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The Letter team wishes all of its readers a very relaxing holiday. The next issue will be published on 27th August.

## Interview with Dalia Grybauskaitė, President of the Republic of Lithuania



Author: Dalia Grybauskaitė

The Robert Schuman Foundation has published a European Interview with the President of the Republic of Lithuania Dalia Grybauskaitė whose country is enduring the Presidency of the Council of the European Union at present. She presents the priorities of the Lithuanian presidency for the next sixth months.

[Read more](#)

### Contents

**Financial Crisis** : G20 - Spain - Greece - Ireland - Portugal - Romania - UK - OECD  
**Commission** : Prosecutor's Office **Council** : Agriculture/Fisheries - Budget - VAT - Public procurement - Mali - EU/USA - Justice **Diplomacy** : Council - EU/South Africa  
**Germany** : Merkel/Press **Belgium** : King **Bulgaria** : Corruption - Motorway  
**Spain** : Shipyard **France** : Modernisation **Greece** : Television **Italy** : UK - Poverty  
**Luxembourg** : Elections **Portugal** : Stability **UK** : Manifesto - Marriage **Council of Europe** : The Netherlands **Eurostat** : Debt - Social - Trade - Inflation  
**Studies/Reports** : Road haulage **Publications** : France/World  
**Culture** : Bayreuth/Festival - Piano/Festival - Helsinki/Festival - Festival/Sziget - Edinburgh/Festival - Sierra/Festival

[Agenda](#) | [Other issues](#) | [Contact](#)

### Financial Crisis :

#### The G20 gives priority to growth and employment



The Finance Ministers and governors of the Central Banks of the G20 countries, who met in Moscow on 19th and 20th July 2013 to prepare the meeting of the heads of State and government in September in St Petersburg recalled that the "world economy was still too weak and recovery fragile and unequal". They therefore decided that employment and growth would be their priority in the "short term". They also said that they "fully supported" the OECD's action plan against fiscal strategies used by multinational businesses to avoid paying taxes... [Read more](#)

#### The Spanish banks are stronger deems the IMF



Spanish banks, which received European aid of 41.3 billion euro in 2012, are now stronger but in a context of recession they are facing high risks deemed the IMF on 15th July 2013. "The establishment of the aid programme in the Spanish financial sector is still on course," said the IMF in its third interim report. These interim reports are part of the Troika's supervisory framework (IMF, European Commission and European Central

Bank), governing the strict conditions that go together with the European aid to Spanish banks granted in 2012... [Read more](#)

#### Economic reforms and growth funds in Greece



On 18th July 2013 Greek MPs adopted, 153 votes in support, a draft bill reforming taxation and the civil service. The bill plans for the redeployment of and reduction in the numbers of civil servants together with a simplification of the fiscal code. These reforms will enable the payment of a part of the financial aid promised by the EU and the IMF. On the same day during a meeting of businessmen and his Greek counterpart Yannis Stournaras in Athens, German Finance Minister Wolfgang Schäuble indicated that Germany was ready to invest in funds designed to support Greek businesses. These funds called "the growth institute" will "work with major international banks and will be supported by private shareholders". Mr Schäuble stressed that there was still a great deal to do to end the crisis... [Read more](#)

[Other link](#)

#### Mitigated results for Ireland



On 18th July 2013 the European Commission, the European Central Bank and the International Monetary Fund presented the conclusions of the 11th review mission to Ireland. The results are varied: unemployment remains high but is declining; a slightly positive growth rate is expected this year, even though economic activity is contracting; access to financing on the markets is stabilising. The European and international experts identified three main priorities with the Irish authorities: reducing the budgetary deficit, reducing unemployment and re-establishing the financial health of the banking sector... [Read more](#)

