



## Reindustrialising Europe: the issues at stake in a European Innovation and Industry Policy



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The validation of the Treaty on Stability, Coordination, Governance in the Economic and Monetary Union is a major stage in the enhancement of the coordination of economic policies. The Member States are laying the foundations for a common goal from an economic point of view; the rest of the structure now has to be built. Industry will be the mainstay: strengthening this will be the main issue at stake in the decade that is now starting.

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### Front page! :

#### Programme with Pascal Lamy, Director General of the WTO



As part of the partnership between the Robert Schuman Foundation and the Audiovisuel extérieur de la France (AEF), the Foundation is broadcasting the most recent programme on its site "Talking Europe" whose guest is Pascal Lamy, Director General of the World Trade Organisation. He is interviewed by Christophe Robeet and Caroline Camaret. During the interview he says what the European Union should be doing to revive the economy. He notably warns Europe against its protectionist responses... [Read more](#)

#### Europe and the Mediterranean

The Chairman of the Robert Schuman Foundation Jean-Dominique Giuliani will be speaking on the theme of "Europe and the Mediterranean: an identity asset at the service of regional development" on 25th October 2012... [Read more](#)



## Financial Crisis :

### Hungary announces a further series of austerity measures to contain the deficit



On 17th October 2012 the Hungarian government led by Victor Orban announced further austerity measures in a bid to contain the public deficit below 3% of the GDP. The first savings plan announced on 4th October 2012 totalling 397 billion forints (1,39 billion euros) was deemed inadequate by the EU said Economy Minister György Matolcsy.

The additional measures to a total of 367 billion forints (1,32 billion euros) notably include a doubling of financial tax rates. If Hungary, which has been the focus of an excessive deficit procedure since its accession in 2004, does not succeed in convincing Brussels of its ability to reduce its deficit it might lose access to some community funds... [Read more](#)

### Italy: current account deficit halved in one year



The Bank of Italy announced on 18th October that Italy's current account deficit had contracted to 2,528 billion euros in August 2012 against a deficit of 5,080 billion a year ago in August 2011. This net reduction can be explained by the contraction of the merchandise trade deficit (-379 million against -2,375 million euros) and by the improvement in the services trade balance (+84 million against -757 million euros)...

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### The Portuguese government puts a draft austerity budget forward



On 15th October 2012 the Portuguese government delivered its 2013 draft budget to parliament - it is typified by unprecedented austerity. Vitor Gaspar, the Portuguese Finance Minister said that the global increase in taxes announced on 3rd October will notably be applied by way of reducing from 8 to five, the number of tax bands; a surtax of 4% will be introduced, retirement pensions will be reduced likewise social allowances. The average income tax rate will rise from 9.8% this year to 13.2% in 2013, which is due to bring in more than 4.3 billion euros. Admitting that the budget was "difficult for the Portuguese" Vitor Gaspar did however defend this project as being the only possible proposal in order to achieve the goals set by the EU and the IMF in exchange for a rescue package of 78 billion euros, granted in May 2011... [Read more](#)

### Unemployment figures in the UK



On 17th October 2012 the Statistics Office published the monthly unemployment figures for the UK. The unemployment rate for the 16-64 year olds for the period March to May 2012 increased by 0.2%. For the period June to August 2012 the unemployment rate of the working population lay at 7.9%, the employment being 71.3% and the inactivity rate being 22.5%... [Read more](#)

## European Council :

### European Council Conclusions



During the European Council on 18th and 19th October 2012 the 27 Heads of State and Government decided on the introduction of banking supervision in 2013. This measure, which is the first step towards banking union, is all the more important since it is the condition for the Monetary Union's firewall, the ESM, to be able to recapitalise banks directly if they are in difficulty. They also re-iterated their will to implement measures for growth and employment decided upon in their previous meeting in June, to a total of 120 billion euro. They finally repeated that they were prepared to help Mali to regain control of its northern territories that are being

occupied by armed Islamists, by planning a military mission to train the Malian army... [Read more](#)

#### Commission :

##### The Commission reviews its copy for the 2013 budget



The European Commission amended its draft for the EU 2013 budget that it presented last April. In this review the Commission anticipates a reduction of 25.1 million euros in credit and payment appropriations in terms of agricultural and fisheries spending... [Read more](#)

