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Corporate & Public Strategy
Advisory Group



EU Corridors

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- **Editorial**

In this edition of EU Corridors' editorial we discuss how the French Parliament's vote to adopt a draft law on Armenian issue affects Turkey-France relations and Turkey's accession process.

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Crucial dates and milestones along Turkey's EU journey...

Editorial

Turkey-France Arm Wrestling and EU Process

The draft law on the Armenian issue has become a full-blown arm wrestling match between Turkey and France. Since the French Parliament adopted a proposal that would sentence anyone who denies the purported Armenian genocide with up to one year jail time and a 45 thousand Euro fine Turkey-France relations have become more tense than ever. Relations between the two countries were already strained because of French President Nicolas Sarkozy's vehement opposition against Turkey's EU membership. Now Sarkozy, by exploiting the Armenian issue as a political tool in this year's Presidential elections, has effectively tied the hands of other French political parties. Before the French president's initiative, Socialists in France were discussing the same bill and decided not to include it in the agenda. However, opposition parties refused to take a stance after Sarkozy's attempt. The 250 thousand Armenian voters living in France further complicates the issue. Although this vote does not make a changing effect in the election results, all parties are after collecting as much vote as possible.

Eyes on the Senate's Decision

The French Senate will give the final decision on whether the proposal will pass into law. The bill will be voted by the Senate on January 23. At this point, the attitude of the Socialists gains importance as the Socialists hold the majority in the Senate and can block the draft law if they wish to. If the bill passes the Senate, then it will become a law after the approval of the French President. On the other hand, Sarkozy did not hold off intimidating Turkey and started to spread the word in the news media of his intentions to carry the denial law to the EU level. Nevertheless, this is hardly a solid initiative. To date, no similar law has been adopted at the EU level.

Impact of Turkey's EU process

Whether or not the bill becomes law, the dispute turned into a fight, signaling that Turkey will continue to face the Armenian issue in the coming years and that this will strain Turkey-France relations further. Indeed, whether the Socialist candidate, François Hollande, replaces Sarkozy in the new term, the Armenian issue will remain a 'sensitive' issue in French politics and holds a special importance among the Socialists. The biggest difference between the Socialists and the Sarkozy government lays in their approach to Turkey's EU membership. The Socialists want to release the blockage that Sarkozy placed on the five negotiations chapters at Turkey's accession talks. Turkey needs to assess this situation and decide on a strategy. In addition, the first message of Helle Thorning-Schmidt, Prime Minister of Denmark, which holds the EU Presidency as of 1st January, reveals Denmark's intention to reinvigorate accession negotiations with Turkey. But for some reason no steps have been taken in more than one year in Turkey's EU accession process.

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News

IPA II 2014-2020 Framework published

The European Commission adopted a revised framework for the management of the Instrument for Pre-Accession Assistance (IPA), covering the years from 2014 to 2020, which will contribute to the reform process of the countries that are candidates to join the EU. The so-called IPA II assistance package will be in effect following the termination of current the IPA legislation in 2013.

With a total budget of 14,110 million Euros, the fund allocates the biggest share of financial assistance to Turkey, which amounts to €233 million. Five candidate and four potential candidate countries for EU membership are eligible to utilize the program. Accordingly, Albania (€82 million), Bosnia-Herzegovina (€91 million), Croatia (€39 million), Macedonia (€29 million), Montenegro (€26 million), Serbia (€178 million), Iceland (€12 million) and Kosovo (€63 million) will be the beneficiary countries.

UK opposes the EU-wide financial tax

Great Britain refuses the EU-wide implementation of the so-called Tobin tax on financial transactions which is backed by France and Germany. The country announced that they would veto such a financial tax at the EU level unless an agreement is reached on a global scale. In September, the European Commission adopted a proposal to regulate the taxation of stock and bond transactions at a rate of 0.1% and the derivatives in an amount of 0.01%. The draft legislation is expected to be discussed at the EU leaders' extraordinary summit on January 30.

The UK's decision aims at protecting the financial market of London. Within the same logic, the UK has also already rejected a change in the Lisbon Treaty last month, for a financial restructuring in the EU which would enable a deeper economic integration and financial discipline. Consequently, 26 EU Member States, apart from England, have agreed to establish an intergovernmental financial pact in order to overcome the debt crisis and save the Euro. The new agreement is expected to be signed in March 2012 and get into effect following the national ratifications until the end of 2012.

Financial sanctions will be applied to EU countries with budget deficits

European Commissioner for Economic and Financial Affairs Olli Rehn stated that the surveillance on member states' economies and budgets will start in January in accordance with the new law adopted on December 13 to reestablish economic stability and confidence in the EU. The strengthened Stability and Growth Pact of the EU, composed of six legislations, enables the imposition of financial sanctions on the member states that have budget deficits. According to the law, the Member States have to keep their budget deficit under 3% of the GDP and their domestic debt under 60% of the GDP.

Rehn expressed whether the sanctions would be applied to the countries to which the Commission sent warning letters would be cleared out in January. The Commission has written to Belgium, Malta, Cyprus, Poland and Hungary and asked their plans in 2012 for the reconsolidation of their budgets.

Accession Agreement with Croatia signed

Croatia, expected to become the new EU member state in 2013, has signed its Accession Partnership agreement with the EU. Twenty-seven EU Member States signed the agreement which approves Croatia's accession to the EU. Croatia is expected to become the 28th member of the EU following the referendum to be held in the country in January and the ratification of the accession agreement by Member States' parliaments.

