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For subscription and advertising enquiries, please contact the editorial office. The European Journal is published by The European Foundation. Views expressed in this publication are those of the authors themselves, not those of the European Journal or The European Foundation.

European Union as Transfer Union

Steve Baker MP and Professor Philipp Bagus

European politicians, including Spanish President Zapatero and French President Sarcozy, have called for European economic government. Others like Luxembourg´s President Juncker have called for Eurobonds wherein EMU governments collectively provide a guarantee. The UK Parliament has before it a motion supporting the Government's position that the UK should stay out of the European Stability Mechanism; some of us have been quite exercised about the matter.

The tendency is clearly toward further centralization in Europe. Commentators fear an explicit transfer union, within which fiscally-reckless states are rewarded by transfers from the fiscally sound.

Unfortunately, these worries come somewhat late.

One of the great merits of Philipp Bagus' enlightening new book The Tragedy of the Euro is to show that the Eurozone is already a transfer union. The very monetary system of Europe redistributes wealth from one country to another.

In the Eurozone, fiscally-independent governments of qualified sovereignty coexist with one central banking system. This is a unique construction: normally, one government corresponds to one banking system.

Governments can finance their deficits through the banking system and money creation. When governments spend more than they receive in tax revenues, they typically issue government bonds. The financial system buys an important part of these bonds by creating new money. Banks purchase these bonds because they can use them as collateral for new loans – that is, new money – from the European Central Bank or, more precisely, the European System of Central Banks.

Therefore, new money flows to governments that monetize their deficits indirectly. The cost of indirect monetization is borne by all users of the currency in the form of reduced purchasing power. If, as in the UK, there is one government per central banking system, that nation bears the cost of the deficit´s monetization. In the Eurozone, there are, however, several governments each running their own budgets.

Imagine that all governments but one have a balanced budget. The one deficit government can then externalize part of the costs of its deficit onto other nations in form of indirect monetization and higher prices.

This monetary redistribution comprises the already existing transfer union in the Eurozone.

A government like that of Greece, with high deficits, issues government bonds which are bought and monetized by the banking system. As a consequence, there is a tendency for prices to rise throughout the monetary union. The higher is a deficit of a government in relation to the deficits of other countries, the more effectively it can externalize its costs. The incentives of this setup are explosive: governments benefit from running deficits higher than those of their Eurozone neighbours.

Moreover, the Stability and Growth Pact designed to contain these incentives utterly failed because governments judge whether sanctions are to be imposed on themselves.

One effect of this ill-fated setup is that it allows governments to maintain uncompetitive economic structures like inflexible labour markets, counterproductive welfare systems and extensive public sectors for a long time. That is, the monetary system enables the over-indebtedness and lack of competitiveness typical of countries central to the continuing sovereign debt crisis. The sovereign debt crisis, in turn, has triggered a tendency toward centralization of power in Brussels and the new rescue fund.

The monetary transfer union of the Eurozone caused the sovereign debt crisis that is now bringing us ever closer to a more explicit transfer union. A potential European economic government or transfers through Eurobonds are the inevitable consequences of an underlying and dangerous monetary transfer union implicit in the institutional design of the Euro.

The Governor of the Bank of England has said, "Of all the many ways of organising banking, the worst is the one we have today." He is certainly correct: across the UK and Europe, the system of central banking which enabled our particular social system has now turned on itself.

The consequences will be profound.

Steve Baker is Conservative MP for Wycombe and a Director of The Cobden Centre, an educational charity for social progress through honest money, free trade and peace: www.cobdencentre.org

Philipp Bagus is Professor for Economics at University Rey Juan Carlos in Madrid. He recently published a devastating critique of the euro: 'The Tragedy of the Euro'. In his book, Bagus explains the political interests behind the common currency and why the euro is a tragedy of the commons. Read more articles at his website: www.philippbagus.com

"The monetary transfer union of the Eurozone caused the sovereign debt crisis that is now bringing us ever closer to a more explicit transfer union."

EU Surveillance society – the passenger data scandal

Margarida Vasconcelos

The 2007 European Commission proposal for a Council Framework Decision establishing a European system for the exchange of Passenger Name Records for law enforcement purposes, was, at the time, criticised by the Article 29 Data Protection Working Party and by the European Data Protection Supervisor for providing inadequate procedural safeguards and data protection arrangements. Several provisions proved to be very controversial during the negotiations at the Council working groups, such as a harmonised data retention period and the treatment of sensitive personal data. The Council decided to suspend negotiations on the proposal until the entry into force of the Lisbon Treaty.

On 2 February, the European Commission adopted a proposal, replacing the 2007 one, for a directive on the use of Passenger Name Record (PNR) data for the prevention, detection, investigation and prosecution of terrorist offences and serious crime. The present proposal represents an improvement compared to the original one. But, there are still several issues, which should be carefully addressed. Nevertheless, one could wonder if such measures are really needed which justify the collection of data of innocent persons. And it costs billions of pounds to implement and operate such measures.

Whereas the original proposal would have been decided by unanimity, and the UK would have been able to avoid any provisions which were not acceptable, the new proposal is subject to the ordinary legislative procedure and QMV. The UK has an opt out from measures in the area of freedom, security and justice. However, once it has decided to opt-into a legislative proposal there is no right to opt-out even if the outcome of the negotiations is not acceptable and it is subject to the ECJ and the European Commission enforcement powers.

