



ENERGY UNION

More power or hot air

EUROPOLITICS

THE PUBLICATION OF CHOICE FOR EU
PROFESSIONALS AND THE WIDER PUBLIC

Rue d'Arlon, 53 | B-1040 Brussels – Belgium | T: +32(0)2 737 77 09

Follow us



EUROPOLITICS_SA



Europolitics is the publication of choice for EU professionals and the wider public.

Subscribe at subscriptions@europolitics.info and get all the latest news
about EU policies at your door.

EUROPOLITICS

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

EDITORIAL TEAM
Editorial director:
Pierre Lemoine

Editor-in-chief:
Christophe Garach

Editors:
Anne Fekete de vari
Tibor Szendrei

Editorial advisors:
Marc Paoloni
Rory Watson

Reporters:
Ed Bray, Marie-Martine
Buckens, Anne Eckstein,
Anca Gurzu, Anke Harthoorn,
Manon Malhère, Loreline
Merelle, Sophie Mosca,
François Paquay, Sophie
Petitjean, Andreas Rogal,
Isabelle Smets, Ophélie
Spanneut, Joanna Sopinska,
Nathalie Steiwer, Owen
Stafford, Jorge Valero,
Nathalie Vandystadt,
Tanguy Verhoosel,
Richard Werly

Correspondents:
Athens: Markus Bernath
Berlin: Jakob Schlandt
Berne: Edgar Bloch
Paris: Joël Spaes
Riga: Antoine Jacob
Shanghai: Sébastien Falletti
Strasbourg: Olivier Mirguet
Warsaw: Jakub Iwaniuk
Washington: Brian Beary

Translators:
Aida Boghossian
Christina Berta
Betty Jackson
Michèle Morsa
Jessica Smith

Layout, photo edition, website:
Grégoire Maus
Nathalie de Jamblinne
Anke Harthoorn

Agenda: Zsolt Kozma

ADVERTISING:
Michel Deurinck
Sophie Delaval
advertising@europolitics.info

SALES: Virginie Goupy

SUBSCRIPTIONS:
Geneviève Jourdain
Jelena Laverty
subscriptions@europolitics.info
Tel: +32 2 737 77 09
Fax: +32 2 732 67 57

TELEPHONE
Editorial: +32 2 737 77 22

E-MAIL
General:
editorial@europolitics.info

Individual:
firstname.surname@europolitics.info

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

Contents N° 5022

Top stories

FINANCIAL SERVICES

European insurance sector begins its transformation **Page 9**

INTERVIEW

Edgars Rinkevics, minister of foreign affairs, Latvia **Page 12**

GREECE

Commission may “reconsider” Troika’s involvement **Page 11**

INSIGHT

Energy union

Modest but hopeful expectations	4
Breaking national silos at core of project	5
Central gas purchasing body: Ambitions already shrinking	6
“Energy union needs to be more than EU energy policy”	7
No energy union without robust governance	8

Financial services, banks, insurance

European insurance sector begins its transformation	9
Pittella on TTIP	9

Sectoral policies

Commission to update maritime transport strategy	10
--	----

Economic & monetary affairs, taxation

Committee of inquiry: Compromise solution in the offing?	10
Greece: Commission may “reconsider” Troika’s involvement	11

External relations

“Riga has to show that the Eastern Partnership continues”	12
---	----

Social affairs

German minimum wage: Moratorium for hauliers	13
--	----

EU agenda

14

Open forum

Europe and the human highway	16
------------------------------------	----

ENERGY PREMIUM

On europolitics.info

- EFET signal problems with new market transparency platform
- Offshore wind power levels off in 2015
- Sefcovic wants greater transparency on energy market

INSIGHT Energy union

Modest but hopeful expectations

By Anca Gurzu

The Commission will unveil its strategy on 25 February amid volatile global energy developments and discouraging internal patterns

After an hour-long debate about the energy union at the Bruegel think tank on 29 January, one of the participants wished Maros Sefcovic “good luck”. The EU energy policy chief, who was heading into a meeting with Commission President Jean-Claude Juncker and other commissioners involved in the flagship project, answered quickly: “Thanks, I will need it”.

With just four weeks to go until the EU executive unveils the much-awaited energy union strategy, expectations are running high. Since the final curtain has not yet been raised, all stakeholders have been on the offensive the past few weeks, detailing their priorities, doubts and hopes.

The European energy agenda is not new but became a top priority due to the Rus-

sia-Ukraine gas crisis. It comes amid volatile global energy developments and recognition of Europeans’ relative failure to deal effectively with energy challenges.

Member states managed to pave the way to 2030 last autumn, agreeing on their climate and energy objectives for the next decade – a move set to guide major elements of the energy union as well. However, the internal energy market remains far from completed, with the December 2014 deadline having passed by.

The main obstacle is the growing renationalisation of energy policies, which jeopardises cooperation and may potentially lead to further fragmentation of the EU energy market. This is noticeable in technical decisions, such as the set-up of capacity markets, but also in the inconsistent way member states are dealing with the Union’s largest energy supplier: Russia. Tensions in the gas sector leave EU officials re-emphasising the importance of diversity of supply.

The dramatic fall in oil prices has led some commentators to question the EU’s

ability to push forward with its investments in renewables and energy efficiency when fossil fuels are becoming more financially affordable. Commission officials argue EU energy policies must be much more stable than the price of a barrel of oil, also pointing to the Juncker investment plan as the way to get wheels turning.

Given all these risks, experts are concerned that the project may become just a repackaging of existing initiatives. Behind the scenes, Commission officials acknowledge the energy union must indeed deliver something new, for it to “stick” and obtain EU-wide approval.

In a final airing of views, stakeholders are expected to give their input at a major conference in Riga, on 6 February. The Commission will unveil the energy union strategy on 25 February, together with a plan to achieve it, a road map of EU climate policies ahead of the climate conference in Paris in December, and a communication on how to reach the 10% interconnection target. ■



Breaking national silos at core of project

By Anca Gurzu

The energy union's success will depend primarily on the states' political will. Regulators' power will be decisive



Maros Sefcovic

Towards the end of his address to members of the European Parliament's Committee on the Environment (ENVI) on 21 January, the European Union's energy chief made a blunt remark: "If you ask me what would be the biggest challenge in introducing the energy union concept into the European Union, I would say this is to change the mindset focused right now on national solutions, and look [instead] for EU-wide solutions," Maros Sefcovic said.

