



Tempus



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**INTEREUROWEST**  
European and International Law Master Programme Development in Eastern Europe

# Contemporary developments in the EU



Prof. Dr. Rajko Knez

# Introduction

- The EU, together with the IM, has done a tremendous job in the worldwide sense...
- EU is still „a new idea“.... no such thing in the world... no comparative solutions
- EU is reach of knowledge... and with 507 mil. inhabitants larger market than USA
- forces of integration are stronger than forces of disintegration (Greece – euro zone, Scotland...)
  - huge interconnection of businesses, interdependance
  - ... Internal market ... economic freedoms are the core of the integration... political aspects are not enough
  - due to the internal market we (everything) became very linked up, dependent upon, interrelated... like a big Noah's boat (we share common destiny)

- EU assures lasting peace... protection of minorities, languages, cultural diversity
  - EU was established to connect people of Europe; that was the primary objective
  - despite struggles we are facing, we are a happy (baby boom and followers) generation
- Inclusion, allegiance (stimulating European identity) – feeling of a joint, but evolving, project
- Lisbon Treaty as step towards political integration... a new Commission is also „very political“

# **ACHIEVEMENTS, STRUGGLES, ISSUES, CHALLENGES**

## □ What is a vision of the EU?

- *EU is among systems, which were not looked ahead - in the future - more than a decade or so...*
- *New Commission... I am, personally, not persuaded... I do not see the vision*
- *I see three possibilities:*
  - *stop the ball – resolve internal & external issues*
  - *enlargement*
  - *stepping back two steps... towards internal market...away from political union*

Obviously, the EU is opting for the first option...

- **Internal problems** ... reflecting in the economic-financial crisis
  - Legal system that needs to be upgraded in the sphere of financial services, banking union, supervision of the public expenses of the EU
  - ... Economic-Financial Crisis where EU works as firefighters and architects at the same time...
  - Banking union – three pillars structure is now in place:
    - *1<sup>st</sup> pillar - 2013 – prudential supervisions of financial institutions (1024/2013)*
    - *2<sup>nd</sup> pillar - 2014 – single deposit schemes (2014/49)*
    - *3<sup>rd</sup> pillar - 2014 - recovery and resolution of financial institutions (2014/59)*

- EU needs a stable environment for companies (and 99% are SME... vulnerable to unstable financial environment)
- Therefore:
  - support the idea of family (entrepreneurship)
  - stability & safety
  - market
  - ...
  - political links (union)
- 2013 - Supervision of public expenses...

## Règles budgétaires de l'UE: les députés et les États membres concluent un accord

**ECON** Communiqué de presse - Affaires économiques et monétaires – 20-02-2013 - 11:42

La prochaine série de lois sur la gouvernance économique de l'UE devrait amener davantage de croissance, et les nouveaux pouvoirs de la Commission de surveillance des budgets des pays de la zone euro devraient être mieux contrôlés d'un point de vue démocratique, grâce à un projet d'accord sur le "paquet de deux" conclu par les négociateurs du PE et du Conseil, ce mercredi. Le projet fixe également des règles claires pour les pays qui demandent une aide financière à l'UE.

"La crise nous a montré que des actions timides ne sont pas efficaces. Si de telles règles avaient été en place il y a deux ans, nous aurions évité les problèmes que rencontrent aujourd'hui certains États membres et qui menacent l'ensemble de la zone euro, étant donné que des actions précoces, claires et rapides auraient été prises", a déclaré Jean-Paul Gauzès (PPE, FR), rapporteur sur les règles relatives aux pays qui connaissent de sérieuses difficultés financières.

# ECB takes control as EU bank supervisor

TODAY @ 09:27

RELATED › [ECB nominates French woman for bank supervisor](#) › [EU negotiators agree on bank supervision](#)

BY BENJAMIN FOX 

BRUSSELS - The European Central Bank (ECB) formally assumes its new role as the chief supervisor of EU banks on Tuesday (4 November), a major milestone in the creation of the bloc's banking union.

The making of the banking union, whose legal framework was agreed by lawmakers inside two years, is the biggest shift of power over economic policy making since the introduction of the euro.

The chair of the Single Supervisory Mechanism (SSM), Daniele Nouy, who was speaking at a hearing with the European Parliament's economic affairs committee on Monday, said the main task of the SSM would be to restore public confidence in the banking sector.