Nevertheless, the Government is very likely to opt into the present proposal. Damian Green MP, last December, in a House of Commons debate said "The UK, in common with many other EU Member States and third countries, places considerable value on the collection and analysis of passenger name record (PNR) data (…) for the purposes of combating terrorism and organised crime." In fact, he said "In line with this view the Government continue to press for an EU PNR directive that includes provision for intra-EU flights."

Presently, the UK is the only country, among the EU Member States, to have a fully functioning PNR system. However, if the draft proposal is adopted, the UK would have to adjust its national system to comply with the draft Directive. The Commission noted that although, presently, only the UK has a PNR system, several Member States are considering setting up one. Hence, in order to avoid having different national PNR legislations, the Commission has decided to create a "EU wide system." The Commission proposes, therefore, common rules for Member States to establish their national PNR systems.

PNR data is collected and held by airlines and travel agents for their own commercial purposes, and consists of information provided by passengers during the reservation and booking of the tickets, such as travel dates, travel itinerary, ticket information, contact details, means of payment used, credit card details, seat number. The Commission proposed that all air carriers operating international flights coming or leaving the EU provide PNR data to the Member States' competent authorities.

The proposal is, therefore, limited to the processing of PNR data to flights into and out of the EU, to and from third countries. However, the Coalition Government, like the former Labour Government, has been lobbying for a wider PNR system that would apply to flights between EU Member States. According to the Commission the costs of including PNR data relating to intra-Community flights in the EU instrument would be much higher. The Commission has agreed to review the issue whether is necessary to include internal flights in the scope of this Directive once the PNR system had been in operation for a few years.

It seems that the Directive, if adopted, would not affect Member States' possibility to provide, under their domestic law, for a system of collection and handling of PNR data for different purposes and transportation. Moreover, the processing of PNR data on intra-EU flights would not be restricted by the instrument, but it must be "subject to compliance with relevant data protection provisions, provided that such domestic law respects the Union acquis."

The PNR data would be collected and processed for "the prevention, detection, investigation and prosecution of terrorist offences, serious crime and serious transnational crime', and it could be share with all member sates law enforcement authorities. "Terrorist offences" are to be defined by reference to the Council Framework Decision 2002/475/JHA on combating terrorism, serious crime and serious transnational crime are defined by reference to the list in the Council Framework Decision 2002/584/JHA on

the European Arrest Warrant. The scope of the draft directive is considerably broad as it encompasses the processing of PNR data for all of the crimes listed in Article 2 of the Framework Decision on the European Arrest Warrant.

Each Member State will have to designate a competent authority, the Passenger Information Unit (PIU) that will be the data recipient. The PIU would be responsible for collecting PNR data from the air carriers, storing and analysing it and transferring the result of the analysis to the Member States competent authorities for the prevention, detection, investigation or prosecution of terrorist offences and serious crime.

The Commission on the previous proposal specified two methods for the air carriers transmit the PNR, the "push method" where the data is transferred into the PIUs' database, or the PIU will be allowed to extract a copy of the required data from the carriers database by the "pull method." The majority of Member States rejected the idea of having a centralised system of PNR at EU level, preferring, therefore, the establishment of databases at national level. The Commission has now proposed a decentralised collection of PNR data. Hence, air carriers would be required to transfer the PNR data to the database of the PIU of the Member State on the territory of which the international flight will land or will depart. The air carries would have to transfer the PNR 24 to 48 hours before the flight departure and "immediately after" flight boarding closure. If there is a specific threat related to terrorist offences or serious crime they may be required by the PIU to make the date available earlier. Member states would be required to provide for dissuasive, effective and proportionate penalties, including financial penalties, against air carriers that fail to meet their obligations regarding the transfer of PNR data.

There would be a systematic transmission of PNR data for all flights, rather than selected flights that present the greatest risk.

The PIU would process PNR data to carry out a risk assessment of the passengers before their scheduled arrival or departure from a Member State, in order to identify any persons who may be involved in a terrorist offence, or serious crime and who require further examination by the Member States's law enforcement authorities.

The assessment criteria shall be set by the PIUs, in cooperation with the competent authorities. National law will therefore, rule the risk assessment criteria. The Passenger Information Units, in carrying out such assessment, might compare PNR data against different databases, including international, national or "national mirrors of Union databases." Member States must ensure that any positive match which results from an automated processing is reviewed by non-automated means in order to verify whether the competent authority needs to take action.

Member States must share with each other the alerts created from the processing of PNR data. The PIUs would deal not only with data gathered on their Member State but also from other Member States. Hence, the result of processing of PNR data, with regard to persons identified by a Passenger Information Unit, must be transmitted to PIUs of other Member States, if such transfer is considered to be necessary for the prevention, detection, investigation or prosecution of terrorist offences or serious crime. Then, such PNR data or the result of the processing of PNR data would be transmitted to the receiving Member States relevant competent authorities.

In the other hand, PIUs are allowed to request each other PNR data and the result of the processing of PNR data that are kept in their databases for a period of 30 days as well as anonymised PNR data and the result of the processing of PNR data that are kept in their databases for a period of five years. PIUS may also request access to specific PNR data, not masked out, kept by the PIU of another Member State in case of a specific threat or a specific investigation or prosecution related to terrorist offences or serious crime.

