

I. Germany in Old Europe, New Europe and the world

British rebate under the spotlight

Germany can expect an improvement in its position as a net contributor to the EU budget, at least if the latest proposal to come out of the European Commission is adopted for the period 2007-2013. The budget commissar, Michael Schreyer (who is German) is to present the new package next week. In February, Schreyer had already called for the British rebate to be abolished, and for it to be replaced by a correction mechanism for all net contributors. (The British rebate was granted in 1984 because of large differences between the income the United Kingdom received and that paid to other states.) Germany is the largest net contributor to the EU budget. In 2002 its contribution was €5 billion or 0.25% of Germany's gross domestic product. If the British rebate is not abolished, Germany's net contribution will rise to 0.54% as a result of enlargement. So Schreyer has suggested that states whose contribution is above 0.35% of their GDP should qualify for a rebate. The rebate should total two-thirds of the amount which exceeds this percentage, but the total rebate should not exceed €7.5 billion. Britain, Germany, France, Italy and the Netherlands would profit from the new system. Other issues are being argued over too: six net contributors want to introduce a rule that the total budget of the EU must not exceed 1% of its total GDP but the Commission wants it to rise to 1.14%. The current EU budget is some €100 billion, approximately 1% of EU GDP. Member states have been pressing for an end to the British rebate for years. This pressure has increased with EU enlargement. Some of the accession states are net contributors and they, being poorer, are especially reluctant to finance the British rebate. In addition, it is not true that the UK receives little money back from Europe, say the critics: Britain got €4 billion a year from the EU and that would rise to some €7 billion from 2007. For the time being, the British government has not reacted to the Commission's proposals, and nor has the German government. The German finance minister, Hans Eichel, has said he wants to see precisely how the correction mechanism will work before commenting. Negotiations on the new budget will start in the autumn and will probably not be concluded until the beginning of 2006. [*Handelsblatt*, 8th July 2004]

They never give up, do they?

A retired banker from near Frankfurt, Erich Högn, 70, is lodging an appeal with the European Court of Human Rights, together with other people from Austria and Germany, against the Czech Republic in order to obtain the restitution of property in the Sudetenland confiscated under the terms of the Beneš decrees in 1945. The activities of the "Sudeten German Citizens' Initiative" (SDI), coordinated by Högn, has existed for only two years, but it has just registered its first success: the judges in Strasbourg have "confirmed and registered" 79 suits lodged by Sudeten Germans. Högn is pleased because he says that 95% of such appeals are usually declared inadmissible from the very start. Since the Czech Republic joined the EU, even more people have signed up to join the SDI. Among the 100 or so new potential appellants are former farmers, property owners and owners of sanatoriums in Western Bohemia. The SDI places advertisements in the magazine of the Sudetendeutsche Landsmannschaft, the main association for expellees and their descendants. "Sudeten Germans!" it reads. "Property is a human right. Demand your legal property. We will help you!" Högn has concluded that the political avenues are now closed to any property restitution to the Sudeten Germans, and that only the legal process remains open. SDI's Austrian lawyer, Thomas Gertner, argues that the Czech Republic is in breach of Article 1 of the first additional protocol of the European Convention on Human Rights, which protects the right to property, and of Article 14, which outlaws discrimination. Högn denies that he is motivated principally by the desire for material gain. "The purpose is above all to exonerate the Sudeten Germans from the accusation of collective guilt, which was what Beneš postulated." He said that pressure had to be exerted on the Czech Republic to rescind the decrees. "It is just not true that the decrees are dead. They are still used in Czech judicial practice. And they were expressly reaffirmed by the Prague parliament in 2002." [Gernot Facius, *Die Welt*, 7th July 2004]

Schäuble says No to Security Council seat

The deputy chairman of the parliamentary Christian Democrat Union, Wolfgang Schäuble, has attacked as "backwards-looking" the attempts by the federal German government to obtain a permanent seat for

