

CPS

Corporate & Public Strategy
Advisory Group



EU Corridors

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As France takes over the EU Presidency, we forecast what its policy towards Turkey's EU accession process will be and we explore reasons for the slow down of the process.

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Editorial

France under Close Watch

How will France, a long-time opponent of Turkey's EU membership process, behave during its EU Presidency, which starts at the beginning of July? France says it is committed to an "impartial" policy regarding Turkey during the next six months. References to "Turkey's accession to the EU" – a phrase which French officials had been avoiding – in the document listing France's presidency priorities, is at least one clear sign that France may keep its promise to pursue an impartial policy. France, so as not to overshadow its presidency, will most likely open two of the more agreeable chapters with Turkey just prior to the end of its term (which seems to be an unofficial policy established during other EU presidency terms). Although it has not been disclosed which chapters will open during the new term, "Free Movement of Capital" is thought to be one of the possibilities. For France the most important thing will be ensuring that the chapters to be opened during its presidency are not too critical to Turkey's EU accession. French President Nicolas Sarkozy has already vetoed four chapters of the chapters that would bring Turkey closer to EU membership.

Unofficial Deal

The expectation that only two chapters will be opened during the French Presidency is not coincidence. It seems there is an unofficial agreement within the EU to open just two chapters with Turkey during each presidency. When questioned about this apparent unofficial policy during the 'Intergovernmental Accession Conference' last month, in which two chapters were opened to negotiations, Slovenian Foreign Affairs Minister Dimitri Rupel reasoned the slowness of the process on the part of the EU with the EU law and public opinion. Turkish Minister of Foreign Affairs Ali Babacan nevertheless has restated his case -- that the EU is taking the process very slowly -- each time he has visited Brussels over the past few months. According to Ankara, there are at least five or six chapters ready to open right now.

Turkey's Slow Pace

Babacan in giving an account of the accession process said the government is doing its best: "All preparations are in progress concerning each chapter. Twenty-two out of 188 legal regulations have been passed. Forty-five laws are under Parliamentary process for ratification. One-hundred of 576 secondary laws have been completed." The government seems to work well on paper. Clearly, the EU is not the only party taking the process slowly. The government, which had passed the laws very quickly between 2002 and 2004, has slowed the reform pace considerably over the last four years. At least one reason for the slow down was the political chaos in Turkey which compelled officials to nearly halt EU preparations.

The closure case against the Justice and Development party is slowing relations even further. The Parliamentary Assembly of the European Council last month said that the 'monitoring process', which is implemented for countries having problematic democracies, might be reopened for Turkey if the Justice and Development party is closed. Turkey's elimination from the monitoring process in 2004 helped the negotiations between the EU and Turkey to start. Later negative developments, however, gave credibility to countries which oppose Turkey's membership, such as France, which is expected to open two more chapters with Turkey just 'for the sake of appearances.'

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News

Ireland Rejects EU Treaty, EU in Chaos

The European Union (EU) is now facing one of its worst nightmares. The people of Ireland have thrown the Union into a deep political crisis by rejecting the Lisbon Treaty, which was expected to shape the future of EU, in a referendum held last month in the country. According to the results, anti-EU voters won with a 52% majority against 48% in the country with 3 million voters. Following the declaration of the results, messages of disappointment poured in from all over the EU. Meanwhile EU officials are confused about how to solve such an institutional crisis. There are three suggested solutions: Excluding Ireland and putting the Lisbon Treaty into force in 26 Member States as of 2009; forcing Ireland to hold a new referendum; or taking a step towards multi-speed Europe. The heads of states and governments could not find an immediate solution to the issue at the summit on June 12-13, but they decided to postpone it by giving Ireland a four-month period to reconsider. On the other hand the result in Ireland put the other EU countries, which did not ratify the treaty into a difficult situation. Notably, Czech Republic, which is awaiting the decision of the Czech Constitutional Court on compatibility of the new rules with the Czech Constitution, declared: "The treaty is dead." Thus Czech Republic appears as a new potential problematic country. The Lisbon Treaty was ratified by the parliaments of 19 countries. The leaders plan to put the treaty into force in June 2009 before elections are held for European Parliament.