The SSM is the ECB unit tasked with carrying out its new oversight responsibilities..



The main task of SSM will be to restore public confidence in the banking sector, said Nouy (Photo: Valentina Pop)

- the biggest shift of power since introduc. of euro



## 2014 Autumn Economic forecast: Slow recovery with very low inflation

Brussels, 04 November 2014

The reduction in general government deficits is set to continue. The deficit-to-GDP ratios in both the EU and the euro area are set to decrease further this year, albeit more slowly than in 2013, to respectively 3.0 % and 2.6 %. Government deficits are forecast to continue falling over the next two years, helped by strengthening economic activity. The fiscal policy stance is expected to be close to neutral in 2014 and 2015. The debt-to-GDP ratios of the EU and the euro area are expected to peak next year at 88.3 % and 94.8 % respectively (under the [European System of Accounts 2010](#) definition).

- another issue... that emerged in the crisis (with certain time

## The EU budget's "own resources" and the Commission's proposed changes

Brussels, 12 November 2014

This year's adjustment includes GNI re-calculation dating back to 2002 for most Member States and to 1995 for one, as there were a number of unresolved issues that had accumulated over the last years. The adjustment – 9.5 billion euro across all EU Member States – is unprecedented in size and around 2.5 times larger than the next largest adjustment (3.8 billion euro in 2007). Normally adjustments are smaller and more manageable.

# Why?

**European Commission - Fact Sheet**

**The EU budget's "own resources" and the Commission's proposed changes**

Brussels, 12 November 2014

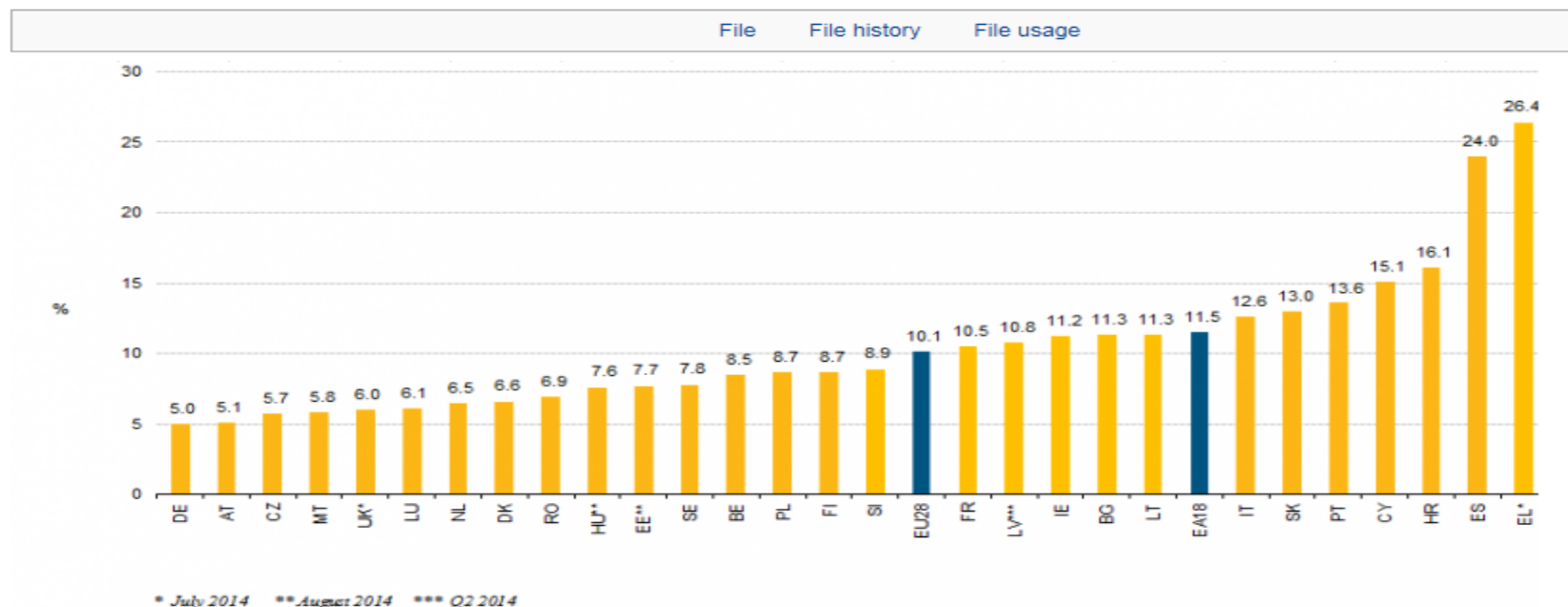
Originally, the customs duties constituted the main source of income to the EU budget. However, as the EU signed free trade agreements with more and more partners around the world, this specific source of income decreased; today it usually represents around 13% of the income. As a consequence the GNI contribution kept increasing and amounts to more or less 75% of the annual budget.