Renationalisation of energy policy is a phenomenon various observers have been pointing to in recent years, with solidarity and cooperation being pushed to the sidelines. The energy union will not bring about any treaty changes – nor are they desired. Experts agree the project will only work if member states are willing to work in unison on energy issues, at least regionally, something

which stronger EU-level regulators could see through.

NATIONAL CULTURE OF FRAGMENTATION

The EU's energy system is fragmented into 28 national silos, European Commission Vice-President Sefcovic said, and the purpose of the energy union "is to break the silo culture wherever it may exist". Not surprisingly, the energy union's first proposed dimension focuses on "supply security, based on solidarity and trust".

EU-wide energy solutions could explore ways to set up capacity mechanisms more efficiently, plan support schemes for renewables in a more coordinated manner and optimise the use of liquefied natural gas (LNG) networks, according to Sefcovic.

Such technical decisions would come with big repercussions for member states, some winning, others losing, says economist Georg Zachmann, research fellow at the think tank Bruegel focusing on energy and climate issues. "It is important [for member states] to understand that what they gain from cooperation is higher than the cost of losing some benefits.

"It is important [for member states] to understand that what they gain from cooperation is higher than the cost of losing some benefits"

Europe needs to have a vision about what energy markets will look like. And this vision needs to be shared by all participants," he says. "If, for example, France does not subscribe to it, it will find ways to maintain regulated tariffs. There are always ways in national poli-

cies to make these things happen." This is because the Lisbon Treaty clearly states that member states maintain the right to decide their choice of energy mix and energy suppliers – a trump card national governments are not willing to relinquish.

Power to regulators

One solution that Sefcovic has repeatedly hinted at would be to strengthen the role of the Agency for the Cooperation of Energy Regulators (ACER), as well as that of the European Network of Transmission System Operators (ENTSO) for gas and electricity.

"This would essentially imply a shift in power to more centralised bodies, which would not require a shift in treaties," according to Zachmann.

For example, Germany, which is debating the future of North-South electricity lines, may decide not to extend its network because it is using Polish and Czech electricity lines, where it is sending extra wind-produced electricity. But the move often causes congestion in these neighbouring member states, which are investing in expensive devices to stop the electricity flows, he adds. "But if ACER would be empowered to check all network development plans that are there and give either an amber or green light [...] it would have the power to strike compromises among different players," Zachmann concludes.

Having a regulation that tackles security of electricity supply, just as there is one for gas, would also allow for the creation of "common objectives at EU level, common definition of supply standards and also a certain harmonisation of methodologies related to generation adequacy," says Sami Andoura, research fellow at the Jacques Delors Institute and holder of the European energy policy chair at the College of Europe.

These kinds of ideas must be sold to member states not only through the energy security lens, but also from a business point of view, Sefcovic acknowledges. ■

Central gas purchasing body: Ambitions already shrinking

By Marie-Martine Buckens

Regional joint purchases could be considered in crisis

Twice in the past, the EU has tried to present a centralised response to the threat of a cut-off in its external energy supply. It failed both times: the Euratom Supply Agency and the virtually dead on arrival Caspian Development Corporation (CDC), put together in 2009 to accompany the likewise failed European gas pipeline project, Nabucco (now consigned to history).

Commissioner Maros Sefcovic's services will no doubt keep these two unfortunate attempts in mind when it comes to incorporating into the energy union project the idea of a central gas purchasing body, developed in 2010 by Jacques Delors and Jerzy Buzek (EPP, Poland).

At the time, a year after the Russia-Ukraine gas crisis, the idea seemed excellent because the situation was quite different from what it is today, Sami Andoura, researcher at the Jacques Delors Institute, told Europolitics (see separate interview). "Today, the essential solution is to finalise a common integrated gas market. With a liquid and integrated market we would no longer need [a central purchasing body]."

It was precisely immediately after the 2009 gas crisis that Germany decided to

take steps for direct delivery of Russian gas, a way of considerably reducing the risk of gas cut-offs by the Ukrainian authorities. Conclusion: the idea could have been good before the crisis hit.

INTRUSION

It was at the same time that the EU, backed by the United States, decided to reduce its dependence on Moscow by launching the Nabucco project, which would have delivered gas from the Caspian Sea to Europe. In parallel, it proposed to set up a single body to purchase Caspian gas (CDC). The Commission hoped that a single buyer offering price and demand guarantees would encourage upstream development and the construction of infrastructure. "That approach, however, not only neglects a possible infringement of competition rules, but also implies interference in gas companies' strategies," explains a senior DG Energy official. Major European firms like BP, Total and Statoil are present in the Caspian Sea, particularly the Azeri field of Shah Deniz that will supply the future South Corridor. These are the same firms which, according to an expert, have never taken kindly to the Nabucco financial arrangements that included only national user companies.

Bad timing and supranational incursions into the interests of private or

state-owned companies: the scenario is the same when it comes to the failure, shortly after its creation in 1960, of the Euratom Supply Agency, the central and exclusive broker for nuclear material in the European Atomic Energy Community (Euratom). The agency was set up at a time when Europeans feared an energy shortage in the wake of the Suez crisis, a situation contradicted by the facts shortly thereafter. Subsequently, given opposition from Germany and especially France, the system was substantially watered down and the agency reduced to a registration body.

REGIONAL PURCHASING BODIES

So what will remain of Delors' idea in his communication on the energy union? Andoura points out some options: "In certain exceptional circumstances, we may need to buy gas jointly, especially for small companies and countries without access. What can they do? They can join together to obtain better prices and terms. That's exactly what is already happening inside Europe. There are municipalities in France that make joint purchases of gas and electricity. Why couldn't we do the same with external suppliers?"

The Commission proposed to set up this type of regional mechanism in crisis situations in the online consultation under way on the revision of Regulation 994/2010 on the security of gas supply. ■

EUROPOLITICS
THE EUROPEAN AFFAIRS MAGAZINE

NEW EDITION
WINTER 2015

www.europolitics.info

SUBSCRIBE NOW €25 A YEAR
magazine@europolitics.info

“Energy union needs to be more than EU energy policy”

By Anca Gurzu

Interview with Sami Andoura, senior research fellow, Jacques Delors Institute

The European Commission has created high expectations about its flagship energy union project in recent months. With the final details to be unveiled at the end of February, Europolitics spoke to Sami Andoura, senior research fellow at the Jacques Delors Institute and holder of the European energy policy chair at the College of Europe, for his views on the matter.