##### The EU needs more women entrepreneurs



Women's entrepreneurial potential is not used enough in the UE "which needs more female entrepreneurs to create growth and employment." This is the message delivered in Brussels on 17th March 2012 during the summit of the SME Week whose goal it was to encourage women to create and manage their own company. According to a Commission release only 34.4 of those employed independently in Europe are women. "This significant human potential that is not used at present, would be vital to stimulate economic growth and create jobs.".. [Read more](#)

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##### Tonio Borg appointed European Commissioner in place of John Dalli



The Maltese government announced on 21st October the appointment of its head of diplomacy Tonio Borg as European Commissioner, in place of John Dalli, who was forced to resign on 16th October because he is suspected of having covered up an extortion bid. Mr Borg, the second in command of the nationalist party in office - a position he will resign from - will maintain his post as Foreign Minister until his formal appointment in Brussels. This appointment has to be discussed by the Commission and then approved by the European Parliament... [Read more](#)

##### The Commission wants to reduce the use of less performant biofuels



On 17th October 2012 the European Commission put forward a modification of the 2009 Directive relative to the promotion of the use of energy produced by renewable sources. It is planning to restrict a share of the use of biofuels produced from foodstuffs to 5% out of a total 10% renewable energy use that the EU set itself to achieve by 2020. This change should, in the Commission's opinion, encourage the use of more performant biofuels whilst discouraging the use of production methods that impede the production of foodstuffs... [Read more](#)

##### Anti-Fraud Investigation: Resignation of European Commissioner John Dalli



The European Commissioner for Consumption and Healthcare, Maltese John Dalli resigned on 16th October 2012 after accusations made in an inquiry launched by the European Anti-Fraud Office - Olaf - announced the European Commission. John Dalli's resignation took immediate effect. Olaf launched the inquiry after a complaint was lodged by Swedish company "Swedish Match" which denounced the fact that a Maltese entrepreneur had approached it vaunting its connections with John Dalli in a bid to influence a draft bill on tobacco products. Maros Sefovic, the Commissioner responsible for Administration will ensure the interim until the appointment of a new Maltese Commissioner in virtue of article 246-2 of the Treaty on the Functioning of the EU (TFEU)... [Read more](#)

#### Council :

##### General Affairs Council Conclusions



On 19th October 2012 the 27 European Affairs Ministers adopted a political agreement on the new rules relative to the cohesion policy for the period 2014-2020, whilst they wait for Parliament's first reading of this text. Ministers also debated the next multi-annual financial

framework, which the presidency intends to present differently. Bilateral negotiations are planned with the Presidency of the European Council in view of finding an agreement on this subject. Finally the Council approved access by the European Parliament to classified information other than that concerning the Common Foreign and Security Policy... [Read more](#)

## Diplomacy :

### Dialogue between Serbia and Kosovo



The Serb Prime Minister, Ivica Dacic and his Kosovar counterpart, Hashim Thaci met on 19th October 2012 for the first time under the guidance of the European Union in Brussels - this is the first step towards dialogue that will continue "soon" after months of being in stalemate. The meeting was the first at this level since the opening of this dialogue in March 2011, which aims to normalise relations between the two States... [Read more](#)

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## Germany :

### Wolfgang Schäuble pleads for a Super Budgetary Affairs Commissioner



On 17th October 2012 German Finance Minister Wolfgang Schäuble set out his ideas to make progress towards true budgetary union. He advises the creation of a Super European Commissioner for Budgetary Affairs, who in his opinion, should be able to reject the national budgets of the States which have signed the budgetary pact and ask for improvements when they do not respect criteria. Wolfgang Schäuble also wants to strengthen the competences of European Parliament to provide better guarantees to democratic legitimacy within the EU... [Read more](#)

### Speech by Angela Merkel to the Bundestag



In a speech delivered on 18th October 2012 to the Bundestag the German Chancellor Angela Merkel declared that the European Union should have the power to intervene in response to infringements of the common budgetary rules by a Member State. Speaking also in favour of a strengthening of the powers enjoyed by the European Parliament, Angela Merkel defended the creation of a European fund to invest in specific projects in the euro zone that might be financed by a financial transaction tax... [Read more](#)