#### Further economic growth forecasts for Portugal



On 16th July 2013 the Bank of Portugal published its "summer economic bulletin 2013". According to this data the GDP contracted this year by 2% in comparison with 2.3% that had initially been forecast, thereby reflecting a sharp decrease in domestic demand and a major increase in exports. However next year's growth forecasts have been revised downwards, dropping from 0.6% announced in March 2013 to 0.3%. However the bank stressed that these forecasts were still uncertain give the country's present political crisis... [Read more](#)

#### Reforms have to be stepped up in Romania



The IMF stresses in a report published on 16th July 2013 that Romania is not meeting the goals set by the Fund when aid was given in 2011. This report is based on the IMF's internal expertise as well as on discussions started in January with the Romanian political and economic leaders. It is encouraging the country to step up and deepen reforms and notably speed up the privatisation of its businesses. Once this programme has been completed the IMF experts believe it will be possible to plan further discussions for more support... [Read more](#)

#### The IMF advocates strengthening British Banks



On 17th July the IMF urged the UK to strengthen its banking sector which is showing signs of weakness whilst the country's economic recovery is still fragile and uncertain. In its report it explains that "restoring the financial sector is a vital condition for sustainable recovery." Hence the IMF is advocating "increases in capital, the reduction of dividends payed to banks' shareholders, a more measured remuneration of bankers and all of this whilst guaranteeing loans to businesses and households to support the economy." Moreover the IMF is encouraging the British government to revive growth with major investments in "infrastructures".. [Read more](#)

#### OECD forecasts a record level of unemployment of 12.3% at the end of 2014 in the euro zone



On 16th July 2013 the OECD published its report on employment prospects 2013. According to this report unemployment is due to rise to a record level in the euro zone at the end of 2014 with an average rate of 12.3% (+0.1 point more in comparison with May 2013). The

report highlights "major, increasing differences between countries". In Germany the unemployment rate is due to decrease from 5.3% to under 5% whilst it is due to rise to nearly 28% in Spain and Greece. By the end of 2014 unemployment is due to rise beyond 11% in France, and to lie at around 12.5% in Italy. In the US the unemployment rate is also due to decline below 7% by the end of 2014. The OECD also shows that "youth unemployment is still at unprecedented levels in many countries." It is over 60% in Greece, 52% in South Africa, 55% in Spain and 40% in Italy and Portugal... [Read more](#)

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#### Commission :

##### The Commission proposes a European Public Prosecutor's Office against fraud



On 17th July 2013 the European Commission presented a project for a European Prosecutor's Office to counter fraud against the community budget and to bring these infringements before the Member States' court in order to sanction them. "We are honouring a commitment taken in 2010," explained the Commissioner for Justice Viviane Reding adding that "States and the European Parliament should now agree". The Commission justifies this by the extent of European budget fraud estimated at 500 million euro per year and by the impossible task of implementing sanctions in most of the cases. However only enhanced cooperation is possible since the UK and Denmark have already stated that they are against the project... [Read more](#)

[Other link](#) | [Other link](#) | [Other link](#)

#### Council :

##### Agreement on Fishing



The 28 European Agriculture and Fisheries Ministers agreed on 15th July 2013 on the main guidelines in the distribution of a package of some 6.4 billion euro designed to fund the common fisheries policy. This agreement on the European Maritime Affairs Fund for the period 2014-2020 and fisheries opens the way to the reform of the sector for "long term, more sustainable fishing". "It was the last part of the puzzle" after the political agreement concluded in May between States and the European Parliament to orient the new common fishing policy towards the restoration of fishing resources... [Read more](#)

##### The EU adopts an austerity budget for 2014



EU Member States came to agreement on 17th July 2013 on a draft budget for 2014. Member States accepted 141.8 billion euro in commitments and 134.8 billion in payments whilst the Commission had been advocating 142.01 billion in commitments (1.05% of the EU's GNP) and 135.9 billion for payments (1.01%), ie a reduction of 6% in comparison with the initial budget in 2013. According to the European Commission's budget 3.6 billion euros are intended for the Youth Employment Initiative and support measures to SMEs - both major projects that were decided upon by the EU's leaders during their last summit. The agreement, which still has to be approved by the European Parliament, slightly reduces the proposal put by the European Commission at the end of June. The cut will mainly affect the institutions' spending... [Read more](#)