What do you think has been innovative in the energy union debate so far and the way the European Commission has been presenting this future project?

If you look at the programme of Jean-Claude Juncker's new Commission, it is quite clear that it has been able to seize the political momentum around the energy union idea and make it one of the key priorities for its new mandate. It has also been able to reorganise internally around the energy union cluster.

Another achievement is that it is no longer a national project. It is a real European project debated at EU level.

In recent months, Commission officials have said that the energy union will not be a reinvention of the wheel, but rather that it will bring elements that we already know under one umbrella.

They are right in saying that, because the energy union will not be created from scratch. On the contrary, it needs to be based on the large number of strengths and achievements developed since 2007 at the European level in the field of energy.

But we should be very careful that it is not only repackaging existing instruments and initiatives. If it really wants to have added value, it needs to be more than only EU energy policy. We

need a two-track approach: revision of European energy policy in the short term in order to address its well known key shortcomings; and the energy union to act as a booster of energy transition in Europe, and as a catalyst for a new model of society and economy based on industrial innovation and social inclusion. It should offer a qualitative step-based approach.

What do you think about the energy union's five dimensions?

No one knows so far what is really in the Commission's energy union proposal ... but there are some ideas that are mainly articulated around five pillars.

I would say that the initial pillar approach is not the right one at this stage. Pillars look institutional in a way, and as such they are not very flexible. What we need to avoid is a situation in which we discuss whether there should be four, five or six pillars, and so on. Creating pillars at this stage is opening that door, and opening the door to limit the debate as a shopping list.

As for the five dimensions, the way they are articulated does not cover all the necessary issues. Some dimensions cover the whole issue, such as supply security, solidarity and trust. Solidarity and trust are needed everywhere not just in the first pillar. Others cover what is the responsibility of energy policy, such as the internal market for gas and electricity. The second pillar, a completed internal market is not a matter for the energy union, it is a matter for EU energy policy, which needs to be fixed.

The risk is to bring further confusion between EU energy policy and the energy union, which are distinct. Pillars should come later when we have a clear vision and project for the energy union. Today, people know the pillars or dimensions, but not what the energy union is.

One of the issues we know will have to be tackled in the energy union is

a lack of coordination and a stronger sense of solidarity among member states in event of a crisis. We know the energy union will not bring about any treaty changes. How do you see this issue being reinforced?

Yes, it's true, the energy union is not about having a new treaty, a new institution or a European energy mix. It is somewhere in the middle.

History has shown that European solidarity is possible. Solidarity has been possible vis-a-vis the Russians and Ukrainians in the supply of gas because we have adopted a regulation at EU level which is implemented at the regional level by most stakeholders. That is what we definitely need in the field of electricity as well: a binding EU framework in the form of a regulation, which is implemented in a coordinated and cooperative way regionally.

This is solidarity for the energy union, not rhetoric: de facto solidarity that needs to be offered through rules, instruments, frameworks that are concrete and real, not just principles and broad policies.

But solidarity goes beyond security of supply. Today, energy poverty needs a real social policy in the field of energy, which goes much deeper than artificial tariff regulation that we have nationally. More people are facing energy poverty today, not the other way round. And energy poverty is also a phenomenon to be addressed by our development policies.

What do you think is the Commission's biggest challenge with the energy union?

Offering a tangible long-term project for all Europeans. It means creating a lot of new opportunities for European companies, both inside and outside Europe. But it is also about showing people that there are profits and welfare for them as well. The potential for democratising EU energy policy and widening its governance is key. It would be a way to tackle the growing issue of public acceptance. ■

No energy union without robust governance

By Anca Gurzu

But member states are already at odds

At first glance, the structure of the European Commission's energy union project appears to contain a little bit for everybody. The initiative's dimensions are well known: security of supply based on solidarity and trust, completion of the internal energy market, moderation of demand, decarbonisation of the EU energy mix, and research and innovation. They aim to give the Union's energy policy a new boost by focusing on incomplete initiatives and on stronger integration between member states both internally and externally.

One thing is certain: a strong political push is driving the energy union debate but there are many challenges along the way, notably on the governance structure accompanying the project.

A leaked Commission document in November 2014 highlighted some three dozen policy and regulatory steps, described as "quick wins," to be taken this year to move the energy union project forward. While preliminary, the comprehensive document resembled a shopping list, highlighting both unfinished business and upcoming legislative measures.

The EU must push its outstanding energy policies forward and clear up existing shortcomings over the next two years if it wants the energy union to be more than a mere reshuffling of current priorities, according to a report released on 27 January by Notre Europe – Jacques Delors Institute. The report argues that the energy union must be tangible, moving beyond speeches and declarations.

Arno Behrens, research fellow and head of the energy division at the Brussels-based Centre for European Policy Studies (CEPS), shares that view. "One of the risks of the energy union is that the concept remains empty and that the content remain incoherent – and if that's the case, progress will also be very slow," he says.

The governance mechanism that will be set up to guide the project's implementation, as well as achieving the 2030 energy and climate goals, will be a key element of the process, according to experts.

"We have to be much harsher on what we monitor, what we insist on," the EU's energy policy chief, Maros Sefcovic, told MEPs on 26 January.

Member states are already sending clear signals about what they would, or would not, be ready to accept. A joint United Kingdom-Czech Republic position paper from early January is calling for a "light-

touch and non-legislative" Commission approach in enforcing EU energy policy across the bloc. This is at odds with Germany's view, which in its own input later that month said energy union governance based only on "a soft law process" would not be sufficient.

NO ANTI-RUSSIA PLATFORM

Despite the challenge of moving EU energy policies forward, "we have achieved much more than we actually realised since 2006," building blocks which will help carry the work forward, says Frank Umbach, associate director of the European Centre for Energy and Resource Security at King's College London. "The Ukraine conflict has certainly enhanced the overall belief that we should fasten some of the policies we had already started implementing before," he explains.