## Denmark :

### Capability, Innovation and Solidarity will bring the EU out of the Crisis



In a speech delivered at the Collège d'Europe on 17th October, Danish Prime Minister, Helle Thorning-Schmidt said she believed that the European Union had the tools it needed to settle the crisis. Indeed the EU has already proved that it could take decisions, that it was creative in finding new solutions and that solidarity, in spite of some setbacks, was not lacking. She notably spoke of Vaclav Havel, the patron of the Collège's 2012-2013 academic year. "Is it not during times of deep doubt that new certainties arise?" Whilst emphasising that the work done over the last 60 years, which had been crowned with the undeniable success of peace, democracy and prosperity, she recalled that a great deal still had to be done, notably in terms of the fight to counter youth unemployment and sustainable growth, whilst she also defended the possibility of building a several speed Europe... [Read more](#)

## France :

### CNIL: Google must review its confidentiality rules



After a seven month investigation, Isabelle Falque Pierrotin, Chair of the French National IT and Liberties Committee (CNIL), which had received the mandate of 26 other European counterparts (G29) said on 16th October 2012 that Google's new confidentiality rules, set in March 2012, were still not in line with European legislation. She particularly pointed to three problem areas: the "lack of information given to users about the processing of their personal data," the lack of supervision "in combining data with different services" and the American company's refusal to commit to a "maximum data retention time".

Google has four months to integrate these recommendations otherwise the European countries involved may launch a new phase of litigation. "It is the first time that the 27 European IT and Liberties Committees have managed to reach agreement over a joint stance... [Read more](#)

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#### The French President delivers his vision of Europe



On 17th October 2012 in Brussels, on the eve of the European Summit (on 18th and 19th October), the 22nd to take place since the start of the crisis, French President François Hollande delivered his vision of Europe to the European press (Le Monde, The Guardian, El País, Gazeta Wyborcza, La Stampa and the Süddeutsche Zeitung). In his opinion Europe has to be saved by giving priority to growth and by coordinating economic and budgetary policies. The Franco-German couple is enabling an acceleration in the European process and France is the link between the north and south of Europe". He defines a Europe that is "moving forward at different speeds" in which the issue of political union will arise after the European elections in 2014 but which will only be possible if budgetary, banking and social union is founded... [Read more](#)

#### Defence: Franco-British Manoeuvres in the Mediterranean



Until 26th October 2012 thousands of sailors from the British Royal Navy and the French air-naval group are undertaking a major military exercise off the Corsican coast entitled "Corsican Lion". The aim of these land and sea manoeuvres is to develop a joint expeditionary force to provide response to both land and maritime threats (amphibian battles) and the evacuation of inhabitants from crisis situations. As part of the bilateral Lancaster House defence agreements signed in 2010 by France and the UK this technical and tactical cooperation aims to develop into a "powerful, joint operation" in the future... [Read more](#)

### Italy :

#### The Senate adopts a stricter anti-corruption law



On 18th October the Italian Senate adopted on first reading a stricter anti-corruption law in the wake of scandals that have sullied the political classes over the last few months. Amongst other things this new bill anticipates heavier sanctions for simple corruption, rising from a prison sentence of two to five years, to four to eight years. The sentence of judicial corruption, ie of a witness or magistrate in a trial will rise from three to eight years to between 4 and 10 years in prison. In some cases the law also plans for the sentences to be heavier for bribery ranging from 6 to 12 years in prison. This law also includes ineligibility for anyone who has been sentenced to prison for over two years... [Read more](#)

### Romania :

#### Annual EPP Congress in Bucharest



The European People's Party (EPP) held its annual Congress on 17th and 18th October 2012 in Bucharest. Several resolutions were adopted, notably regarding the single market, the cohesion policy and on the situation in Syria. The new electoral platform was adopted replacing that selected in Athens in 1992. Finally the President and Vice-Presidents were elected. Wilfried Martens, former Belgian Prime Minister, was re-elected as President for a further three year mandate with 91% of the vote... [Read more](#)

### Czech Republic :

#### Victory for the opposition in the Czech senatorial elections



The Czech Prime Minister Petr Necas's coalition suffered defeat in the second round of the senatorial elections organised on 19th and 20th October, which was won by the social democratic opposition (CSSD). Mr Necas's Civic Democratic Party (ODS) only won 4 of the 27 constituencies where the election took place - it was designed to

redistribute one third of the seats in the Senate which total 81 in all. The CSSD will now have 46 Senators' seats and the ODS 15... [Read more](#)