- **Migration**: is becoming a priority issue on the political and social agenda of almost all MS
  - Migration to the **EU geared up enormously** - app. 9 mil. workers are TCN... their rights are subject to multiple derivation (to about 34 mil family dependents... problem of big cities)
  - EU lacks labor force in certain sectors that cannot be compensated through the internal labor market
  - Lack of a common migration and asylum policy at supranational level
  - A New Europe? Multi-ethnic, multicultural, ... a huge changes of the society have started
- **Ageing** of the EU
  - it's estimated that in 2031 around a half of the European territory will have 30 % of non-active population

## □ Youth unemployment – lost generations

- average 21,6% of the youth is unemployed
- in certain states up to 26%

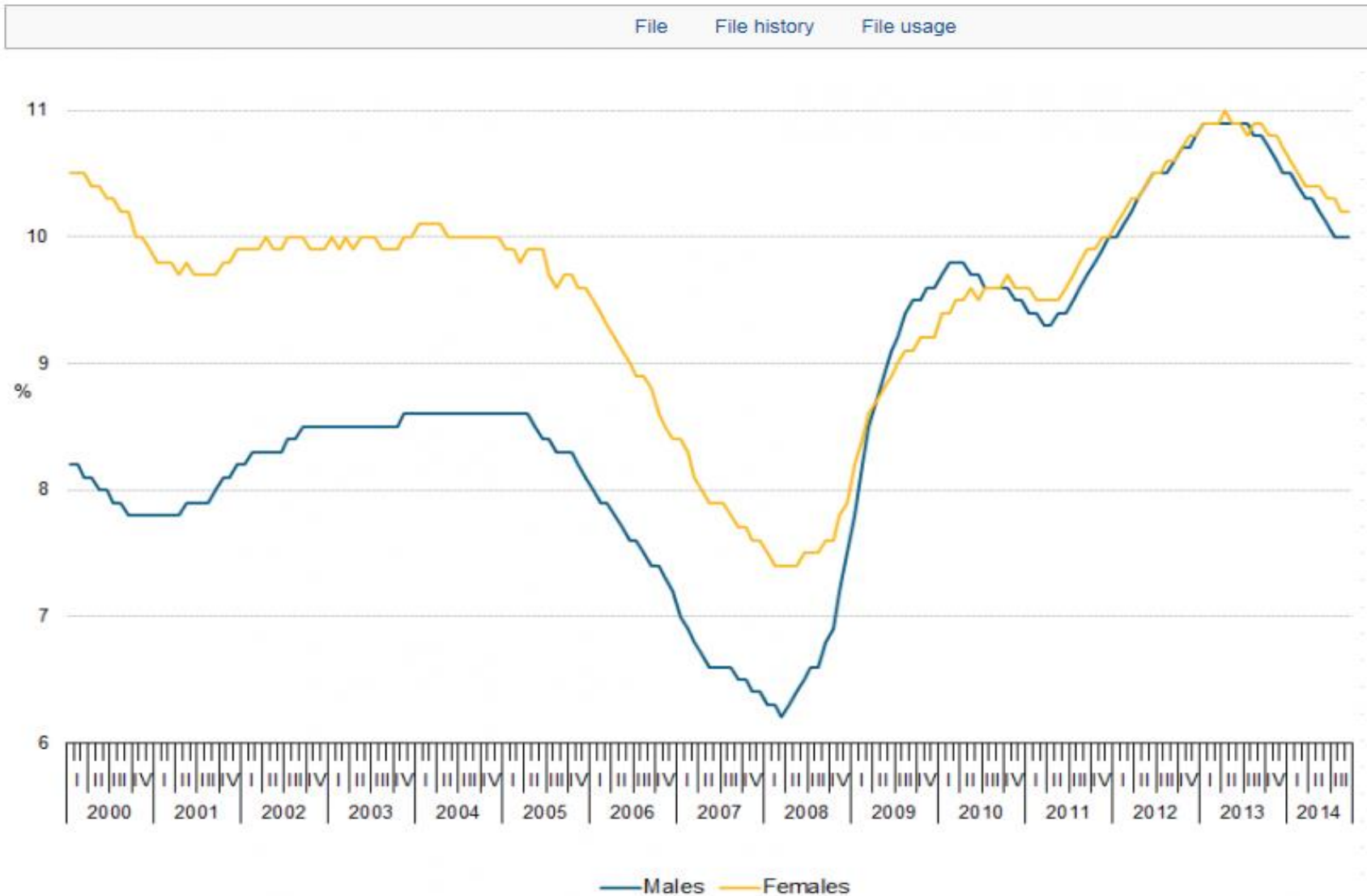
File:Unemployment rates, seasonally adjusted, September 2014.png