Germany on the United Nations Security Council. “I consider that to be an expression of old thinking,” Schäuble said, using a phrase not heard since the days of Gorbachev. “The future must lie in a European seat on the Security Council, and not in a national seat.” In the short term, Schäuble says that he does not see much chance of there being an EU seat. “But a national seat will take us even further away from that goal. That is the ‘German path’ of which the Chancellor used to speak.” For as long as there is not an EU seat, Schäuble said that France and Britain should use their veto powers more and more in cooperation with their European partners. Schäuble

feels that if Germany worked for a permanent seat, it would encourage other rivalries within the EU. Instead, he said, Germany should work towards removing the present lacunae in the common European foreign policy, and that it should try to remove the considerable differences in the Atlantic alliance. Schäuble admitted that Germany should take on greater responsibilities, in keeping with its size and power, but said that the Germans would do this better in the European and Atlantic alliances than in national unilateralism. [*Die Welt*, 7th July 2004]

II. Other EU news

Prices driven up in Poland by EU accession

You can’t buy fillets of beef any more in Poland, apparently: the prices have been driven up by French and German demand and the best cuts are being shipped abroad. The abattoir owners are laughing all the way to the bank because they get € 2.60 a kilo instead of 1.63 – but this huge price difference has meant that the price of beef in Poland has risen for consumers by between 30% and 50%. Beef is only the most extreme example of a general trend. Prices shot up by 3.4% in May (as against May 2003) and by 4.3% in June. “That’s what we call the EU effect,” professional economists say cheerfully. Ordinary people are without a doubt less happy. In the weeks leading up to accession, there was huge hoarding, as people rushed to stock up before prices rose. Then VAT was introduced on 1st May on certain products, which had been exempt until then. The rise in the price of petrol only made things worse ... and so the Central Bank responded by raising interest rates for the first time since 2001. Further rises have not been ruled out. Private debt is also rising, as is the government deficit. [Christophe Châtelot, *Le Monde*, 7th July 2004]

Turkey cannot join, says Busek

The EU’s coordinator for South-Eastern Europe, the Austrian politician, Erhard Busek, has said that he does not think that the EU Constitution is accessible to citizens. He thinks that the voting system is unintelligible, and that the division between European and national responsibilities has not been drawn with sufficient clarity. He says that “there will have to be a European government in the end and a parliament to which this government is constantly accountable”. Busek, like many federalists, criticises the new Constitution for retaining a basically inter-governmental structure for the EU. Busek believes he thinks that the heads of government should become more like the members of the American

Senate. Busek says that Europe has important Christian and Jewish roots, but shows himself more reserved on the question of Muslims, even though he has supported the integration of Muslim Bosnia into the EU. He feels South-East Europe should be admitted before Turkey. But he says that the problem with Turkey is not that it is a Muslim country – “the separation between religion and state in Turkey is stronger than it is in Austria” – but instead that the inclusion of Turkey would be geopolitically very difficult. “We would have Iran, Iraq, Syria and the Caucasus states as our new neighbours. At the moment, I cannot see how the EU could deal with that.” [Interview with Petra Stuijber, *Die Welt*, 1st July 2004]

Vlaamsblok puts cat among pigeons

The rise of the Vlaamsblok to become the biggest party in Belgium, at the regional elections held on 13th June, is provoking yet another crisis in the Belgian political system. (It is officially only the second largest party, but this is because the biggest bloc is in fact an alliance of two parties.) It is forcing the main parties, who have hitherto united to keep the VB out of power, to rethink their strategy. The situation is complicated by the concomitant though less spectacular rise of the *Front national* in French-speaking Wallonia. The rise of the Vlaamsblok to command 24.1% of the votes in Flanders is a bitter defeat for the (Flemish) prime minister of Belgium, Guy Verhofstadt, who said when he took office that one of his main objectives would be to reduce the VB’s support. Having failed to get himself appointed president of the European Commission, Verhofstadt is now struggling to relaunch his own governing coalition at home. The danger is that the Socialists, who did well in Wallonia, may abandon their alliance with Verhofstadt’s Liberals and form regional governments instead with the Christian Democrats and Greens. [Jean-Pierre Stroobants, *Le Monde*, 4th July 2004]