"There are also much stronger political connotations and implications for common energy foreign policy decisions, anchoring the EU in the international arena, in particular as regards Moscow," Umbach adds.

But the energy union should avoid becoming "an anti-Russia platform," Behrens stresses. "It should be much broader than that. We need to take all energy risks into account when we speak about the energy union." ■

YPIN
young polish international network

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

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

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

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

European insurance sector begins its transformation

By Sophie Mosca

The regulatory framework obliges stakeholders to rethink their business model, above all in the distribution of insurance products

The insurance sector has fared better during the crisis than the banking sector, as witnessed by the stress tests that it was subjected to in December 2014. But it has not been saved from regulatory changes at EU and national level, which are leading it to restructure. According to a survey by Mergermarket, a company specialised in mergers and acquisitions, and Towers Watson, this translates into an anticipation by insurance companies of having to divest more activities over the coming three years than in the past.

At the forefront of the regulatory constraints is Directive 2009/138/EC (Solvency II), which should be transposed by 1 January 2016 and which imposes on companies strengthened solvency to ensure their long-term commitments. This text should lead to a recomposition of the sector for those exposed to long-term risks (life insurance and civil responsibility above all), where they will need to provide more capital. Certain groups will therefore seek to purchase assets in order to diversify the risks on their books, considers Martin Membre, a lawyer from Sidley Austin in London. They will there-

fore meet the offer of competitors who will free themselves of superfluous assets in order to refocus on key jobs. Therefore, Germany's Heidelberg Leben purchased life insurance assets from Sweden's Skandia in Austria and Germany and the UK's Chesnara took over the assets of the bankrupt Dutch financial services group, ORD.

NATIONAL LEGISLATION

"The major companies will certainly try to develop in booming markets such as Poland, in order to obtain greater volume and withdraw from other, more restricted ones" underlined Henri de Bruyne, chairman of Monitoring European Distribution of Insurance (MEDI), an observatory for the insurance market and its distribution. But, for him, "this restructuring movement will remain modest: as the stress tests were good, companies are not interested in destroying their toy". As the European market is still very fragmented, with differences between countries and branches of activity, adjustments will be made with regard to the constraints of national legislations. For example, in the United Kingdom, the abolition of the legal requirement to contract a life annuity pension led to the merger between the number two in life insurance, Aviva, and its competitor, Friends Life, announced in December 2014 for €7.1 billion. In France, the law facilitating the possibility of terminat-

ing an insurance contract for consumers will introduce greater competition in the sector and may explain the divestment by CNP of its share in its Spanish subsidiary CNP BV in order to strengthen its presence in France.

DISTRIBUTION

According to Isabelle Monin Lafin, founder of the Paris law firm Astrée, the insurance distribution sector via intermediaries (brokers, general agents and so-called bancassurance) who hold 57% of the European insurance market is the most likely target for recomposition in three or four years. To blame in particular is the revision of Directive 2002/92/EC on insurance mediation (DIA II), which anticipates more constraints for these intermediaries and the transparency of remuneration for these products. "As we can already note in Belgium and the United Kingdom, which have already transposed this text that has not yet been formally adopted. In the United Kingdom, this market lost 23% between the end of 2011 and the end of 2012, the date of entry into force of its provisions". It anticipates a real "structural overhaul and strong specialisation" elsewhere in Europe, perhaps on the Spanish model in silos distinguishing the sale of insurance with advice from that without any advice. Without excluding the fact that capital injection by the European Central Bank may "change the situation", the insurance

In brief

Pittella on TTIP

The leader of the European Parliament's Socialists and Democrats (S&D) group has indicated that he is amenable to some kind of investor-state dispute settlement (ISDS) mechanism in the Transatlantic Trade and Investment Partnership (TTIP). Speaking to Europolitics in Washington on 30 January after he met US Trade Representative Michael Froman, Gianni Pittella said "the ISDS - as is - is not acceptable for us" because it excludes the judiciaries from any oversight. But Pittella was open to crafting an ISDS "that guarantees the certainty of the applicable law" and ensures no lowering of "consumer, labour, health and environmental standards". On the negotiating timetable, he hoped enough progress would be made in 2015 for agreement to be reached in 2016. "TTIP will undoubtedly benefit both sides of the Atlantic" by increasing GDP by between 2% and 4%, he said. For TTIP to be ratified by Parliament, S&D support will be very important, if not essential.

Commission to update maritime transport strategy

By Isabelle Smets

A public consultation has been launched, and new initiatives on maritime safety could follow

The European Commission has opened a consultation, which will last until 22 April, on a mid-term review of the EU's maritime transport strategy, which was adopted in 2009 and will remain in force until 2018. At the mid-term point, the Commission is particularly concerned over obstacles encountered when accessing third-country markets, and in ensuring fair competition with these. It also wants stakeholders' opinions on the need to reduce the sector's environmental impact (perhaps with more promotion of alternative fuels), and on the efficiency of ports, attractiveness of the profession and maritime safety.

Recent maritime accidents could motivate the Commission to launch initiatives on maritime safety. Fotis Karamitsos, director of maritime transport at DG MOVE, hinted at this recently when speaking to the Committee on Transport (TRAN) at the European Parliament. "We want to examine the current legal framework, to check that it is adequate," he said.

Several passengers were killed on 28 December 2014 when a fire broke out on the Norman Atlantic, a ferry providing service between the Greek and Italian coasts. Survivors highlighted a lack of respect for onboard safety rules among the crew. In the TRAN committee, Karamitsos said that legislation on passenger lists should "eventually" be revised, and measures should be taken to facilitate the location of persons on board. He mentioned the idea of giving passengers bracelets fitted with chips

upon boarding, which would then "allow the crew to find passengers" in case of an emergency.

Referring to another maritime accident, in which the German container ship MSC Flaminia caught fire in mid-Atlantic in July 2012, Karamitsos said that the Commission was still working on the issue of places of refuge for ships in distress, and may publish guidelines for maritime authorities.

To recall, the Flaminia caught fire some 1,000 nautical miles off the French and British coasts, and was adrift in the mid-Atlantic for several weeks before it was given permission to enter German waters (Flaminia was flying the German flag). It was refused permission by France and the UK. At the time, TRAN criticised these countries for not taking responsibility for the ship, and asked the Commission present proposals to amend EU legislation to oblige countries to assist in such cases. ■

Committee of inquiry: Compromise solution in the offing?