### Youth unemployment

In August 2014, 4.989 million young persons (under 25) were unemployed in the EU28, of whom 3.332 million were in the euro area. Compared with August 2013, youth unemployment decreased by 602 000 in the EU28 and by 210 000 in the euro area. In August 2014, the youth unemployment rate<sup>5</sup> was 21.6% in the EU28 and 23.3% in the euro area, compared with 23.5% and 23.9% respectively in August 2013. In August 2014, the lowest rates were observed in Germany (7.6%), Austria (8.2%) and the Netherlands (10.1%), and the highest in Spain (53.7%), Greece (51.5% in June 2014), Italy (44.2%) and Croatia (43.9% in the second quarter 2014).

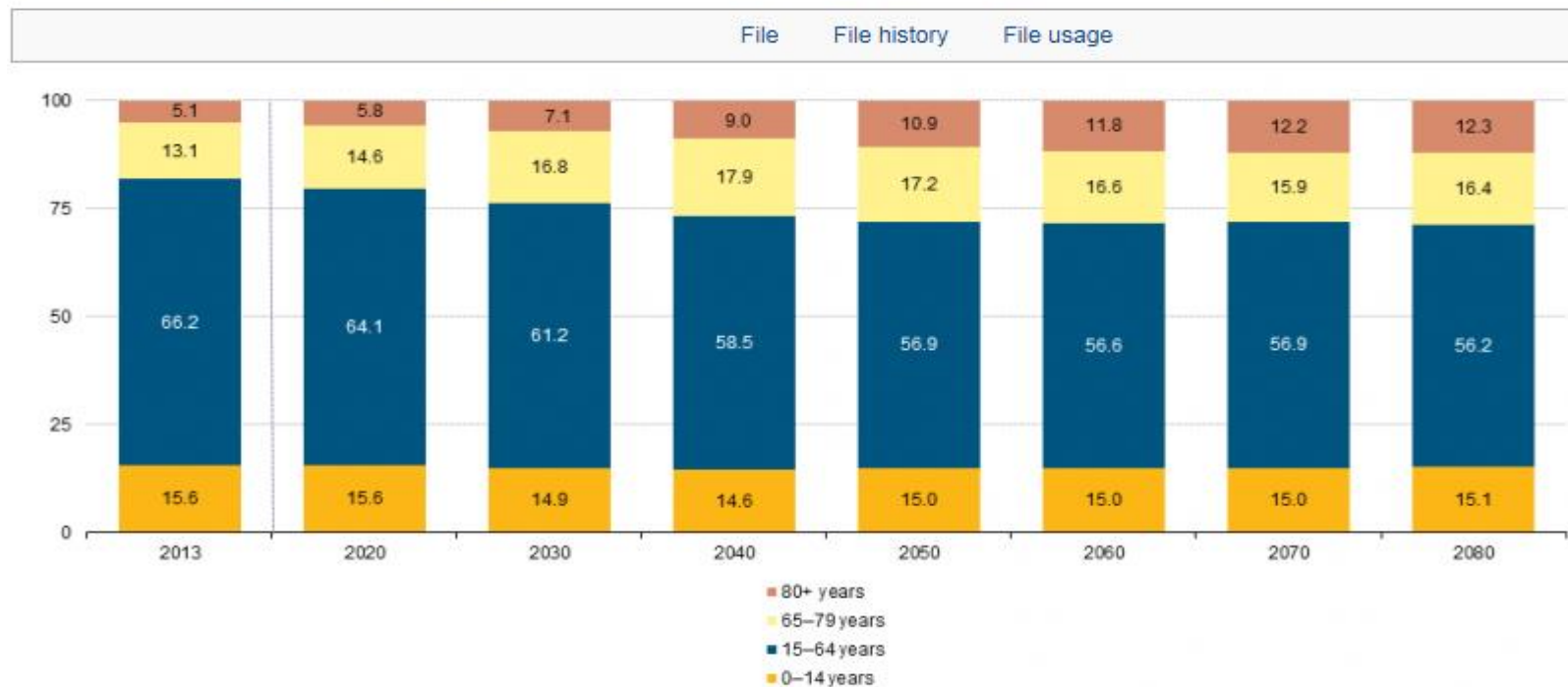
## File:Unemployment rates by gender, EU, seasonally adjusted, January 2000 - September 2014.png