The competent authorities of a Member State, in cases where it is necessary for the prevention of an immediate and serious threat to public security, may request directly to the PIU of another Member State to provide it with PNR data that are kept in its database. Such requests shall be responded to as a matter of priority.

Furthermore, if there is a specific and actual threat related to terrorist offences or serious crime, the PIU of a Member State is entitled to request the PIU of another Member State to provide it with PNR data of flights landing in or departing from its territory at any time.

Sensitive data such as "racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership, and data concerning the health or sex life of the individual" was excluded from the draft proposal. Under the Commission' proposal sensitive data shall never be transferred by air carriers, but if it can be found in PNR, the Passenger Information Unit shall delete it immediately.

Member States shall transpose the directive into national law two years after its entry into force. Member States would be required to ensure two years after this date, that the PNR data of at least 30% of all international flights into and out of the EU is collected and until two years after this period, Member States shall ensure that the PNR data from at least 60% of all into and out of the EU flights is collected. Hence, Member States would be required to ensure that within six years of the entry into force of the directive, the PNR data from all flights is collected. During the negotiations of the previous proposal the Member States could not agree on 100% collection of PNR data, nevertheless the Commission has proposed the same ambitious schedule. Such targets should not be decided by Brussels, but by the Member States.

The proposal is subject to the ordinary legislative procedure, hence it remains to be seen what will come out of the negotiations with the European Parliament.

The Commission's INDECT project: the dawn of EU-sponsored snooping?

Daniel Hamilton

In 2007 – over two years before the Lisbon Treaty entered into effect – the European Council adopted to so-called Prum Convention as means by which to reinforce cooperation between Member States on issues such as combating illegal immigration, crime border crime-fighting and preventing terrorist attacks on EU Member States.

While a number of European Union Member States (the United Kingdom included), had initially opted to remain outside its operating structures which demand that signatories share centrally-held information on DNA, fingerprints and motor vehicle registration freely when undertaking investigations into suspected terrorist activity, this data is now shared freely across the EU's 27 Member States.

Such is the European Commission's drive to be seen as an effective actor in global policy that what started as an act of mere cooperation on anti-terrorist operations has now assumed an EU-institutional identity in its own right. Indeed, the European Commissioner for Justice Vivienne Reding has openly called for a "building the European Justice Area" to supplant national crime-fighting institutions.

One such area in which the European Union wishes to assert its dominance as a crime-fighting body in its own right is in relation to the internet; a largely unregulated sphere, whose international nature makes it ripe for supranational meddling.

As with most events in Brussels, it is highly unlikely that any but the most seasoned of Euro-anoraks will have heard of the European Commission's £10 million INDECT project, a snappy title for the "Intelligent information system supporting observation, searching and detection for security of citizens in urban environment".

In the project's own words, the EU has tasked scientists with creating a system which will allow for the "registration and exchange of operational data, acquisition of multimedia content, intelligent processing of all information" accessed online in the EU in order to detect terrorists operating online. While the words used to describe the project might appear impenetrable to all by computer technicians, the intention of the project is clear: the creation of a vast database of all web sites, discussion forums, file servers and peer-to-peer networks accessed by the EU's 500 million citizens.

In the United Kingdom, civil liberties campaigners continue to hold out hope that the Coalition Government will abandon its plans to resurrect the Labour Party's £2 billion Intercept Modernisation Programme (IMP). The IMP, if fully implemented, would allow the British security services and the Police to spy on the activities of everyone using a phone or the internet. Every communications provider would be obliged to store details of personal communications for at least a year and obliged in due course to surrender them to the authorities. According to the plans, the authorities would be able to track every phone call, email, text message and website visit made by the public on the absurd pretext that it will help to tackle crime or terrorism.

If INDECT's aims are satisfied, such arguments would be largely academic given that information regarding personal communications would be logged centrally by the European Union regardless.

Thankfully, despite its grandiose – and frankly rather sinister – aims, the INDECT project is at present in its early stages of infancy.

Concerned with the prospect of the European Union essentially possessing the power to profile each of the more than 300 million internet users on the continent, a small group of MEPs have expressed their concern about the project's impact upon fundamental rights and civil liberties. Having feebly sought to draw attention to the matter through a Written Declaration – a form of parliamentary graffiti which is ordinarily promptly whitewashed by the will of the Parliament's political groups – it is unlikely their concerns will have that much currency in Brussels.

It remains essential, however, that all possible steps are taken to ensure INDECT's scope remains narrow as possible and that its ultimate application of any technology developed is hugely constrained. It is now crucial that national parliaments in EU Member States now step up to the plate and assert the powers handed to them to block the adoption of INDECT as a day-to-day crime fighting tool.

Freedom and privacy depend on it.

Daniel Hamilton is Campaign Director of Big Brother Watch

Vast sums of money for running this failing European Union

Bill Cash MP in debate

In a speech in the House of Commons on 2nd February, Bill Cash ,MP for Stone, made the following intervention, after the Court of Auditors failed to pass the European Commission's accounts for the 16th year running

Mr William Cash (Stone) (Con): I do not need to speak for very long on this matter, for the simple reason that I have been making the same speech about different auditors' reports for the last 26 years. I am afraid that nothing much has changed. The Economic Secretary is a very dedicated Minister and I have great enthusiasm for what she seeks to achieve. She puts the best possible face on the situation, but unfortunately nothing changes: plus ça change.