EU will start negotiations with Montenegro

At the European Council on December 9, the EU leaders decided to start accession negotiations with Montenegro in June 2012 if the country is found to make progress on reforms with regard to the fight against corruption and crime upon an evaluation to be taken by then. The European Council requested the Commission to prepare a new strategy that would lead the negotiations with Montenegro on the chapters covering justice, fundamental rights and freedom, and security.

EU Candidate Status to Serbia

In February, the EU will determine whether candidate status for EU membership will be granted to Serbia. President of the European Council Herman Van Rompuy stated the EU will keep watching Serbia in terms of its contribution to the decrease of the regional tension and that the EU foreign ministers will decide in February on Serbia's candidacy according to the developments.

Schengen entry of Romania and Bulgaria postponed again

Romania and Bulgaria will have to wait longer to enter the EU's free movement, Schengen, area. Since, the Netherlands rejected the proposal to open the sea and air borders with the countries in the first stage, and that the opening of the land borders would follow in the second stage. The EU President tried to convince the Netherlands to stay abstain instead of vetoing this EU-wide reconciliation. However, the Netherlands denied. Upon this development, the Member States decided to review the decision during the EU Summit to be held in March.

EU LIFE Program 2014-2020

The framework of the EU's new Environment and Climate Action Programme (LIFE) covering the period 2014-2020 has been set out. The new LIFE program which will follow current LIFE+ will assist the member states' environment and climate action policies with a budget of €3.2 billion. The programme focuses on environment and resource efficiency, biodiversity, environmental governance and information in the context of environment. In addition, the climate action chapter concern sub-programs climate change mitigation, climate change adaptation and climate governance and information.

EU Energy Roadmap 2050

The European Commission presented the Energy Roadmap 2050. The report includes policy suggestions to de-carbonize the energy sector in line with the general EU targets on carbon reduction. The roadmap outlines different scenarios covering energy efficiency, renewable energy, nuclear energy, carbon capture and storage options for Member States to utilize when shaping their energy policies.

Eco-Innovation Action Plan

The European Commission adopted the Eco-Innovation Action Plan (EcoAP) that will follow the EU's Environmental Technology Action Plan (ETAP). The Action Plan aims at supporting the new technologies to penetrate the market and reducing the pressure on the environment. In this context, the Action Plan focuses on the use of environmental legislation, promotion of product development and demonstration programs, development of new standards and strengthening international cooperation.

EU targets decreasing noise emissions from vehicles

A new proposal is submitted by the European Commission, which aims to further decrease noise emissions from motor vehicles. The noise limits from vehicles in the EU was most recently lowered in 1996. The proposal covers cars, vans, buses, coaches and light and heavy vehicles. According to the proposal, noise limits for cars, vans and buses will be reduced by 2 dB (A) in the first stage and 2 dB (A) in the second stage. On the other hand, the limits will be first cut in an amount of 1 dB (A) for trucks and later 2 dB (A) again.

European Environment Agency warns automobile manufacturers

The European Environment Agency stated that automobile manufactures that do not meet the EU's 2012 target for de-carbonizing emissions from cars will face a penalty of up to 10 billion Euro. For now, 80% of the manufacturers in the EU have already complied with the concerned targets. In the EU, 65% of newly registered cars of an automobile company shall meet the predetermined carbon limits in 2012. The rate rises to 75% in 2013, 80% in 2014 and 100% in 2015.

Russia and Turkey agreed on the construction of South Stream

Turkey and Russia get a deal for the construction of South Stream gas pipeline that will transmit Russian gas to Europe through the Black Sea. Turkey has accepted the use of its own economic zone in the Black Sea for the construction of the pipeline. In return, Russia will readjust gas deliveries to Turkey. South Stream will carry 63 billion cubic meter gas each year to Europe over Turkey, Bulgaria, Serbia, Hungary, Slovenia and Austria.

Turkey signs gas deal with Azerbaijan

Turkey and Azerbaijan signed the agreement that allows the construction of Trans-Anatolia Natural Gas Pipeline which will transmit the gas from Azerbaijan to Europe, crossing over Turkey. According to the memorandum of understanding signed by energy ministers of both countries, Turkey will own a 20% share in the project while the rest of the shares will belong to Azerbaijan. From 16 billion cubic meters of gas to be transmitted annually through the pipeline, Turkey will use 6 billion and Europe will use 10 billion cubic meters of gas. Turkish Energy Minister Taner Yildiz said the project will not impede the Nabucco project.

Agenda

10 January

- Political and Security Committee
- Coreper II

12 January

- Informal meeting of Political Directors

13 January

- Coreper I
- Political and Security Committee
- Meeting of Political Directors

16 January

- Workshop on Civil Protection
- The European Parliament Plenary Session, Strasbourg (16-19 January)

17 January

- Political and Security Committee

19 January

- Coreper II

20 January

- Political and Security Committee
- Coreper I

23 January

- Agriculture and Fisheries Council,

24 January

- Economic and Financial Affairs Council
- Political and Security Committee

25 January

- Political and Security Committee
- Coreper II
- Coreper I

26 January

- Meeting of EU Justice and Home Affairs Ministers
- Coreper II
- Troika Secretariat meeting

27 January

- Meeting of EU Justice and Home Affairs Ministers
- Coreper I

30 January

- EU Council of Foreign Ministers
- Extraordinary meeting of EU leaders

31 January

- EU Council of Foreign Ministers
- Political and Security Committee

01 February

- Informal meeting of EU Competitiveness Ministers
- Coreper I
- Coreper II
- European Parliament Mini Plenary, Brussels

02 February

- Coreper II
- Meeting of EU Competitiveness Ministers

03 February

- Competitiveness Council
- Political and Security Committee
- Coreper I

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