Warning from PACE to Turkish Judiciary

Council of Europe Parliamentary Assembly has accepted a decision proposal for a report that warns the Turkish Judiciary against a possible closure of the Justice and Development Party (AKP). During the plenary session, which took place with 71 parliamentarians out of 318 in attendance, 65 voted in favor and three voted against the measure. According to the decision drafted by Luc Van Den Brande, head of PACE Christian Democrats, a necessary 'Monitoring Process' may be reinstated for Turkey. A 'Monitoring Process' is an instrument applied to countries with problematic democracies. The report stresses the strong adherence of Member States to secularism and points out that the states are expected to be secular but the political parties are not necessarily expected to be secular. During the Session, most of the parliamentarians (except Turkish parliamentarians) agreed that the closure of AKP would be a judiciary coup. Turkish delegation in the PACE was divided on the report. Whereas the members of the governing party, AKP, criticized the judiciary, the members of the opposition parties, CHP and MHP, claimed the involvement of PACE in an ongoing case would mean intervention to Judiciary.

France takes over EU Presidency

The European Union (EU) term presidency passed from Slovenia to France as of July 1. France and the coming presidency holders Czech Republic and Sweden combined their terms to be a common presidency, which will last 18 months. Immigration policy is expected to be first on the agenda of the French Presidency. The rejection of the Lisbon Treaty at the Irish Referendum, which will be discussed at the EU Summit in October, comes up as another problematic issue for the French Presidency. The current French government repeatedly claimed it is against the Turkish accession to EU; however, during the Med Union Summit last Sunday, the French President declared the country will not block Turkey-EU accession progress. Besides, in a document that lays down the priorities of the Union, prepared by the

term presidency, it was stressed that the EU presidency will actively work towards implementing the enlargement strategy of the union. The document states that the accession negotiations with Turkey and Croatia will be held in accordance with the related Council Decisions. Nicolas Sarkozy, the French President, has stated that his country will veto the enlargement process of the union unless the Lisbon Treaty is ratified.

Two New Negotiation Chapters Opened with Turkey

During the Intergovernmental Accession Conference in Luxembourg, which took place last month among EU foreign ministers, two new negotiation chapters -- 'company law' and 'intellectual property rights' – were opened with Turkey (out of 35 negotiation chapters). The two chapters are the first to be opened following Ankara's fulfillment of the existing benchmarks. Each EU presidency term (which changes every six months) in recent history has brought with it the opening of just two new chapters with Turkey. Dimitri Rupel, Slovenian Minister of Foreign Affairs, said Slovenia supports Turkey's membership to the EU, and that they would like to open ten chapters to negotiations if possible but that there are EU rules and public opinion involved, which delay the process. Ali Babacan, Turkish Minister of Foreign Affairs responded that Turkey is technically ready to open 5-6 chapters with the EU. Also during the intergovernmental conference, the EU opened two further negotiation chapters with Croatia: 'social policies – employment' and 'free movement of labor'. The number of open negotiation chapters with Croatia is already 20, while Turkey, which has been in negotiations much longer, has just eight open chapters to date.

Conflict Over Turkish Membership in France

In France, the issue of Turkey's EU membership generated conflict between the National Assembly and the Senate. While the French National Assembly approved the constitutional amendments, including a referendum clause on the membership of the candidate countries that has more than 5 percent of the EU population, the Senate omitted this article from the constitutional reforms as being discriminating. The regulation mainly targets Turkey's EU accession process-based disagreement within the government party, UMP. The Prime Minister François Fillon showed his opposition, meanwhile, saying it doesn't make sense to keep such a clause, aimed at only one country, in the Constitution for years. Nevertheless, some of the UMP members, who oppose Turkey, mentioned they would not approve the new constitutional reforms if the article is deleted. The President of France is working towards a consensus between French parliamentarians and senators. In order to pass the reforms, The French Senate and National Assembly shall endorse the reforms together with a three-fifths majority in July.

