unemployment. So if you can get unemployment under control, you will have a lower deficit.» ■