The reality is that the British taxpayer is, as the Minister has rightly admitted, under severe duress. We are having to cut back and implement austerity measures, but at the same time this report – which, for the 16th consecutive year, has not been signed off – demonstrates that there are serious errors and mistakes in the system. Those errors consist not merely in the manner in which the accounts have been presented, or in the fact that irregularities and fraud have been identified, but in the very system that has been created. Because of the nature of the problem and its range – and the fact that the documents relating to this debate run to 1,035 pages – it is impossible in 90 minutes to do more than give a general survey of where the whole problem lies.

I mentioned Bulgaria and Romania. The European Scrutiny Committee said that it was inappropriate for them to be brought into the accession procedure when they were, for all the reasons that we identified, which included the fraud that exists in those two countries. I am glad that the Economic Secretary has had a meeting with the Minister responsible for audit in Bulgaria, but I have to say that I do not think that the culture in that country will change very much because of a meeting. The cohesion funds – from the figures that I have already given – are clearly exploited and seriously misused. They represent a significant proportion of the problem. We have a serious problem that is deeply entrenched in the system.

As the Minister knows well, I proposed that we should not only reject the proposals put before us in a debate some months ago, but reject the increase in the budget, and I am glad that the House agreed to do just that. But that is only one side of the equation. The other is the vast sum of money being allocated for the purpose of running this failing European Union. I do not ask the Minister to agree with me on that point, because it would be politically incorrect to do so, but the reality is that it is a failing system. However, I do not need to rehearse the arguments that I have already given for why that is.

One of the elements at the heart of that is the responsibilities of what is called OLAF, the European Anti-Fraud Office. I would like to refer to OLAF's mission statement, which is on page 729 of this mammoth bundle of motion documents. I can barely hold it up, actually – but fortunately, my wrists are quite strong. The mission statement says: *"The mission of the European Anti-Fraud Office...is to protect the financial interests of the European Union, to fight fraud, corruption and any other irregular activity".*

Hon. Members should note the last words, especially when people talk about actual proven fraud. And by the way, with regard to the cohesion funds, the documents that the European Scrutiny Committee has examined note that the survey in question is only a sample survey – that is something that always fills me with considerable reservations – not a full audit of the kind that one might have expected from the National Audit Office. Indeed, I would go further and say that if we made it Government policy to insist that no standards lower than those of the NAO and the Comptroller and Auditor General should be applied to the European Union, we would really be getting somewhere. Frankly, if the NAO had the opportunity to have a go at these 1,035 pages, plus all the supporting documents, or if it had the opportunity at least to get entrenched in the system, as I have said many times in the past that it should, so that NAO standards and principles were applied to those audited accounts, we might just begin to see some relationship between costs and benefits.

The reality, however, is that vast sums of money – our net contributions and all the rest of it – are poured into that black hole, and it does not work. I am not going to enlarge on all the reasons, which worry me, for our slow economic growth, which in my opinion have something to do with the fact that what we have out there is a dead parrot. The European Union is a system that is incapable of growth – indeed, growth is liable to decrease, compared with that in China, India and the rest – and on top of all that, we have the problems of audit and irregularities that the report demonstrates.

The statement on OLAF's mandate says: "In pursuing this mission in an accountable, transparent and cost-effective manner, OLAF aims to provide a quality service to the citizens of Europe."

OLAF's mandate covers "all EU expenditure and part of the revenue side of the budget. It includes the general budget, budgets administered by the Union or on its behalf, certain funds not covered by the budget but administered by EU agencies", perhaps that includes the External Action Service, which I hope we will look at in due course – "and extends to all measures affecting the Union's assets." That is a very big remit, and I have my reservations about that state of affairs.

The statement continues: "OLAF's status is hybrid in nature. It is part of the Commission".

Would we have much confidence in the NAO if it were part of the Government? I very much doubt it.

The Coalition: right on the deficit; on welfare; on education but wrong, so wrong, on Europe

Roger Helmer MEP

Conservatives who trusted in William Hague's reputation as a eurosceptic must be profoundly disappointed. In the last nine months or so, this Conservative-led government has been handing powers to Brussels faster than the previous Labour administration did before it. We've had the EU diplomatic service; a whole new EU financial regulation structure; the EU Investigation Order; and the roll-over on the budget. This government has no business to ask us to trust it on Europe, and its EU Bill conferred no new powers on parliament or on the people – in effect, it merely asked us to keep trusting the government, on an issue where it clearly has not earned our trust, and appears to have no intention of attempting to do so.

Some of these EU measures were provided for in the Lisbon Treaty. Yet we seem to have welcomed them. We Conservative MEPs have been whipped to support them. Cameron has been robust on euro membership – but we've seen a £7 billion loan from the UK to Ireland to prop up the euro.

The City of London has the lion's share of the EU's financial services business, yet we've agreed for it to be regulated from Brussels and Frankfurt. With that, and our punitive taxes on high earners and our endemic bank-bashing, companies and high-net-worth individuals are already buying tickets to Switzerland. I pay tribute to my colleague Vicky Ford MEP who has fought tooth-and-nail, and with some success, to modify the proposals and limit the damage. But we have conceded the principle, and that's a gross dereliction of the government's duty.