##### Stepping up the fight to counter VAT fraud



On 22nd July 2013 the Council adopted two directives to counter VAT fraud. These two directives modify the one adopted in 2006. The first will enable immediate measures in the event of massive VAT fraud (rapid reaction mechanism). The second directive will enable Member States to apply "self-liquidation" for the payment of VAT on a facultative and temporary basis... [Read more](#)

##### Reform of public procurement



On 17th July 2013 the Council of the European Union approved an agreement on the reform of the public procurement policy. The main points involve increased flexibility and a simplification of procedures as well as access on the part of SME's to public procurement and the fight to counter conflicts of interest. The final text is due to be adopted jointly with the European Parliament within the next few months... [Read more](#)

### European training mission in Mali



On 19th July 2013 the French Brigadier General Bruno Guibert was appointed as the new chief of the EU's training mission to Mali (EUTM-Mali). General Guibert will take over his post on 1st August 2013. He succeeds Brigadier General François Lecointre. The EU's training mission will help to train and reorganise the Malian armed forces... [Read more](#)

### Data Protection: US/Europe



The composition of the EU's delegation for the ad hoc working group in charge of discussions with the US delegation on data protection was announced on 18th July 2013 by the Lithuanian presidency of the Council of the European Union. The delegation will comprise the presidency, the Commission, the Counter Terrorism coordinator, the European External Action Service as well as experts from the Member States. On a voluntary and bilateral basis interested member countries will be able to discuss issues related to their national security with the USA and will be able to coordinate their positions if they so wish it. The working group will meet for the first time on 22nd and 23rd July in Brussels... [Read more](#)

### Personal Data



On 19th July the 28 European Justice Ministers came to agreement on a reform of personal data protection. More effective legal cooperation between Member States as well as wider use of ITs in the area of justice are vital. The main aim of the regulation on data protection being assessed at present by the Council is to guarantee a more systematic, clearer and easier application of data protection standards in the EU. Ministers agreed on the systematic respect of personal data protection rules in Member States and expressed their support to the European Data Protection Board (EDPB)... [Read more](#)

## Diplomacy :

### Decisions of the Foreign Affairs Council



On 22nd July 2013 the 28 Foreign Ministers decided to include the armed branch of the Lebanese Shi'a movement on the EU's list of terrorist organisations. Regarding the situation in Darfur they declared they were worried. They called on the Sudanese government to protect the populations and to work towards a sustainable political situation. Moreover ministers said they deplored the continued lack of progress in Bosnia-Herzegovina on the path to the EU, notably that the political leaders in the country had not implemented the decision delivered by the European Court of Human Rights in the Sejdic/Finci case. The Council is pleased with the detailed support framework to Burma/Myanmar, but highlights its concern about the situation in Egypt, and the effect of "water diplomacy" in the settlement of notably cross-border conflicts. The Council is encouraging the draft of a plan to improve cooperation and the development of this approach... [Read more](#)

### EU/South Africa Summit



The 6th EU-South Africa Summit took place on 18th July 2013 in Pretoria. European and South African leaders spoke of education and training in the main - the vital key to the creation of jobs and notably youth employment. South Africa and the EU concluded an agreement worth 100 million euro on nuclear energy which will enable the provision of electricity to 300,000 rural homes in Africa's leading economy... [Read more](#)

## Germany :

### Press conference by Angela Merkel



On 19th July 2013 German Chancellor Angela Merkel held a summer press conference. After stressing the government's support of the victims of the recent floods the Chancellor reviewed the positive results produced by the change in energy policy, budgetary consolidation, the restructuring of the army as well as the fight to counter the financial crisis. "Consolidating the euro's stability will however remain a major issue in the future," she added. Another central theme in the conference focused on the American spying scandal. Regarding the spyware "Prism" Ms Merkel explained that discussions with

the US over the presumed monitoring of data were not yet finalised and postponed her final conclusions on this until later... [Read more](#)