Brussels lifts embargo on Northern Cyprus

The EU is trying to end the isolation of the Turkish Cypriots in “reward” for voting Yes to the Annan plan in April. (Treating the voters is apparently acceptable when it serves the cause of ‘Europe’.) The first step is already a major one – to end the trade embargo imposed on Northern Cyprus since 1974. The airports and seaports of Northern Cyprus could therefore become open to international traffic, something which has been impossible for a generation. Trade would also be allowed with the outside world. The EU is also to give Northern Cyprus €259 million in aid. The Greek Cypriots are opposed to any abolition of the trade embargo. President Papadopoulos, a strong opponent of the Annan plan, said that he disagreed with the Commission proposals both on their substance and also for legal reasons. He has said he is especially concerned that the EU is now *de facto* dealing with Northern Cyprus as a state, and that this is the first step towards recognition. The EU has, of course, just admitted Cyprus as a member on the basis that the Greek government is the legitimate government of the whole island. The Commission’s proposals of course require the approval of the Council of Ministers, and the financial aid requires unanimous approval, which means that it can be vetoed by the Greek Cypriots. But the proposed relaxation on the trade embargo will be decided by qualified majority. President Papadopoulos has said he is considering appealing to the European Court of Justice in Luxembourg against this measure. The Belgian foreign minister, Louis Michel, has sharply attacked Papadopoulos, pompously calling his opposition to the Annan plan “an affront to Europe”. The foreign relations commissar, Chris Patten, has also expressed his “deep disappointment” at Papadopoulos’ attitude. The enlargement commissar also attacked the Greek Cypriot president for “leading us up the garden path.” [Gerd Höhler, *Handelsblatt*, 7th July 2004]

Italian government in crisis

A week after the government’s poor showing in local elections, the finance minister of Italy, Giulio Tremonti, has been forced to resign. The prime minister, Silvio Berlusconi, asked Tremonti to go because his deputy and coalition partner, Gianfranco Fini, had threatened to break the governing coalition if he did not sack him. Fini had demanded a greater say over the budgetary policies of the government. Fini’s hand was strengthened because Berlusconi’s *Forza Italia* party had lost more votes than Fini’s *Alleanza nazionale* and so the balance of power within the government was changed. Tremonti’s forced resignation came just as the cabinet was about to

approve a cut in the budget of €5.5 billion, which he wanted to introduce in order to forestall a “blue letter” from the European Commission in Brussels. Italy is in danger of being formally sued by Brussels for breaching the rules of the Stability Pact. The deficit is expected to be 3.2% this year and 4% in 2005. Tremonti’s functions have been taken over by prime minister Berlusconi himself, and he has already travelled to Brussels to attend a meeting of the Council of (Finance) Ministers, where a decision will be taken on whether to issue a formal warning to Italy. It is quite likely that the governmental crisis will buy Rome some extra time. But even Tremonti’s harsh cuts, now torpedoed by Fini, are not enough for Brussels, which is demanding cuts of €7 billion. While Tremonti was a tax-cutter, Fini and his National Alliance receive much electoral support from the heavily subsidised south of Italy. Fini demanded that tax cuts benefit the poor, not the rich. Tremonti was also seen as a bridge between *Forza Italia* and the separatist Northern League, which resents the tax burden on the North in favour of the South. Umberto Bossi, the leader of the Northern League, who is currently recovering in hospital from a long coma, has written in his party newspaper that Tremonti’s departure is the “loss of a very good Northern Italian minister”. This sharpens the difference between the League and the National Alliance, the latter being more centralist against the former’s desire for Italy to be federalised. The employment minister, Roberto Maroni, from the Northern League, has said that there is no point remaining in the coalition if federalism is not going to happen. So Tremonti’s departure could well signal the beginning of a break-up of the four-party coalition, House of Liberties. The fourth party, the Christian Democrats, has also threatened to leave the coalition if Berlusconi does not relinquish the new powers over the Treasury that he currently wields. The loss of the Christian Democrats would damage the government in the Senate (but not in the Chamber of Deputies) where it depends for its majority on the 29 Christian Democrat senators. Berlusconi has sought to reassure everyone that he will remain Finance Minister “only for a few days”. [*La Repubblica*, 7th July 2004; Paul Badde, Katja Riddersbusch, *Die Welt*, 5th July 2004; *Handelsblatt*, 7th July 2004]