Why are they doing this? Weren't Cameron and Hague of a broadly sceptic disposition? Their first priority is, quite rightly, the deficit, and so their second priority is to keep the Coalition on an even keel to deal with the deficit. For these reasons they don't want to be distracted by a huge row with Brussels, nor do they want a row with the Lib Dems.

The European Union Bill with its sovereignty clause was merely intended as a sop to eurosceptics, to buy off opposition and rebellion. Yet for the government to offer a sop which is transparently worthless is merely to demonstrate contempt for its own supporters. And Cameron should never forget that the great majority of Conservative members and activists are eurosceptics. If they are to be treated in this cavalier fashion, it would be unwise to rely on their enthusiasm and commitment in future elections.

We're promised referendums on new transfers of powers to Brussels, yet we have no referendum on any of these recent measures. And Europe Minister David Lidington has indicated that he expects no referendum in this parliament – perhaps for another four years.

Vince Cable has previously told a Brussels audience that the EU institutions had been "pleasantly surprised" by the Coalition's engagement with, and commitment to the EU project. And for once Vince wasn't wrong. We're selling out.

Just this week a new issue, which could be pivotal, came to the fore, as parliament voted by an overwhelming majority against giving votes to convicts, in defiance of the ECHR and the European Court of Human Rights. I appreciate that the ECHR is not the same as the EU, but as a political statement about Europe, it's a very powerful issue – and one where parliament and people are united.

I know what Cameron ought to do now, and what I hope he will do. He should tell the Court, and the Council of Europe, and the European Commission, that the UK's sovereign parliament has determined that we do not allow convicts to vote, that we do not agree that our position infringes their Human Rights, that we will not entertain any fine or sanction from the Court, and that we will not hear, nor pay, any claims for compensation. He should add that if necessary we will pass a new law to this effect.

Will he deliver? I hope so. But I'm not sure. It could be a defining moment. If he gives way, we can abandon any pretence that we're an independent country with a sovereign parliament.

Roger Helmer is a Conservative MEP for the East Midlands.

EU balls up: why screening of future footy matches will be dictated by EU

Margarida Vasconcelos

Originally, the EU had no role un sporting affairs, and there was no need for it. However, the Lisbon Treaty has given the EU a new competence on sport. Sport is one of the areas where the Member States should have exclusive competence but the Union supposedly provides support or co-ordination. The EU has now competence for co-ordinating sports policies.

Moreover, the Commission has been stressing, "sport activity is subject to the application of EU law" as "competition law and Internal Market provisions apply to sport in so far as it constitutes an economic activity." According to Commission "sport has certain specific characteristics" however "it cannot be construed so as to justify a general exemption from the application of EU law." Obviously, the Commission, and ultimately the ECJ, decide whether sporting rules are compatible with EU law. In fact, there is already a case concerning TV rights at the ECJ.

The Advocate General Kokott has recently delivered her opinion in Case C403/08 Football Association Premier League Ltd and Others v QC Leisure and Others and Case C429/08 Karen Murphy v Media Protection Services Ltd. The preliminary reference cases concern whether territorial exclusivity agreements relating to the transmission of football matches are contrary to EU law.

The Premier League exploits the copyright for the live transmission of its football matches. It sells exclusive TV rights to broadcasters on a territory-by-territory basis, which are granted for three years. In order to preserve this exclusivity, licensees must prevent their broadcasts from being able to be watched outside their respective broadcasting areas. They are, therefore, required to transmit their satellite signal in encrypted form to subscribers within their allocated territory. Then, subscribers can decrypt the signal using a decoder card.

However, this exclusivity has been circumvented as foreign decoder cards have been used in the UK to access foreign satellite transmissions of live Premier League football matches. Undertakings have been importing decoder cards from Greece into the UK and sell them to pubs at better prices than the UK's broadcasters. The Premier League complained that the use of such cards in the UK constitutes an infringement of its rights under the provisions of national law intended to implement Directive 98/84 on the legal protection of services based on, or consisting of, conditional access and of the copyright law. Obviously, the Premier League wants to stop such practice through a judicial ruling, but if the ECJ upholds the opinion of the Advocate General, this will not be achieved but the opposite.

According to the Advocate General (AG), measures to enforce exclusive broadcasting rights infringe the European Union's fundamental freedoms and competition law. The AG considers that territorial exclusivity agreements relating to the transmission of football matches are incompatible with EU law. Hence, it is not possible to forbid the live transmission of Premier League football matches in pubs by means of foreign decoder cards.

The High Court has to decide the cases in accordance with the ECJ's decision, which is binding on it as well as on other national courts before which a similar case is raised. It should be borne in mind that the Advocate General's opinion is not binding, but if the ECJ decides to follow it, such a ruling would have far reaching consequences for the Premier League and Sky, which would, probably, see a loss of income. The Premier League would no longer be able to sell TV rights on a territorial exclusivity basis. In fact, if the ECJ follows the advice of the AG, such ruling would have an impact on the way TV sports rights are sold within the EU, as undertakings providing decoder cards may broadcast football matches being filmed in any Member State's league.