## Belgium :

### Abdication of King Albert II in favour of his son Philippe



On 21st July, the Belgian national day, Albert II, King of Belgium since 1993 signed the act of his abdication in the presence of the country's authorities. His son Philippe will become the 7th king of Belgium after having been sworn in front of the two Parliamentary Assemblies. In his speech the king stressed the major changes ongoing in the country notably the "new State reform which is granting the transfer of major competences over to the federal entities." He also pointed to the "European project that should give us hope and confidence..." [Read more](#)

## Bulgaria :

### Controversy over several appointments in Bulgaria



On 17th July 2013 the chairman of the independent Bulgarian commission for the prevention of conflict of interest in the civil service, Filip Zlatanov was arrested for "being involved in criminal activities whilst in office" announced the Public Prosecutor's Office. Moreover demonstrations followed the appointment of Emil Ivanov as governor of the region of Sofia. Demonstrators denounced his criminal past, notably his two and a half year term in prison for violence. Finally Bulgarian President Rossen Plevneliev said he was especially worried about the appointment of Boyan Chukov as advisor to the Prime Minister for security and foreign affairs. Chukov indeed worked as a communist spy when he was a diplomat in Paris and Madrid in the 1980's and he is also known for his nationalist and pro-Russian positions... [Read more](#)

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### Opening of first East/West motorway



On 15th July 2013 Bulgaria opened the first east/west motorway crossing the country to link Sofia with Bourgas on the Black Sea. The construction of this 360km long motorway that was started in the 1970's was interrupted several times due to a lack of funding and because of corruption scandals. The project started again thanks to European aid in 2004. Bulgaria, that covers 111,000 km<sup>2</sup> only has around 400km of motorway. It is therefore counting on European funding to develop its road infrastructures... [Read more](#)

## Spain :

### Spanish Shipyards: reimbursement of State Aid



On 17th July the European Commission announced that several Spanish businesses, notably in the ship building industry will have to reimburse some large sums deemed to have been State aid. However only fiscal aid received in 2007 to 2011 by investors in the purchase of ships is concerned... [Read more](#)

## France :

### Administrative Simplification



On 17th July 2013 French Prime Minister Jean-Marc Ayrault announced 200 simplification measures that will help save an estimated 3 billion euros long term. For example identity cards will be renewable every 15 years instead of the present 10. Moreover lunch vouchers will no longer be delivered in paper form but in digital format, as a credit card. The aim of the modernisation of public administrative work is to "improve French citizens' lives, the effectiveness of our businesses and the use of public money," he explained... [Read more](#)

[Other link](#)

## Greece :

### New state television in Greece



On 19th July 2013 the Greek Parliament adopted 155 votes in support, a bill in view of establishing a new state TV station, just over a month after the closure of the ERT. In virtue of the new law Nerit SA will be a State run company. It will be under the supervision of the State and

yet enjoy both administrative and financial independence... [Read more](#)

## Italy :

### Enrico Letta visits the UK



On 16th and 17th July the President of the Italian Council, Enrico Letta travelled to London on his first official visit of the UK. After a meeting with Prime Minister David Cameron the two men stressed that they shared the same views on many European issues. "We want to be very ambitious to improve the economic situation in the EU," notably to create more jobs and to make Europe more competitive," declared Mr Cameron. Mr Letta stressed the importance of "reducing the gap that separates European citizens from its institutions". Moreover he insisted on the importance of the UK remaining in the EU... [Read more](#)