'Union for the Mediterranean' Convenes in Paris

"The Union for the Mediterranean", suggested initially by French President Nicolas Sarkozy as an independent idea, then later revised to become part of the Barcelona process (established in 1995), convene on July 13 in Paris. EU member states, 12 Mediterranean and 4 Balkan countries which have a Mediterranean coastline launched the initiative last Sunday. Six priority projects of the Med Union consist of de-pollution of Mediterranean Sea, land and sea motorways, establishing a civil protection network, promoting the use of solar energy, building a Euromed University and a programme to encourage SMEs. Members of the union, unlike members of the EU, will not go through an integration process and will be governed at an intergovernmental level. It will have a secretariat and northern and southern countries will alternate running the term presidency every two years. Although Sarkozy would like the

Mediterranean EU member states to become part of 'Union for the Mediterranean', he was turned down, particularly by Germany. Germany connected the union totally to the Barcelona Process and ensured the EU would not channel any other EU funds into the project other than the resources allocated to the Barcelona process.

Turkey, which was initially reluctant to join the Summit due to France's position towards Turkey-EU accession negotiations, attended the summit following the commitment of French President that France will not block progress in Turkey's accession process. The summit declaration has further confirmed the Union for the Mediterranean "will be independent from the EU enlargement policy, accession negotiations and the pre-accession process". The first meeting of the Med Union, which is co-chaired by Sarkozy and Egyptian President Muhammed Hosni Mubarak, has also marked a political success in terms of gathering Israeli, Syrian and Palestinian leaders around a table.

'Eastern Partnership' Developing

During the EU summit last month, Poland and Sweden unveiled a proposal for launching a project in the framework of a partnership between the EU and neighboring Eastern states. The Summit emphasized the importance of increasing regional cooperation of the EU with its eastern neighbors. However, it was underlined that this idea should be elaborated within the framework of the "EU Neighborhood Policy." EU leaders asked the European Commission to submit a proposal on the issue. Some believe the initiative should also integrate the Black Sea Synergy and Northern Dimension, an idea mainly supported by Poland so as to ensure a potential membership for Ukraine, an EU hopeful. Although the EU Neighborhood Policy aims at bringing Eastern neighbors within closer alignment with the EU, the countries mentioned within this framework are not potential EU membership candidates.

EU and US Look Toward Partnership

The European Union and the United States agreed to further their strategic partnership during the summit of heads of state and government in the Slovenian capital, Brdo. In the common written declaration following the summit, the parties committed to "seek a world based on international law, democracy, the rule of law and human rights, strengthened by broad and sustainable market-based economic growth." Meanwhile, it should be noted that no progress has been achieved regarding two critical issues: global warming and the extension of visa-free entry to the US for all EU member states. The EU stressed the importance of taking extra measures to decrease carbon dioxide emissions in order to fight global warming, in response to which US President George Bush insisted on the inclusion of big industrial countries, such as India and China, in the process. Bush said he hopes a deal will be reached on this issue before the end of his term in January next year. During the summit, Bush further emphasized that he supports the membership of Turkey to the EU and said "one day Turkey shall become part of the Union."

Slovakia enters Euro Area

Slovakia, which joined the EU in 2004, will become part of the Euro Zone as of January 1, 2009. EU leaders gave the green light to Slovenia during the EU Summit last month and confirmed that the country has fulfilled all the benchmarks and obligations to join the Euro area. The final decision will be taken at the meeting of Euro zone Finance Ministers on July 8. This will give Slovenia six-months preparation time before becoming the sixteenth country to enter the zone.

EP Endorses 'Return Directive'

With an overwhelming majority, the European Parliament accepted a directive which facilitates the deportation process of illegal immigrants. According to the directive, established during their plenary last month, and denounced and opposed by human rights organizations as a shameful directive, illegal immigrants would have just 30 days to leave the country. If immigrants do not leave the country on their own, the EU member states can take them into custody for 18 months during which hand-over procedures are undertaken with their home country. During this period, representatives of civil society will have the right to visit and appeal against deportation. Deported immigrants will be banned from entering the EU for five years. The directive, expected to be in force by 2010, will end the need for individual laws and different implementation within the EU member states.

EU Innovation Institute to be opened in Budapest

During the Council Meeting on June 18, EU Research Ministers accepted the establishment of an EU Innovation Institute in Budapest, Hungary. Although Poland had initially insisted that the seat of the institute must be in its own country, it decided to support Budapest at the final stage. The Commission chose the members of the Governing Board of the institute. However, the official nomination will take place in July. The Governing Board needs to choose two or three knowledge and innovation communities within 18 months. The chosen communities will cooperate with universities, companies and research institutes, especially on the issues of global warming, renewable energy and new information technologies.