- these problems support nationalist - right political parties

- however, today's youth is the best educated so far... we have app. 20% of over-educated young people
- if we add ageing to this figures, EU is worried:

**File:Population structure by major age groups, EU-28, 2013–80 (1) (% of total population) YB14.png**



"We may be looking at a future of very slow and even zero growth in GDP across the business cycle," says Richard Jackson, who directs the Global Aging Initiative at the Center for Strategic and International Studies.



## □ Protection of the basic human rights (TFEU + CFR)

- Social rights v. Economic & financial stability (spill-overs)
- Austerity measures under scrutiny

Europe's top human rights official says austerity measures imposed by the so-called troika of international lenders on member states of the European union have weakened the social and economic rights of people.

### Troika austerity measures erode human rights: EU rights official

Nils Muiznieks, the Council of Europe's Commissioner for Human Rights, made the remarks on Tuesday while presenting a report on safeguarding human rights in times of economic crisis.

*"The crisis is both a context and a constraint on government policy but some responses to the crisis have created much collateral damage to human rights," said Muiznieks.*

According to the report, those affected the most from the economic crisis are children, young people, the disabled, the elderly with low pension, and many women.

*"Youth unemployment in Europe has reached record levels, with millions of young people unemployed with scarred futures. Cuts in child and family benefits, healthcare and education have also added a strain on millions of families," read the report.*

The Commissioner concluded by saying governments should focus on reducing both youth and long-term unemployment and on upholding social protection policies for basic income and healthcare during the economic crisis.



Europe's main human rights body says austerity measures imposed by international creditors have weakened human rights of citizens. (File photo)



- ever increasing poorness;
  - what is going on with the social Europe...
  - system, where crisis is predominantly paid by those who had not caused it
  - waste majority of youth that is perhaps the best prepared generation ever... but largely unemployed
  - people are moving to the cities... abandoning the countryside
  - social transfers gear up
  - foreigners are not wanted (expect workers from whom the MS are usually benefiting)

## EU citizens overestimate immigrant numbers, survey shows

30.10.14 @ 09:28

The survey, published on Wednesday (29 October) was conducted in nine EU countries (Belgium, France, Germany, Hungary, Italy, Poland, Spain, Sweden, and United Kingdom), Australia, Canada, Japan, South Korea, and the United States of America.

The result shows the respondents believed that there were far more immigrants in their country than is actually the case.

- ghettos are also potential social bombs, but the EU cannot influence a lot (on a contrary – derivative rights help migrations)

# EU court: Countries can deny benefits to 'welfare tourists'

11.11.14 @ 11:59

**RELATED** › [EU court: Countries are entitled to reject benefit claims](#) › [Merkel: 'Grave concern' on new Russian tanks in Ukraine](#)

BY VALENTINA POP  

Case 146/14, Dano

**BRUSSELS** - EU citizens who move to another member state "solely in order to obtain social assistance" may be excluded from benefits schemes, the European Court of Justice (ECJ) ruled on Tuesday (11 November).

The ruling is likely to appease critics of "welfare tourism", a marginal phenomenon which has emerged on the back of freedom of movement between member states but which stirred a huge debate in the UK and, to a lesser extent, in Germany.

The case was brought to the ECJ by a Romanian national and her son, who were refused certain benefits by a social court in Leipzig, Germany.

"Ms Dano did not enter Germany in order to seek work there and, although she is requesting benefits by way of basic provision which are only for jobseekers, it is apparent from the case-file that she is not seeking employment," the ruling reads.