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### Poverty in Italy



The Italian national statistics institute (Istat) published a report on poverty in Italy. According to this survey of the 9.56 million poor people, 4.81 million lived in "absolute poverty". This total represented 15.8% of the population in 2012, up in comparison with 2011 (13.6%). "Absolute poverty" is typified by the impossibility of paying goods of primary necessity in order to have an acceptable standard of living. The absolute poverty threshold varies depending on the region or the type of family ranging from 537 euro per month to 806 euro per month. The study also mentions cases of "relative poverty" whose threshold has been set for 2012 and a revenue of 990.88 euro per month for a family of two people... [Read more](#)

## Luxembourg :

### General Election on 20th October



Early general elections will be taking place on 20th October in Luxembourg announced the Head of State on 19th July 2013 after the collapse of the government coalition led by Prime Minister Jean-Claude Juncker. "His Royal Highness the Grand Duke has decided to dissolve the Chamber of Deputies as of 7th October next. The Chamber of Deputies will remain in office, likewise Mr Juncker's government. It will continue to govern and will not simply take care of current affairs... [Read more](#)

## Portugal :

### The President gives the government his support



The three main Portuguese political parties failed on 19th July 2013 to conclude a "national salvation pact" to settle the crisis that has been disrupting the country for the last three weeks. In a solemn declaration delivered on 21st July Portuguese President Anibal Cavaco Silva gave his support to the government coalition in a bid to end the political crisis which is threatening to bring about the failure of the country's rescue plan. "I believe that the best solution is to maintain the present government in office," he declared. He rejected the call for early general elections... [Read more](#)

[Other link](#)

## UK :

### British Pro-European Manifesto



On 15th July 2013 political leaders from the three main parties in the UK (Kenneth Clarke/Conservative Party, Lord Mandelson/Labour, Danny Alexander/Liberal Democrats) published a pro-European Union Manifesto (Better Off in a Better Europe) to highlight that exiting the Union would be an "historical mistake" that would make the UK "weaker and poorer". In their opinion it is certain that the EU needs to change on certain issues but the UK must remain within it in order to take part and influence the reform process. According to the manifesto the study on the balance of power between London and Brussels asked for by the Prime Minister David Cameron should take place in all Member States and not just according to a specific agreement with the UK... [Read more](#)

### Legislation on homosexual marriage in the UK

On 16th July 2013 British MPs adopted the last amendments to the bill



enabling same sex marriage. On 17th July Queen Elizabeth II gave her approval so that the bill could become official legislation. The UK is the 15th country to legalise homosexual marriage and the first of these might take place as of 2014 according to the culture ministry... [Read more](#)

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#### Council of Europe :

##### In praise of the integrity policy implemented in the Netherlands



The Group of States against Corruption at the Council of Europe (GRECO) published a report on 18th July 2013 in which it concludes that the Dutch system to prevent the corruption of MPs, judges and prosecutors is quite effective. The errors denounced and punished via a responsive system is based in part on mutual trust, transparency and public supervision... [Read more](#)

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#### Eurostat :

##### EU Public Debt



According to figures published on 22nd July 2013 by Eurostat, the EU's statistics office, the public debt ratio in comparison with the GDP lay at 92.2% in the euro zone at the end of the first quarter of 2013 against 90.6% at the end of the fourth quarter 2012. In the EU the ratio rose from 85.2% to 85.9%. In comparison with the first quarter 2012 the public debt ratio in comparison with the GDP increased in the euro zone (from 88.2% to 92.2%) as well as in the EU (from 83.3% to 85.9%)... [Read more](#)

##### Eurostat publishes all social statistics in one book



On 17th July 2013 Eurostat announced the publication of a book that brings together all of the EU's social statistics such as immigration, healthcare and parity. This report shows that more than one European in 50 lives in another Member State of the EU and that around 25% more women than men go on to higher education. It also indicates that the risk of poverty is proportionally opposite to the level of education... [Read more](#)