According to the AG the utilisation of services from other Member States would be prevented if there is an enforcement of rights to satellite programmes on the basis of which the rights-holders can prohibit third parties from watching and showing those programmes

in other Member States. In fact, she stressed "This impairment of freedom to provide services is particularly intensive as the rights in question not only render the exercise of freedom to provide services more difficult, but also have the effect of partitioning the internal market into quite separate national markets." Consequently, the AG concluded that there is "a serious impairment of freedom to provide services."

The AG recalled that any restriction to the freedom to provide services is only acceptable if it pursues "a legitimate objective compatible with the Treaty and is justified by overriding reasons of public interest." Under the Treaty and according to the Court's case law, restrictions might be justified on grounds of public policy, public security, public health and overriding reasons in the general interest. The AG considered whether the "Protection of industrial and commercial property" could justify the restriction to the freedom to provide services in the present case. However, it can only justify restrictions, which are necessary to protect rights that constitute the specific subject-matter of such property.

The AG noted that the economic exploitation of the transmission of football matches through the charge for the decoder cards is not undermined by the use of Greek decoder cards, as charges were paid for those cards. She noted that the "charges are not as high as the charges imposed in the United Kingdom,", but "it forms part of the logic of the internal market that price differences between different Member States should be offset by trade." She pointed out that the "marketing the broadcasting rights on a territorially exclusive basis amounts to profiting from the elimination of the internal market." Consequently, the AG concluded, "that a partitioning of the internal market for the reception of satellite broadcasts is not necessary in order to protect the specific subject-matter of the rights to live football transmissions."

In the proceedings the Premier League argued that the importation of decoder cards would make it impossible to enforce closed periods – "a window of two-and-a-half hours during which no football matches are to be transmitted." However, according to the AG the specific subject matter of the rights to the closed periods for live transmissions do not justify a partitioning of the internal market.

The AG concluded, therefore, "that freedom to provide services under Article 56 TFEU precludes provisions which prohibit, on grounds of protection of intellectual property, the use of conditional access devices for encrypted satellite television in a Member State which have been placed on the market in another Member State with the consent of the holder of the rights to the broadcast." According to AG "An individual agreement to use decoder cards only for domestic or private use also does not affect that conclusion." Hence, the AG's opinion also applies to home viewers of live matches, but "the Member State in question may, none the less, in principle set out rights which allow authors to object to the communication of their works in pubs."

The Premier League should decide how to sells its TV rights in the UK, this is a domestic issue, and consequently Brussels should not interfere. The Premier League reacted to the AG's opinion by saying "Our initial view is that it is not compatible with the existing body of EU case law and would damage the interests of broadcasters and viewers of Premier League football across the EU," Moreover, they said "If the European Commission wants to create a pan-European licensing model for sports, film and music then it must go through the proper consultative and legislative processes to change the law rather than attempting to force through legislative changes via the courts." In fact, one could conclude from the European Commission's Communication "Developing the European Dimension in Sport", recently adopted, that the Commission has that in mind. The Commission is set to focus its attention on sport-related intellectual property rights and TV rights.

According to the Premier League "The ECJ is there to enforce the law, not change it." However, it is noteworthy that the Treaties as well as secondary EU legislation have been amended to incorporate ECJ's rulings.

"The AG considers that territorial exclusivity agreements relating to the transmission of football matches are incompatible with EU law. Hence, it is not possible to forbid the live transmission of Premier League football matches in pubs by means of foreign decoder cards."

United Kingdom Parliamentary Sovereignty Bill

A

BILL

TO

Reaffirm the sovereignty of the United Kingdom Parliament; and for connected purposes.

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Sovereignty of Parliament

The sovereignty of the United Kingdom Parliament is hereby reaffirmed.

2 Treaties

No Minister of the Crown shall sign, ratify or implement any treaty or law, whether by virtue of the prerogative powers of the Crown or under any statutory authority, which—

(a) is inconsistent with this Act; or

(b) increases the functions of the European Union affecting the United Kingdom without requiring it to be approved in a referendum of the electorate in the United Kingdom.

3 Judicial notice

This Act shall have effect and shall be construed as having effect and deemed at all times to have had effect by the courts of the United Kingdom notwithstanding—

(a) the European Communities Act 1972;

(b) any exercise of, or rule of prerogative, or rule of international law; and

(c) any Act of Parliament, whenever enacted, unless in that Act it is expressly stated that, subject to a referendum under section 4, it is to have effect without regard to the United Kingdom Parliamentary Sovereignty Act 2010.

4 Royal Assent

Her Majesty the Queen shall not signify her Royal Assent to any Bill which contravenes this Act or to any future Bill amending this Act or which purports so to do except and until the Bill, having been approved by both Houses of Parliament, has also been approved in a referendum of the electorate in the United Kingdom pursuant to an Act of the United Kingdom Parliament.

5 Short title

This Act may be cited as the United Kingdom Parliamentary Sovereignty Act 2010.

Presented by Mr William Cash,
supported by
Mr John Redwood, Mr Peter Lilley,
Mr David Heathcoat-Amory,
Mr Edward Leigh, Mr Bernard Jenkin,
Mr Graham Brady, Sir Peter Tapsell,
Mr Richard Shepherd, Mr Christopher Chope,
Mr John Whittingdale and Mr Brain Binley.

Remember this proposed Bill?