## UK :

### Scotland: Cameron signs the agreement for an independence referendum in 2014



On 15th October 2012 British Prime Minister David Cameron signed an agreement with the Scottish Nationalist leader, Alex Salmond, opening the way for the organisation of an independence referendum in Edinburgh. After months of negotiations between the two sides, the referendum "which is legal, fair and decisive" will take place in the autumn of 2014 raising the question of Scotland's independence. The British head of government spoke in support of the UK but called on the Scots to take a "decision regarding their future that was qualified as historic"... [Read more](#)

### The UK wants to use its EU opt-out clause



British Home Secretary Theresa May announced on 15th October 2012 to MPs in the House of Commons that the UK intended to "disengage massively" from 130 European police cooperation and judicial measures, amongst which feature the European Arrest Warrant and the sharing of data on criminal records. According to the terms of the Lisbon Treaty, the UK has until 31st May 2014 to use the exemption clause on the measures pertaining to "Justice and Internal Affairs". Theresa May justified this position speaking of the national interest, the will to recover certain powers and that of renegotiating British membership of the EU... [Read more](#)

### Announcement of a bill to reform the Libor inter-bank rate



Greg Clark, the Financial Secretary of the Treasury, announced on 17th October 2012 that the law governing financial services, which is being assessed by Parliament at present, would be amended to change how the setting of the intermarket bank rates (Libor) was supervised. The British government accepted the recommendations made by Martin Weathley, director of the Financial Services Authority (FSA) notably by basing the calculation of the reference rate on an average of effective transactions. After the revelation of massive fraud in June 2012, which caused a scandal, it was decided to make regular audits of the banks to prevent any falsification. Moreover Mr Clark, who is "determined to restore Libor's credibility", insisted on the fact that the law will enable the prosecution and punishment of those who manipulate the rates... [Read more](#)

## Georgia :

### Bidzina Ivanishvili appointed Prime Minister



On 17th October 2012 the President of Georgia, Mikhail Saakashvili appointed as Prime Minister, billionaire Bidzina Ivanishvili, head of the opposition coalition, "Georgian Dream" which won the general elections on October 1st. Parliament met on 21st October and is to approve the composition of the new government over the next few days. "Georgian Dream" has 85 of the 150 seats in Parliament, against 65 for the National Movement Party-Democrats. And so, for the first time ever there will be political cohabitation in Georgia... [Read more](#)

## Eurostat :

### The euro zone annual inflation rate stable at 2.6%



According to figures published by Eurostat on 16th October 2012 the euro zone's annual inflation rate lay at 2.6% in September 2012, unchanged in comparison with August. A year previously it lay at 3%. The monthly inflation rate lay at 0.7% in September 2012. The EU's annual inflation rate lay at 2.7% in September 2012 unchanged in comparison with August. In 2001 it lay at 3.3%. The monthly inflation rate lay at 0.6% in September 2012... [Read more](#)

### International Trade Goods Surplus in the euro zone



According to a Eurostat publication dated 16th October 2012 the euro zone's goods trade balance was in surplus to a total of 6.6 billion euro in August but in the EU there is a deficit of 12.6 billion euros. Since the start of the year the energy deficit totalled more than 230 billion euros, and the manufactured goods surplus was over 200 billion - with these two figures being over those seen during the same period in 2011. Germany and the Netherlands record the best results whilst the UK and France the worst... [Read more](#)

### Euro Zone: public deficit of 4.1% and public debt of 87.3% in 2011



According to figures published by Eurostat on 22nd October 2012 the public deficit contracted in absolute terms in 2011 in comparison with 2010 both in the euro zone and the EU, whilst the public debt rose in both areas. The public deficit ratio in comparison with the GDP decreased in the euro zone, from 6.2% in 2010 to 4.1% in 2011, and in the EU from 6.5% to 4.4%. The public debt ratio, in comparison with the GDP, rose in the euro zone from 85.4% at the end of 2010 to 87.3% at the end of 2011, as well as in the EU, from 80% to 82.5%. In 2011 the lowest public deficit, against the GDP were recorded in Luxembourg (-0.3%), Finland (-0.6%), and Germany (-0.8%) whilst in Hungary (+4.3%) Estonia (+1.1%) and Sweden (+0.4%) recorded a public surplus... [Read more](#)

### Eurobarometer :

#### Europeans and Development Aid



In a study published on 16th October 2012, Eurobarometer reveals that 85% of European citizens are attached to the aid the EU provides to developing countries. Trade and finance are seen as vital leverage whilst the corruption of local governments is often denounced as an impediment to development. More than 60% of Europeans believe that aid should be stepped up, but more than 50% think that the countries with high growth rates should no longer have the right to it even though major inequality still exists. Human rights, education and healthcare are considered as the main priorities... [Read more](#)