Where the period of **residence is longer than three months but less than five years** (the period which is at issue in the present case), one of the conditions which the directive lays down for a right of residence is that economically inactive persons **must have sufficient resources of their own**. The directive thus seeks to prevent economically inactive Union citizens from using the host Member State's welfare system to fund their means of subsistence. A Member State must therefore have the possibility of refusing to grant social benefits to economically inactive Union citizens who exercise their right to freedom of movement solely in order to obtain another Member State's social assistance although they do not have sufficient resources to claim a right of residence; in this connection, each individual case must be examined without taking account of the social benefits claimed. Accordingly, the Court decides that the Directive on free movement of EU

- Mostly **sincere fights for the environment** protection and nature conservation
  - EU gears up with more emissions reduction than ever



EUROPEAN COMMISSION

PRESS RELEASE

Brussels, 28 October 2014

- it is not only about emissions (nature, preventive measures in industry, precautions, GMO, waste, EIA, SEA, right to information, NGOs and legal remedies, etc)

## **EU gears up for 2030 with more emissions reductions**

The Commission, assisted by the European Environment Agency, today releases its annual Progress Report assessing the headway on climate action. According to latest estimates, EU greenhouse gas emissions in 2013 fell by 1.8% compared to 2012 and reached the lowest levels since 1990. So not only is the EU well on track to reach the 2020 target, it is also well on track to overachieve it.

The Progress Report also for the first time provides data on the use of fiscal revenues from auctioning allowances in the EU Emission Trading System (ETS). This new source of revenues for Member States amounted to € 3.6 billion in 2013. From this, around € 3 billion will be used for climate and energy related purposes - significantly more than the 50% level recommended in the EU ETS Directive.

# Why?

## Natural disasters displaced more people than war in 2013, study finds

Norwegian Refugee Council finds 'mega disasters' such as typhoons and hurricanes drove 22 million people from homes

Suzanne Goldenberg, US environment correspondent

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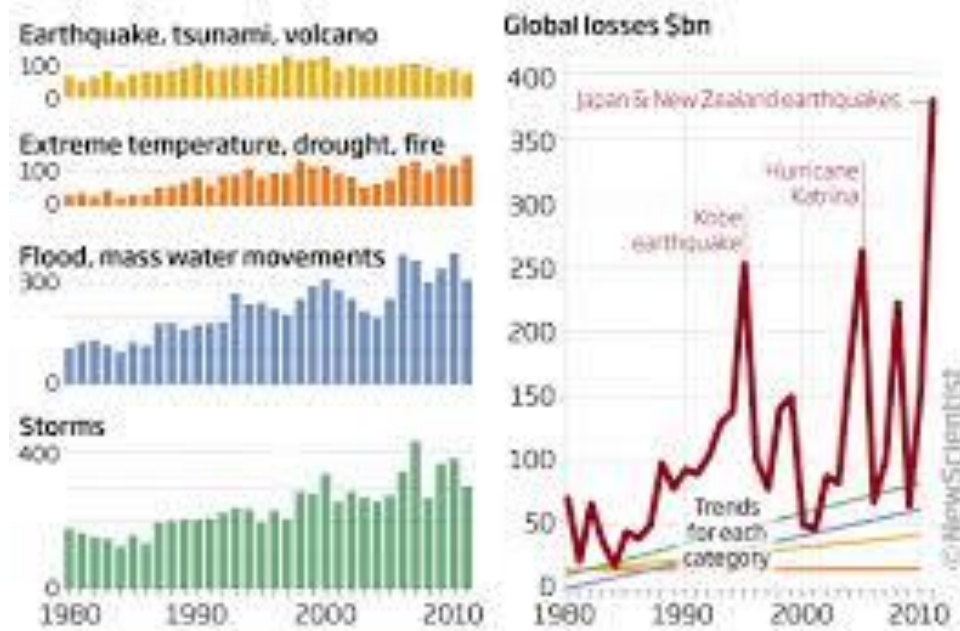
theguardian.com, Wednesday 17 September 2014 05.01 BST

[Jump to comments \(37\)](#)



An entire neighbourhood is destroyed in the aftermath of typhoon Haiyan on 3 in Tacloban, Leyte, Philippines. Photograph: Kevin Frayer/Getty Images

Natural disasters are more frequent than 30 years ago – and are costing us more



The risk of such disasters is also rising, outpacing population growth and even rapid urbanisation. Global population has doubled since the 1970s, but the urban population has tripled since that time.