##### International trade surplus of current goods and trade



On 16th July 2013 Eurostat indicated that the international goods trade had registered a surplus of 15.2 billion euro in the euro zone and 15.8 billion euro in the EU in May. Germany registered the highest surplus (67.3 billion) and the UK the highest deficit (29.2 billion), followed by France (25.8 billion). On 19th July 2013 Eurostat also announced that the EU had registered a trade surplus of 29.1 billion euro in the first quarter of 2013, driven along by a 32.4 billion euro surplus in the service trade balance. A year ago the EU faced a deficit of 1.5 billion euro... [Read more](#)

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##### A slight rise in inflation



On 16th July 2013 Eurostat indicated that the annual inflation rate had increased by 0.2% in the euro zone and by 0.1% in the EU in June in comparison with May rising respectively to 1.6% and 1.7%. The rate is negative in Greece and is over 4% in Romania and Estonia... [Read more](#)

#### Studies/Reports :

##### Reform of the Marco Polo programmes



On 16th July the European Court of Auditors advised to end ineffective programmes to transfer road freight haulage over to rail. Given their goals the Marco Polo programmes have proven to be quite ineffective to date. The Court is calling on European institutions to remodel these programmes entirely notably by integrating analyses, a rigorous assessment of results, and the monitoring of European added value to these projects that are designed to relieve road traffic and limit atmospheric pollution... [Read more](#)

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#### Publications :

## France in the world



The review "Questions internationales" is devoting a special issue on the occasion of its tenth anniversary to "La France dans le Monde." The article tries to explore the main aspects of France's position in the world. It firstly addresses France's foreign policy, its tools, its methods and partners, and also the country's international influence, its assets and weaknesses... [Read more](#)

## Culture :

### Bayreuth Festival 2013



On the occasion of the 20th anniversary of the birth of composer and founder of the Bayreuth Festival, Richard Wagner there will be a performance of "The Ring of the Nibelung" produced by Frank Castorf. During this festival founded in 1876 there will be seven productions from 25th July to 28th August 2013. In addition to the four part "Ring of the Nibelung" audiences will be able to attend "Tannhäuser", "Lohengrin", and the "Flying Dutchman"... [Read more](#)

### La Roque-d'Anthéron Festival



The International Piano Festival at La Roque-d'Anthéron will be taking place until 20th August. Founded in 1980 by Paul Onoratini (1920-2010), then mayor of La Roque-d'Anthéron, this festival takes place in the open air in the park of the Florans Castle. It brings together both young talented musicians as well as renowned pianists... [Read more](#)

### Helsinki Festival



From 16th August to 1st September 2013 Helsinki will once again host many Finnish and international artists of all kinds. Varying renowned European orchestras, such as the Göteborg symphony orchestra will be playing in the grand music hall in the city. On stage audiences will also be able to see performances by world famous artists such and violonist Pekka Kuusisto and Yoko Ono... [Read more](#)

### 20th anniversary of the Sziget Festival in Budapest



The Sziget Festival in Budapest, which is celebrating its 20th anniversary this year, will take place from 5th to 12th August. On this occasion 140 groups and 500 concerts are planned with the participation of numerous international artists... [Read more](#)

### Edinburgh Festival 2013



From 9th August to 1st September 2013 this year's international festival of Edinburgh will be taking place. On this occasion six of the cities main theatres, concert halls and stages will be the venue for classical music, theatre, opera as well as dance. This year the Festival will be inspired by relations between artists and technologies and innovation over the last 500 years... [Read more](#)

### International Festival of the Sierra



As each year many groups will be presenting their dance and traditional singing from 9th to 18th August 2013 in Fregenal de la Sierra (Spain). Groups from five continents will be meeting to celebrate their cultural difference. On the last day of the festival the town's inhabitants decorate the streets and houses with flowers and flags to brighten the parade in which all of the artists take part... [Read more](#)

## Agenda :



22nd July  
Brussels  
Foreign Affairs Council



Jul



25th July  
Brussels  
Economic and Financial Affairs Council



August 1st  
Frankfurt  
ECB Governors Council

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