The Sovereignty Act that never was

Eurozone crisis – why Britain may soon be paying for Portugal and Spain's eurozone commitments

Bill Cash MP in debate

On 25 January, Bill Cash MP made the following speech in the House of Commons on the Committee stage of the European Union Bill, urging MPs to vote for an amendment so that a parliamentary Act and a referendum would be necessary in the case that a decision is made to extend the use of the European Financial Stability Mechanism to Member States, particularly with concerns over Portugal and Spain, beyond the crisis of the Republic of Ireland.

Part of my argument will be that that financial mechanism is unlawful. It was entered into by a former Chancellor of the Exchequer and endorsed by the coalition Government in circumstances that I shall describe. It is also still subject to scrutiny by the European Scrutiny Committee.

…

As the hon. Gentleman knows, I tabled amendment 8. He has described the apparent tremendous advantages of the eurozone to us, and indeed the Government sometimes say much the same. The problem is that as a result of the failures of European economic governance and the failure to repatriate the regulations that are imposed, there is no growth in the EU as a whole. We are in the process of being enmeshed in an imploding European Union. So I do not entirely agree with the hon. Gentleman, although the reasons for my amendment are not directly connected with that.

…

I shall now discuss my amendment 8, on which I need to set out a bit of the history attached to it, because the House of Commons and the people of this country are confronted by a strange situation. I am being given the opportunity to set this out with clarity, because neither this Government, nor the previous Government have done what they should have done at the appropriate time. The British taxpayer has thereby been unnecessarily exposed, and we are talking about billions and billions of taxpayers' money. I will explain why the amounts in question are as they are and how it happened. I ought also to add that this relates to the European financial stability mechanism, which was the mechanism that was partly used for the Irish bail-out. I need not go into the provisions of the Loans to Ireland Bill, because we dealt with that. This was a bilateral loan and that was my suggestion to the Chancellor when the matter first came up on the Floor of the House – perhaps it was a case of minds working alike. I can say only that I am glad that I at least got it on the record that we should opt for a bilateral loan, if anything, and if it were in our national interest. However, on 9 May, after the general election but before the coalition agreement was entered into, the previous Chancellor agreed at an extraordinary ECOFIN meeting that he would engage in this process. A discussion took place, and it is referred to in the explanatory memorandum supplied by the Government.

The subject will be debated by European Committee B on 1 February – the Financial Secretary to the Treasury has come into the Chamber and I suspect that he will be answering that debate.

…

The hon. Gentleman is absolutely right on that important point, and I was immediately coming to it – I have in my hand the explanatory memorandum, to which I referred before he intervened, precisely for that purpose. It stands in the name of the Economic Secretary to the Treasury. A scrutiny matter is still outstanding, so paragraph 26 comes under the heading of "Other observations" and states: "The Government regrets that the Scrutiny Committees" – those of the Commons and the Lords –

"did not have time to consider this document before it was agreed at Council."

I can tell the House that that happened because we were in a caretaker period and the European Scrutiny Committee, as such, was not sitting in that interregnum. The memorandum continues:

"It should be noted that whilst agreement on behalf of the UK was given by the previous administration, cross-party consensus had been gained."

That is why I made the point that the responsibility lies with both this Government and the previous one.

…

People keep saying that, but let us examine the actual operation of the European financial stability mechanism. The final decision is taken under the regulations concerned – this is what happened in the context of Ireland – only after the request has been made by the member state. I do not know whether this is one of the reasons why the current Taoiseach – only for the time being, it appears – is in deep trouble, but that is possible. What I do know for certain is that the prescribed procedure laid down under the regulations made under article 122 of the treaty on the functioning of the European Union was infringed by the manner in which the International Monetary Fund, the European Central Bank and others moved into Dublin before a request had been made. As we can recall, the Irish Government were saying that they had not made a request and that they did not need the money. It is also true to say that Mr Socrates is saying much the same at the moment.

…

The hon. Gentleman and I have engaged in debates on the European question since we first met. I have the greatest respect for him and he has hit the nail right on the head here, because this problem does not just arise because of our exposure to what happens in Portugal and Spain in the future; it also arises from the lack of a sound legal base for the decision taken in the first place by the outgoing Chancellor and endorsed subsequently by the incoming Chancellor. We know that there was a consensus and that an agreement was reached – that answers the question put by the hon. Member for Ilford South. I would not be going about this if I did not believe that substantial matters of principle and of huge cost to the taxpayer are involved.

…

I was not necessarily here when an impression was being given one way or the other. What I do know is that I have an accurate record of what did take place. I also have with me an article from Monday 10 May containing what are clearly accurate descriptions of the position of the then Chancellor – I believe he was just still the Chancellor then, because the coalition agreement had not been entered into. I recall writing to the Prime Minister on that day, suggesting, among other things, that he should go for a minority Government. I also said that if he was determined to go down the route of a coalition, he should require the Liberal Democrats to abstain on any matters relating to Europe that came up. That possibly explains some of my concerns as matters have developed and more and more European decisions, roadblocks and other difficulties in respect of the decisions we took in our manifesto have emerged.

…

Absolutely, and I shall elaborate on that very quickly. Article 122 concerns matters of emergency and natural disasters, and its use for the purposes of financial stability is clearly – as the European Scrutiny Committee has said – not based on a sound legal footing. That is the issue. I had made that point, but I am happy to repeat it. However, it goes further: because of the failure of the legal base, the whole deal is vitiated. That is the problem. The deal was done in an interregnum and by consensus between the two Chancellors, but it ends up being vitiated as a matter of law. That is very serious given that the whole deal is for €60 billion-£52 billion – but according to the right hon. Member for Edinburgh South West (Mr Darling), the United Kingdom is exposed to a risk of £8 billion.