Switzerland to Join Schengen Area

The Swedish government announced that it could enforce Schengen Area rules as of December 2008. Switzerland said controls over aircraft operating within the Schengen Area would be eliminated in 2009. The country will become part of the Schengen Area SIS information system as of next year. The EU will determine regulations concerning the country's accession.

European Chemicals Agency Opens

The European Chemicals Agency (ECHA), which has been operational for the past year in Finland, officially opened last month. ECHA has been working on chemicals regulation, which was enacted in the EU on June 1, 2007. According to the regulation, as of June 2008, chemical substances manufactured or imported into the EU must be registered before production and entry to the market. Chemical producers and importers will have to register 300,000 phase-in substances, currently on the market, between June and December 2008. Following this, producers and importers will be subject to registration deadlines – 2010, 2013 and 2018 – determined in accordance with the tonnage band and hazardous properties of the substance. ECHA expects 180 thousands applications during this process. The agency will publish documents and procedures required for production and export permits of hazardous substances at the beginning of next year.

Working Hours Extended in the EU

Agreement on the decision concerning the extension of working hours in the EU has finally been made by EU member states, following negotiations lasting three years. According to this, weekly working hours in the EU are limited to 48 hours. Employers may work up to 60 hours

in one week if they choose. While on-call duty in the workplace will count as part of the working hours, the duties are classified as active working hours and passive working hours. Passive working hours are restricted to 65 hours. The new deal will also provide a new regulation for 8 million temporary workers in the EU. The temporary workers will be entitled to the same rights as permanent workers regarding salaries, maternity leave and other types of leave.

New Energy Initiative by G8

G8 countries commenced a new energy initiative entitled "International Partnership for Energy Efficiency Cooperation" (IPEEC) between the European Community, China, India and South Korea. The agreement was signed during the meeting of G8 energy ministers, by the bloc presidency, Japan. IPEEC targets an open, high-level and broad cooperation. Its aim is to promote energy efficiency among countries that are committed to cooperation. The European Commission conceived the Group in 2006.

Recommendation by EC Concerning Liability of Auditing Firms

The European Commission has published a recommendation concerning limiting the civil liability of audit companies. The recommendation aims to boost the competitiveness and expansion of alternative firms in the market. Member states will decide which method they will apply to restrict liability. All the same time, the Commission foresees some principles to ensure fair restrictions for auditors, investors and other parties. For instance, the limitation of liability will not apply if there is intentional misconduct on the part of the auditor. If the limitation does not cover third parties, the document emphasized it will be inefficient. Damaged parties will have right to be fairly compensated.

Agenda

1 July

- France overtakes EU Term Presidency
- European Council Political and Security Committee

2 July

- COREPER I
- COREPER II

3 July

- EU informal Energy Council, Paris (3-4 July)

4 July

- European Council Political and Security Committee

7 July

- EP Plenary (7-10 July)
- Informal meeting of EU Justice and Home Affairs Ministers
- Euro Group meeting

8 July

- EU Economic and Financial Affairs Council
- EU Justice and Home Affairs Council
- European Council Political and Security Committee

9 July

- COREPER I
- COREPER II

10 July

- Address of French President to the European Parliament

11 July

- COREPER I
- COREPER II
- European Council Political and Security Committee

13 July

- Meeting of the "Union for Mediterranean", Paris.

15 July

- EU Agriculture and Fisheries Council
- European Council Political and Security Committee (15-16 July)

16 July

- COREPER I
- COREPER II

17 July

- EU Competitiveness Council, Versailles. (17-18 July)
- EU Budget Council

18 July

- COREPER I
- COREPER II

21 July

- Informal meeting of EU Culture Ministers, Versailles.

22 July

- EU Culture Council
- EU Political and Security Committee (22-23 July)

23 July

- COREPER I
- COREPER II

24 July

- EU Justice and Home Affairs Council

25 July

- EU-South Africa Summit
- COREPER I

29 July

- COREPER II
- EU Political and Security Committee

30 July

- COREPER I

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The information in this document was compiled from various EU information sources.