By Ophélie Spanneut

The group leaders may decide to set up a special committee on tax avoidance instead

The group chairs at the European Parliament are expected to come to a decision, on 5 February, on whether or not to set up a committee of inquiry on tax avoidance. Parliament's legal service has already validated the 192 signatures of MEPs. Its analysis of the mandate will be delivered to EP President Martin Schulz in time for the discussion with the political group leaders. The Greens collected signatures among their own members and the EUL, but also from EPP, S&D and ALDE members of Parliament. So after losing control over part of their troops, the chairs of these groups had to resign themselves to revising their initial position. Gianni Pittella officially supports the initiative on behalf of the S&D as does Manfred Weber (EPP), albeit reluctantly. Weber will not "put obstacles in the committee of inquiry's path" but continues to think that "it is a waste of

time," say his aides. It is now Schulz who is cause for concern among the most alarmist supporters. Never enthusiastic over the idea, he may attempt to argue in favour of a "special" committee, *Europolitica* has reason to believe. In addition to arguments on the legality of the mandate, which are confusing, the EP president can take advantage of the political context of the large groups supporting the committee of inquiry only due to the insistence of a minority of their members. As they did with allegations of illegal transport and detention of CIA prisoners in Europe, as well as organised crime, MEPs may put in place a committee with a 12-month mandate. It has the major advantage of having a less provocative title than does a committee of inquiry. With this solution, everyone would emerge with their head held high and the legal service would be reassured, according to a senior official. The large groups will be able to argue that MEPs are looking towards the future rather than the past while rejecting business as usual and protecting Jean-Claude Juncker. The Greens have to realise that the media impact is the same, argues a

proponent. In any case, MEPs' powers of inquiry are restricted and the sole interest of the committee of inquiry is its political weight and media impact. ■

Greens amend mandate

It is a European peculiarity that, to set up a committee of inquiry on tax rulings, the Greens had to invoke infringement of the duty of honest cooperation between member states (Article 4.3 TEU) and state aid rules (Articles 107.1 and 108 TFEU). But they have now found a tax provision. The Greens have learned that under a 1977 directive, reiterated in 2011 (2011/16/EU, Article 9), the member states must engage in spontaneous exchanges of information on tax rulings. They have always abstained from doing so, however, as revealed by a confidential Council document, despite the Commission's warnings and the non-binding nature of these provisions.

Greece: Commission may “reconsider” Troika’s involvement

By Jorge Valero

Athens’ intention to cancel talks with the Troika is expected to be on the agenda of the talks between Juncker and Samaras on 4 February

The negotiations between Greece and its European creditors are off to a troubled start as the two sides’ positions remain distant when it comes to the outstanding reforms in the country and the possibility of writing off part of the Greek debt (176% of GDP).

In order to broaden the scope of the talks to facilitate an agreement, the European Commission appears ready to consider Greece’s rejection of any further dealings with the Troika. Bringing together the Commission, the European Central Bank (ECB) and the International Monetary Fund (IMF), the Troika is no longer considered a valid interlocutor by Athens, Greek Finance Minister Yanis Varoufakis said on 30 January.

A Commission spokesman recalled, on 2 February, that President Jean-Claude Juncker’s political guidelines referred to the need to “reconsider the instrument of the Troika”. Among the priorities for his mandate, Juncker aims to “review the Troika and make it more democratic, more parliamentary and more political”. However, the Commission spokesman refused to comment on whether the process of dismantling the Troika would be discussed with Greek Prime Minister Alexis Tsipras, when he meets Juncker in Brus-

sels on 4 February. Unnamed Commission sources have told the German newspaper *Handelsblatt* that the EU executive’s wish is “to find an alternative [to the Troika] quickly”.

EU officials told *Europolitics* that the abolition of the Troika would require lengthy discussions with numerous other institutions and the eurozone partners. The same sources added that the priority now is to know what Tsipras’ “concrete plans” are for the weeks to come before offering an “olive branch” to Greece. One week after winning the general elections in Greece, the intentions of the SYRIZA-led government remain unclear for the EU institutions and the member states alike. The signals coming out of Athens remain mixed and perplexing. After meeting with Eurogroup President Jeroen Dijsselbloem, Varoufakis cut ties with the Troika and announced that Greece would not request an extension of its bailout programme, which is due to expire on 28 February. The Greek government has yet to implement major reforms agreed previously. In a statement, Tsipras attempted to calm the waters following Varoufakis’ announcement. SYRIZA’s leader stressed that he was “absolutely confident that we will soon manage to reach a mutually beneficial agreement, both for Greece and for Europe as a whole.” “It has never been our intention to act unilaterally on the Greek debt,” he added. The Commission welcomed Tsipras’ effort, which it described as a “starting point”. Meanwhile, Greece’s calls for dismantling the Troika

have elicited a cautious response from the national capitals. German Finance Minister Wolfgang Schäuble said that the participation of the three institutions “cannot be changed”.

Spain’s Minister for European Affairs, Inigo Mendez de Vigo, said that “there has to be someone to speak to the government to check whether they meet their goals, as the Troika functionaries do”. ■

Parliament calls for EU body

Finance Minister Varoufakis recalled the report approved by the European Parliament last year to buttress his offensive against the Troika. In that report, Parliament stated that “the European institutions have acquired the necessary know-how to design and implement them by themselves” and any future involvement of the IMF would be “strictly necessary” as a marginal lender only. Meanwhile, the ECB should play a role of a “silent observer”. In the longer run, the legislators said that a European Monetary Fund should take over the Commission’s role in designing and managing the programmes. A Parliament spokesperson told *Europolitics* that President Martin Schulz agrees with the conclusions of the report, although this does not imply the need “to abolish the Troika tomorrow”.



“Riga has to show that the Eastern Partnership continues”

By Brian Beary

Interview with Edgars Rinkevics, minister of foreign affairs, Latvia

In Washington to meet with top US officials and headline a conference on the transatlantic strategy for Eastern Europe, Latvia's Foreign Minister Edgars Rinkevics spoke exclusively to *Europolitics* about his hopes for the 21-22 May EU-Eastern Partnership summit in Riga, which will chart the future course of the policy.