The mass migration from countryside to cities is putting more and more people at risk – especially in Asia's mega-cities, which are the most disaster prone.

# US & EU

- Trade agreements (goods, services, investments, financial services...)
  - Transatlantic Trade and Investment Partnership (TTIP)
  - Trade in Services Agreement (TISA)
- Secret proceedings (Sic ?!)
- Privatization vs. liberalization
- Chilling effects (environment, financial deregulation, investor-state disputes (change in law), ...)
- Trojan horse or removing necessary barriers





# TISA versus Public Services

(on 2014-06-19)

## Press Release - Secret Trade in Services Agreement (TISA) - Financial Services Annex

2014-06-19

([en](#) | [es](#))

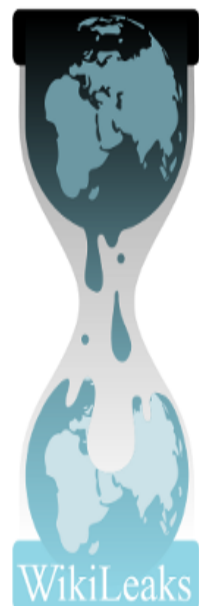
Today, WikiLeaks released the secret draft text for the Trade in Services Agreement (TISA). The US and the EU are the main proponents of the agreement. In the transparency manoeuvre by the parties, the draft has been classified as

Despite the failures in financial regulation evident during the 2007-2009 financial crisis, the G20 aim to further deregulate global financial services markets. The draft TISA is headquartered in New York, London, Paris and Frankfurt – into other financial centres, boosting cross-border data flow, which would allow uninhibited exchange

### Investor-state dispute settlement (ISDS)

TTIP includes a proposed mechanism for corporations to take countries to an international tribunal to seek compensation if their economic interests have been compromised by state regulations. Corporate Europe Observatory raised a number of concerns about how these supra-national courts might affect decision-making and reduce environmental standards.

“The first is that Member States will be afraid to introduce new and effective legislation that may have positive social and environmental impacts but which risks upsetting our trade partners. Companies will be quick to seek arbitration if they believe their commercial interests are compromised. As a consequence of this ‘chilling’ effect, Member States will only introduce legislation if they are sure that they will not be sued.



TTIP

Čezatlantsko trgovinsko in investicijsko partnerstvo (Transatlantic Trade and Investment Partnership) je prostotrgovinski sporazum med ZDA in EU, zaenkrat še v fazi pogajanj, ki potekajo za tesno zaprtimi vrati.

Profesor John Hillary, izvršni direktor organizacije **War on Want** je v kratki knjižici **TTIP, a charter for deregulation, an attack on jobs, an end on democracy** (TTIP, listina za deregulacijo, napad na delovna mesta, konec demokracije) zapisal, da je glavni cilj sporazuma TTIP "odprava regulativnih 'ovir', ki omejujejo

...the TISA group of countries, headed by the U.S. and the EU, has broken away to focus exclusively on achieving their key offensive interests in services.



...under the TISA, like the GATS, national treatment would apply to subsidies, meaning that any financial support for public services would have to be explicitly exempted, or be made equally available to private, for-profit services suppliers.

**Lučka Vavpetič** (Protestival) poleg tega tudi opozarja, da je "v sporazumu zajet tudi mehanizem ISDS (Investment to state dispute settlement), ki omogoča podjetjem, da bodo tožila vlade za sprejemanje zakonov, ki bi povzročili dejansko ali samo potencialno izgubo dobička." Si torej lahko zamislimo, da bi v prihodnosti lahko neka korporacija tožila vlado Slovenije, ker zaradi zakona o gozdovih ne sme posekati celotnega gozda, ki ga je kupila in je zaradi tega ob dobiček.



# Conclusions

- for the proper working of the EU the **IM is not enough...**
  - EU tries to make it stronger (2012 – 20 years after - Measures For a Better Functioning of the Internal Market)
  - to create environment for 99% of SMEs
- either the IM alone is the goal (stepping back two steps... towards 1993 (like GB suggests), without EMU), or we **need genuine economic, banking and monetary union...** (after 15 years of the Eurozone, and after Barosso's commission „delay“)
- EU integration... despite the struggles... **is a process**, but indeed it slows down... (my view-point: „finally“)