Freedom Party elects Haider’s sister as leader

The right-wing Freedom Party in Austria has elected Ursula Haubner as its new leader. She is the elder sister of the former leader and most prominent member, Jörg Haider. Elected with 79% support, she is the second woman to lead the party, after Susanne Riess-Passer took over from Haider himself in 2000. Her election represents the return to influence of the

right-wing nationalist wing of the FPÖ and the weakening of the party's more liberal wing. All elections this year have been disastrous for the FPÖ and the party is now hovering around the fatal 5% mark – just where it was when Haider took over in 1986, from whence he propelled it to over 25% of the vote. Haider achieved this with the help of the “nationalist” electorate within the FPÖ. Now those same people are angry with Haider for refusing to take back the top job and for putting his sister forward instead. Now Haider finds himself warning the party against falling under the influence of its “Taliban” and “ideological dogmatists” – the very people whom he once courted. [Petra Stüber, *Die Welt*, 5th July 2004]

Parliament opposes Barroso

The appointment of the new president of the European Commission, José Manuel Durao Barroso, the former prime minister of Portugal and former Maoist is meeting with considerable opposition from within the European Parliament. (A photo of Barroso at a Communist demonstration in Lisbon 1976 can be seen here: <http://barnabe weblog.com.pt/arquivo/100949.html>) The European Social Democrats are trying to obtain a majority to vote against Barroso's appointment. If they succeed, then Barroso will not succeed Romano Prodi on 31st October, because the appointment has to be approved by the European Parliament. The Socialists say that he is not experienced enough with the European project, and the Greens say that he is too friendly with the USA. The German Social Democrats are not necessarily going to follow the lead of Chancellor Schröder, who supports Barroso. There is also a chance that the new “Eurosceptics” in the European Parliament, including UKIP, might vote against him for being too pro-European, or just to cause trouble. The Liberals have also kept their cards close to their chest. Together, these votes would theoretically make it possible to defeat the Christian Democrat Centre-Right majority in the European Parliament. If this happened, then the Dutch presidency would have to find a new candidate for Commission president. Parliament has to vote on Barroso on 22nd July, by simple majority. Prior to that the candidate has to appear before the Parliament to be questioned. [Martin Halusa, *Die Welt*, 30th June 2004]

Czech prime minister resigns

Following poor showing by his Social Democratic Party in the European elections, the Czech prime

minister has, as expected, resigned, handing over power to his deputy, the Interior Minister, Stanislav Gross, 34. Gross now has to try to form a government. This can take several weeks. Gross has already announced that he will not cooperate with the Communists. This is the fault-line which runs through Czech politics – the Czech president, Václav Klaus, having not minded being elected with the support of Communist deputies. The opposition ODS has demanded that elections be brought forward but the Social Democrats will be reluctant to grant this since their rating in the opinion polls has fallen from 30% when it was elected two years ago to 8.5% now. [Dinah Spritzer, *The Prague Post*, 1st July 2004]

Dutroux plot thickens

Following the conviction of the Belgian paedophile child-murderer, Marc Dutroux, a similar case in France has lent credence to Dutroux's theory that he was part of a wider network. It turns out that Dutroux's accomplice, Michel Nihoul, and a presumed mass murderer from France, Michel Fourniret, had a common acquaintance, a Belgian policeman (now dead) called Gérard Vanesse. Nihoul, sentenced to five years in prison, was an informer for the police in Vanesse's town, Dinand, in Southern Belgium. In April 1996, Nihoul tipped off the police about a British drug dealer called Walsh. During their investigations into Walsh, the Belgian police searched the house of Fourniret, who lives in Belgium, and the policeman who conducted the search was Vanesse. They found a stolen gun, and the investigation dossier for Fourniret formed part of the file on Dutroux. The suspicion now is that the police were negligent in dealing with Fourniret, and that the French police should have told their Belgian colleagues that Fourniret had previous convictions for child rape. It also transpires that Dutroux told a previous investigating magistrate that a 12 year-old girl who went missing had been taken away in a white Mercedes, which turns out to have been Fourniret's. Fourniret later murdered the girl, Elisabeth Brichet. The evident links between the two men has led to calls for a Europe-wide register of paedophiles to be created in order to break their networks. Dutroux always claimed that he was part of a wider network, as did his prosecutor. There are plenty of unsolved child abduction cases in Germany, such as that of a 12 year-old boy abducted from near Berlin to the Dutch porn scene.