You say you want a more individualised approach to the six target countries. But when you look at a country like Belarus, still led by a dictator with very little freedom of expression, what concretely can the EU do with it?

First of all, it is the choice of Belarus how much it wants to engage with the EU. We have had ups and downs in our relations. If we look at the Belarus' current stance vis-à-vis Ukraine, we see some positive small steps so we should prepare a more individualised approach. That does not mean we forget about the dialogue on human rights and political freedoms. But I think we can more intensively engage on those issues if we have a more intense political dialogue. We could also initiate a visa liberalisation programme because that would probably be our most powerful tool.

With Azerbaijan, there is mutual interest in cooperating on energy. But just because it's convenient to do deals on energy, should you cast aside the authoritarian nature of the regime there?

You hit upon a fundamental problem of the EU. We still somehow presume that all six countries want to become either EU members or EU-aligned. It's not the case. But we can use the Eastern Partnership to engage with Armenia, Azerbaijan and Belarus as much as they want, while also putting on the agenda issues that are important for us like basic liberties, including media freedom and political and human rights. But we should not delude ourselves that we can use leverage with countries that do not have the ambition to become an EU member. In

that sense, it was a bit of a mistake before to have taken a 'one size fits all' approach.

Armenia, while it has joined the Eurasian Economic Union with Russia, says it wants to conclude some form of association agreement with the EU. Given that a country can't be part of two different customs areas, what can the EU do with Armenia?

Both the EU and Armenia need to do a 'scoping exercise' to see how far the provisions we had in the draft association



Edgars Rinkevics

agreement [which Armenia abandoned in September 2013 after pressure from Russia – Ed] correspond to the obligations Armenia has under the Eurasian Economic Union. I support Armenia's will to initiate a new agreement that sticks as much as possible to the already-agreed chapters of the association agreement that we didn't sign. So the Commission and Armenia will do an analysis and report back on what could be preserved. My vision is for the review process to be completed by the Riga summit so we can initiate negotiations at Riga. Here we see the key difference between the EU and Russia: we don't force countries to sign association agreements.

Georgia, Moldova and Ukraine want the EU to give a signal that there is a prospect of full EU membership. They say that not doing this makes them vulnerable to Russia's designs. Will we see a change of heart at Riga?

Riga has to show that the Eastern Partnership continues. We are going to review the first results of implementing the association agreements, try to push for visa liberalisation with those countries that have met all the criteria and robust assistance packages to make their economies more compatible

with the EU economy. But I do not believe that Riga is going to become a 'European perspective' summit. We have very different views on this within the EU. I personally would love to see the European perspective set out but I also see the mood. That said, Riga cannot close the door [to full membership – Ed].

Do you see a path for long-term EU-Russia cooperation in a Russia led by Vladimir Putin?

It's not so much about who leads which country. It's about Russia respecting national law and order. The annexation of Crimea and what is happening in Eastern Ukraine have changed dramatically and very negatively cooperation between the EU and Russia. Business as usual is not possible anymore. We want first of all to see a normalisation of the situation in Eastern Ukraine. I cannot exclude more sanctions or tougher sanctions if the situation gets worse – and it is worsening.

So it all hinges on what Russia does in Ukraine?

Ukraine is the key to further relations between the EU and Russia. ■

Eastern partners' views

At the 30 January conference co-organised by the Latvian EU Presidency and the Atlantic Council think tank in Washington, representatives of each Eastern Partnership country apart from Belarus spoke. Georgia, Moldova and Ukraine voiced frustration over EU leaders' failure to explicitly say they have a perspective for full membership. An Azeri parliamentarian said "everything is going well" with the Eastern Partnership, singling out visa and readmission agreements, and educational and cultural programmes as success stories. Armenia's ambassador in Washington said his country needed the EU's technical assistance to "modernise our society".

German minimum wage: Moratorium for hauliers

By Sophie Petitjean

Due to backlash from Eastern European states, the German government temporarily suspends its application to hauliers in transit

It did not take long for backlash to develop against Germany's minimum wage. Barely a month after its introduction and under pressure from low-wage countries, Germany decided to exclude road transport operators crossing its territory from the list of beneficiaries until it obtains "clarification of the European legal issues". German Labour Minister Andra Nahles made the announcement after his 30 January meeting with his Polish counterpart, Wladyslaw Kosiniak-Kamysz.

Under the new German regulation (mindestlohngesetz), from 1 January 2015, all workers (including employees in transit in Germany) must be paid wages of at least €8.50 gross per hour. But after a storm of protest in several East-

ern European countries, the German authorities agreed to suspend the measure temporarily.

Poland applauded the decision. "Our action through bilateral contacts and at EU level brought the hoped-for results. We are going to strive to ensure that this matter is resolved in a manner acceptable to all the parties," reacted Infrastructure and Development Minister Maria Wasiak. The International Road Transport Union (IRU) also praised the German government's decision, while noting that the "moratorium should be extended and remain in place until full legal clarity is established, including for bilateral international transport, and until the administrative burden for operators has been reduced".

POSTING VS TRANSIT?

It is now for the authorities to determine, among other things, whether a haulier crossing the country constitutes a posted worker within the meaning of Directive

96/71/EC. This text – clarified by 2014/67/EU – lays down core rules (including compliance with the minimum wage in the host country) for situations where a worker is assigned temporarily to perform a defined service in a member state other than the one where he habitually works.

For the IRU, Directive 96/71/EC was enacted to deal with sectors other than road transport. "The scope of this directive does not cover drivers in transit in a country, who deliver goods from one place to another or who collect goods in or outside a country," explained Jan Nemec, in charge of social affairs at IRU.

For the European Trade Union Confederation (ETUC), road transport operators cannot on principle be excluded from the posting directive. "Working conditions in cabotage are very particular and specific EU rules would be welcome. Meanwhile, national lawmakers have to assume responsibility for protecting workers," said Séverine Picard, legal affairs adviser at ETUC. ■

REAL CRIMES. REAL VICTIMS. REAL JUSTICE.

"Coordinated action and greater international cooperation will avoid a fragmented and less effective approach to combating terror on European soil."