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### Studies/Reports :

#### Estonia commits to European Integration



In a study published by the Finnish Institute for International Relations Kristi Raik analyses how the perception of the EU has developed in opposite directions over the last few years in Finland and Estonia. As euroscepticism gains ground in Finland, Estonia is trying to be pro-active in the European arena by supporting greater integration. American disinterest in Europe explains this rapprochement in part as well as the work undertaken to join the euro zone and the Schengen area, overcoming the economic crisis and appearing as a responsible, pragmatic ally in the eyes of its European partners. The most recent decision, which is symptomatic of this pro-active attitude, is the support given to the financial transaction tax... [Read more](#)

#### The Debate over European Political Union



Thierry Chopin, Jean-François Jamet and François-Xavier Priollaude are exhorting the start of debate over European Political Union in an article published in the Cercle des Echos on 17th October 2012. In their opinion this Political Union is all the more necessary as part of a further transfer of competences. The authors recommend "simple, clear" decision making mechanisms for them to be "effective and transparent" and for European decisions to enjoy "adequate legitimacy". Finally they insist on the urgency of the debate as the European elections of 2014 draw closer... [Read more](#)

#### The Value of Europe

The German Bertelsmannstiftung has published an analysis by Joachim Fritz-Vannhame in which he criticises euroscepticism that has been on



the rise since the crisis. The author analyses the EU's development and the reasons behind the rise in nationalist feelings in some Member States. He pleads for greater democracy within the EU and explains that Europe is an asset... [Read more](#)

#### Culture :

##### Fables of the Flemish Landscape



The Fine Arts Museum in Lille is putting on an exhibition until 14th January 2013 on the fables of the Flemish landscape. In the 16th century Flemish artists like Bosch, Brueghel, Bles and Bril invented a new way of painting real and imaginary borders. The marvellous, fantastic nature of their landscapes recreates nature which then becomes mythical and a place for all kinds of fables... [Read more](#)

##### Raphaël, the last years



In partnership with the Prado Museum, the Louvre is offering an exhibition until 14th January 2013 on work by Raphaël (1483-1520) in Rome completed during the last seven years of his life. Around one hundred paintings, drawings and tapestries review the artistic journey of the master who formed the heart of the Italian Renaissance. The unique exhibition which place his pictures alongside those of his pupils illustrates how his workshop operated... [Read more](#)

##### Jackson Pollock's Heritage



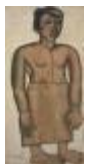
The Joan Miro Foundation in Barcelona is devoting an exhibition from 24th October 2012 to 24th February 2013 to the heritage of Jackson Pollock (1912-1956). The works by many artists of the 1940's like Yves Klein, Niki de Saint Phalle, Jean Tinguely, Allan Kaprow, Andy Warhol and Lynda Benglis show influences and connections to Pollock's work, the first to have defined conceptual art... [Read more](#)

##### Munch, Matisse and the Expressionists



The Folkwang Museum in Essen is devoting an exhibition to one of the most fascinating chapters in art at the start of the 20th century; the show will be running until 13th January 2013. The exhibition shows works from the "Fauve" school including painters like Matisse, Derain, de Vlaminck and works from the North by Norwegian Edvard Munch and German and Russian Expressionist artists such as Ernst Ludwig Kirchner, Erich Heckel, Alexej von Jawlensky, Wassily Kandinsky, Gabriele Münter and Franz Marc... [Read more](#)

##### Retrospective of Constant Permeke



The Fine Arts Museum (BOZAR) in Brussels is offering an exhibition until 20th January 2013 on Flemish Expressionist artist Constant Permeke (1886-1952). 130 pictures, drawings and sculptures are presented to reveal all of the artist's work: from female nudes to fishermen, farmers and also land and seascapes... [Read more](#)

#### Agenda :



22nd-23rd October  
Agriculture and Fisheries Council  
Strasbourg



Plenary session of the European Parliament



23rd October  
Franco-German Seminar - "Deepening the Franco-German Relationship 50 years after the Elysée Treaty"



25th October  
Environment Council



25th-26th October  
Justice and Internal Affairs Council

Strasbourg  
Plenary Session at the European Parliament



28th October  
General Elections in Lithuania (2nd Round) and General Elections in Ukraine



29th October  
Transport, Telecommunications and Energy Council

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