Michèle Coninsx, President of Eurojust

Eurojust combats:

- terrorism • cybercrime • drug trafficking • trafficking in human beings
- counterfeiting • money laundering • computer crime • online child abuse • fraud, corruption and crime against property or public goods • criminal offences affecting the EU's financial interests • environmental crime • organised crime groups



We help bring criminals quickly and effectively to justice.

eurojust.europa.eu



EU agenda

Tuesday 3 February

EUROPEAN PARLIAMENT

THE PRESIDENT'S DIARY

09:00 - 16:00 *Brussels*

- 09:00 Chairing of the Plenary: The European Economic Governance framework: stock taking and future challenges
- 11:30 Meeting with Valeriu Zgonea, President of the Chamber of Deputies of Romania - Paul-Henri Spaak Building, 9th floor, Grand Salon Protocolaire
- 15:00 Meeting with delegates of The Youth 20 from France, Italy, Germany and the United Kingdom - Paul-Henri Spaak Building, 9th floor, Grand Salon Protocolaire

PARLIAMENTARY COMMITTEES COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

11:15 - 13:15 *Brussels, Paul-Henri Spaak, PIA002*

- European Parliamentary Week - The European Semester Cycles 2014 - 2015: Interparliamentary Committee Meeting organised by the Committee on Employment and Social Affairs (EMPL)

COUNCIL OF MINISTERS

POLITICAL AND SECURITY COMMITTEE *Brussels*

EU-US JUSTICE AND HOME AFFAIRS SENIOR OFFICIALS

3 - 4 February, *Riga*

CONFERENCE ON INCLUSIVE LABOUR MARKETS

3 - 4 February, *Riga*

Employment Committee (EMCO) and Social Protection Committee (SPC)

Interparliamentary Conference UNDER ARTICLE 13 OF THE TREATY ON STABILITY, COORDINATION AND GOVERNANCE IN THE ECONOMIC AND MONETARY UNION

3 - 4 February, *Brussels*

INFORMAL SOCIAL PROTECTION COMMITTEE (SPC)

2 - 3 February, *Riga*

EUROPEAN COMMISSION

TRAVEL AND VISITS

- President Jean-Claude Juncker gives a speech at the EP European Semester.
- President Jean-Claude Juncker hosts a ceremony in testimony of Jacques Barrot.
- Frans Timmermans in Estonia: meets with Taavi Rõivas, Prime Minister of Estonia; meets with Members of the EU Affairs, Foreign Affairs and Constitutional Committees of the Estonian Parliament; participates in the public debate "Europe Today" alongside Toomas Hendrik Ilves, President of Estonia.
- Federica Mogherini, Kristalina Georgieva, Karmenu Vella and Neven Mimica receive Jan Eliasson, Deputy Secretary-General of the United Nations.
- Federica Mogherini participates in the Working Dinner with S&D Group Bureau and S&D Group-linked Commissioners, Brussels.
- Andrus Ansip participates in the S&D working group on Digital Agenda at the European Parliament in Brussels.
- Andrus Ansip meets Inara Murniece, Speaker of the Latvian Parliament, at the European Parliament in Brussels.
- Andrus Ansip receives Michael Combs, CEO of Alcatel Lucent.
- Andrus Ansip receives European and Chinese CEOs of the ICT sector.
- Maros Sefcovic receives representatives from The Green10, ten environmental organisations and networks.
- Maros Sefcovic receives Alberto

Pototschnig, Director of ACER.

- Maros Sefcovic receives Konrad Mizzi, Minister for Energy of Malta.
- Maros Sefcovic meets Étienne Davignon, Advisor to the Chairman and Chief Executive of GDF SUEZ, Brussels.
- Jyrki Katainen receives representatives of European Bioeconomy Alliance.
- Jyrki Katainen receives Beate Merk, Bavarian State Minister.
- Günther H. Oettinger organises a roundtable on copyright with stakeholders (angle of the discussion - "the right balance in copyright policy").
- Günther H. Oettinger receives representatives of BEUC - Bureau Européen des Unions de Consommateurs.
- Cecilia Malmström receives the European Ombudsman, Emily O'Reilly.
- Neven Mimica signs the National Indicative Program (NIP) with the President of Kiribati, Anote Tong.
- Neven Mimica receives David Vernon, CARIFORUM coordinator.
- Karmenu Vella in Paris: attends the 2015 edition of the Euromaritime and Eurowaterways trade show.
- Vytenis Andriukaitis delivers a speech at the Food Innovation Summit, Brussels.
- Vytenis Andriukaitis receives the Minister for Climate and the Environment of Sweden, Åsa Romson.
- Pierre Moscovici in Berlin (2-3/2): meets with Bundestag CDU/CSU Members of Parliament of budgetary and financial affairs committee; meets with Bundestag SPD Members of Parliament of budgetary and financial affairs committee; meets with Frank-Walter Steinmeier, Minister for Foreign Affairs.
- Christos Stylianides participates in the regional consultations ahead of the World Humanitarian Summit, in Budapest, Hungary.
- Phil Hogan delivers the opening speech at the Food Innovation Summit, Brussels.
- Jonathan Hill is in London: attends evidence session at the House of Lords EU Economic and Financial Affairs Committee; meets with John Cridland, Director-General of the Confederation of

British Industry (CBI) and John Nelson, Chairman, Lloyd's of London.

■Violeta Bulc receives representatives of the European Transport Workers' Federation (ETF).

■Elzbieta Bienkowska receives Axel Eggert, Director General of EUROFER and CEOs of the steel industry, Brussels.

■Vera Jourova receives Wojciech Postulski, Secretary General of the European Judicial Training Network.

■Tibor Navracsics receives Rabbi Menachem Margolin, General Director of the European Jewish Association.

■Tibor Navracsics participates at a panel discussion "From Veszprém to Brussels as a politician" at the Balassi Institute, Brussels.

■Margrethe Vestager receives Philippe Varin, President of Cercle de l'Industrie.

■Carlos Moedas receives Kit Malthouse, Deputy Mayor of London for Business and Enterprise.

COURT OF JUSTICE

09:30

Third Chamber

■Opinion C-5/14 Principles of Community law

Kernkraftwerke Lippe-Ems

09:30

Grand Chamber

■Hearing C-67/14 Citizenship of the Union

Alimanovic

09:30

Grand Chamber

■Judgment C-172/13 Taxation Commission v United Kingdom

ECONOMIC AND SOCIAL COMMITTEE

Conference

BETTER INCLUSION OF THE ROMA COMMUNITY THROUGH CIVIL SOCIETY INITIATIVES

Brussels

Objectives of this final conference:

- to present the final report on the work carried out throughout the year by the EESC's exploratory coordination group to relevant stakeholders;

- to present and promote some good practices found in the Member States visited (Finland, Romania, Spain and Bulgaria);
-to give the partners an opportunity to voice their comments, ideas and recommendations and to be heard at EU level.

Venue: EESC VMA3

Public Hearing **INVESTOR PROTECTION**

Brussels

The hearing will gather civil society representatives who will present their position towards investment protection and Investor to State Dispute Settlement (ISDS) provisions in the current process of elaboration of the EU investment policy, which was added as an exclusive competence of the EU since the Lisbon Treaty. The hearing will focus on the following issues:

-How to best protect investors' rights without undermining the capacity of States to regulate in the public interest?

-Is the EU competence on investment a chance to reform the ISDS system?

-Are there alternatives to ISDS and are they sufficient to protect the rights of foreign investors?

-How the results of the EU Public Consultation on Investors Protection and ISDS conducted by the European Commission can impact the shaping of the EU investment policy?

-What role the civil society should play in process of defining the EU investment policy?

Registration: <http://www.eesc.europa.eu/?i=portal.en.eesc-person-contact-form&d=247>

09:00-18:00

A New Generation 4 a New Europe, DE60, 61, 63

10:00-13:00

145th ECO Section meeting, JDE62

13:00-15:00

Participation of Mr Zufiaur - Working lunch between the EuroLat Assembly of the EP and the EESC, Brussels

14:30-16:30

Coordination meeting - the European Year of Development (2015), JDE 2249

14:30-18:00

REX 411 - 2nd meeting of the Study Group on Investor protection, JDE60

15:30-17:30

Inter-faith dialogue, JDE62

CONFERENCES AND SEMINARS

Finance Watch conference

THE LONG TERM FINANCING AGENDA – THE WAY TO SUSTAINABLE GROWTH?

4 February, Brussels

On jobs and growth, what is good securitisation, collateral use and the financial system. High level speakers including Jonathan Hill, Martin Wolf and others.

Venue: The Square, 09h30 - 17h30

Programme and registrations at <http://www.finance-watch.org/our-work/events/986-long-term-financing-conference-february2015-en>

THE 2ND ANNUAL EU-US TRADE CONFERENCE

5 February, Brussels

The conference will feature a high-level plenary sessions and four sector-specific working lunches, focusing on:

- Agriculture & Food
- Energy & Transport
- Pharmaceuticals & Chemicals
- Digital & ICT

The Transatlantic Trade and Investment Partnership Where now for the EU-US trade deal?

www.ttip-conference.eu

FTTH CONFERENCE 2015

10 - 12 February, Warsaw

The FTTH Conference of the FTTH Council Europe is the biggest FTTH-related conference in the world. It discusses hot topics of fibre roll-out in Europe: FTTH in Central and Eastern Europe, fibre-enabled services including eHealth, eGovernment, etc.; financing of FTTH networks; marketing of FTTH networks and take rates; the role of FTTH in smart cities and regions; innovative solutions for fibre networks...

OPEN FORUM

Europe and the human highway

By Karim Michel Sabbagh (*)

The most important challenge of our times is to connect everyone on this planet.

Why? Because universal connection through the digital highway will give us the earliest and best chance of dealing with the recognised European and worldwide challenges: protecting the environment; conserving energy; reducing poverty, and building access to social justice, education and political liberty for people everywhere.

The emerging digital highway is composed of three forces that are now moving in the same direction. First, consumer pull, especially from the newest “connected” generation, needing to be online and entertained always and everywhere. Second, technology push, with an increasing range of affordable consumer electronic devices. Third, the realisation of the enormous social and economic benefits of digitisation in Europe.

But the digital highway is of no consequence without the social and economic benefits that it can produce. For the highway becomes human only when connectivity is ubiquitous, universal, affordable and reliable, and when users have the skills and the insight to ensure that people must be the primary beneficiaries. To do this, we need to take a moment to think outside the decoder.

Over 70% of today's connectivity usage is video; in two years it could be over 80%.

But the headlong rush for video quality could leave a majority of people around the world abandoned, denying them the benefits of those online. A politically devastating fault line could happen, sinking new wells of disillusion, depression and dispossession.



Karim Michel Sabbagh

sion, depression and dispossession.

The digital divide must disappear but there is not enough capacity in the fixed networks for the demands even of the near future, the upgrades necessary would cost hundreds of billions of dollars in road repairs, cables and construction.

A hybrid solution can be effective almost immediately, removing most of the weight of the anticipated global traffic from aging terrestrial backbones and the aching joints of fixed access networks. We can create an inclusive mix of infrastructure, combining the unique strengths of several technologies in a hybrid formulation for everybody's use and benefit.

This has to start with the optimisation and organisation of spectrum, an essential resource analogous to energy, water or food, due to its huge role in operations and capacity facilitation. Satellites contribute unparalleled broadcast spectrum efficiency to the inclusive technology mix needed, with 25 times better spectral efficiency than mobile networks because they carry 50 times more consumed digital content than all mobile networks put together.

In Western Europe, a hybrid terrestrial-satellite model could save up to one third of the investment required and distribute up to twice as much content per euro invested.

Our challenge is to create a universal digital highway that is scalable, sustainable, flexible, transparent and ecological. We should stop looking for the next big infrastructural development and start to resolve the most urgent of our global problems, that of universal connection. Only then can we quickly and efficiently resolve the rest of the challenges on our human highway. ■

(*) Karim Michel Sabbagh is president and CEO of SES, the world-leading satellite operator

Europolitics is offering a platform for outside comment and opinion by opening a regular Open forum section. All contributions are welcome, up to 4,500 characters (including spaces). They should be sent in to editorial@europolitics.info and, if possible, accompanied by a translation into English or French along with a photo of the author in jpg format (300 dpi). The final decision on whether to publish these contributions or not remains solely with Europolitics.