…

Furthermore, this is not just a bit of esoteric dancing on the head of a pin. The Select Committee on Political and Constitutional Reform has examined the matter and I happened to be watching its proceedings when there was a discussion involving Professor Hennessey and two other eminent professors, Professor Hazell and Professor McLean. My hon. Friend the hon. Member for Isle of Wight (Mr Turner) asked a perceptive question about the status of the arrangement in the context of the Cabinet manual, which, as we know, is now out in the open and being discussed by that Committee in relation to caretaker Governments. The conclusion was that it was within the province of the incoming Chancellor to enter into such a bilateral arrangement in that context, in which he made his decision based on the information he was given by the outgoing Chancellor. My right hon. Friend the Member for Wokingham (Mr Redwood) is right. The problem is that, if that was unlawful, there was no basis on which either of them should have come to that conclusion.

…

I am very happy for that matter to be looked into further. My right hon. Friend might well be right, but I have an article that quotes the outgoing Chancellor

of the Exchequer on the BBC's "Today" programme, saying:

"Overall it is a very good deal for all of us in Europe but also for the wider world. It is" –
something for us "together".

He also said:

"Our exposure for the additional amount of money could be £8 billion".

The article also states that he "confirmed he had spoken to Shadow Chancellor George Osborne and Lib Dem Treasury spokesman Vince Cable about...responsibility for it"

and goes on to state:

"All three had agreed 'there was no way Britain was going to underwrite the euro'."

When he was pressed, he said:

"I am not going to disclose the conversations we had, because we had them on the basis that they were private and confidential."

The article goes on:

"A statement issued after the talks confirmed that the new fund placed the potential risk squarely with the eurozone."

That worries me. I do not know where that came from, because it most emphatically is not the case, as we are not part of the eurozone.

I hope that the Select Committee on the Treasury will look to considering all that. We are talking about substantial sums of money, about an interregnum period and about a rather unusual situation. We might be talking about errors of judgment involving considerable exposure for the taxpayer. For all those reasons, it is very important that we get to the bottom of this. We do not need to turn it into a witch hunt – I do not believe in those sort of things – but as regards scrutiny and accountability, this is an important matter that needs to be resolved properly and efficiently.

Proper answers need to be given, the Treasury needs to put forward the arguments that it presented and it should disclose the papers. We know perfectly well that, in the kerfuffle of 9 May and the days leading up to it, the then Chancellor might understandably have had a lot on his mind. In the circumstances, all sorts of things could have gone wrong. That is the moment, as I see it, when important strategic decisions involving enormous amounts of money and affecting the taxpayer on what I would term an unlawful basis – a basis that certainly is not legally sound – need to be considered very carefully.

It might not surprise some hon. Members that I tabled amendment 8. In all such circumstances, other than the situation vis-à-vis the Republic of Ireland, attention should be drawn to these matters, but under no circumstances whatsoever should we give money to Portugal or Spain when there is a facility, agreed at around the same time, for €400 billion to be available for the eurozone. Now a new arrangement has emerged which will be made available permanently after March 2013. If Portugal and Spain are going to go under, however, they will definitely go under before March 2013.

…

That is a general proposition with which one might agree in many instances, but analysis of the use of article 122 in this case, if it is examined as carefully as it should be, would give rise to so many uncertainties that the Court would have grave difficulty in trying to justify its use. However, that is looking to the future.

We are here in this House and I am suggesting, as is obvious from my amendment, that the provisions that should apply to the balance, beyond the Republic of Ireland, before any decision is taken to provide such facilities to Portugal and/or Spain, and/or any other country for that matter, should fall within clause 6. Let me remind the Committee that clause 6 says:

"A Minister of the Crown may not vote in favour of or otherwise support a decision to which this subsection applies" –

I have a special definition of "decision" for this purpose, in case the Minister wants to make a point about that later –

"unless...the draft decision is approved by Act of Parliament, and...the referendum condition is met."

There are substantial questions, and if the British people knew about this they would demand a referendum at least. It might be that an Act of Parliament is required in most unusual circumstances

to rectify this situation, but all that is without prejudice to my general concern about the manner in which this has happened, the unlawfulness of the deal in the first place and the extent to which various Chancellors entered into the agreement. I understand how it could have happened; let us be sensible and practical. It was in the middle of the setting up of a coalition and huge discussions were going on in which the Chancellor – indeed the two Chancellors – must have been totally saturated in discussion. I can see how this could be slipped through. The Chancellor flew over to ECOFIN and made a decision; I do not want to criticise him, but his eye might not have been as firmly on the ball as one might normally expect.

On Second Reading of the Loans to Ireland Bill, I asked the previous Chancellor, the right hon. Member for Edinburgh South West he following:

"Did the right hon. Gentleman take legal advice on whether, as I said at the time, the use of the financial stability mechanism was an unlawful deal? Article 122 of the treaty on the functioning of the European Union deals with natural disasters, energy supplies and so on, and it has absolutely nothing to do with financial mistakes or misjudgments. Really, the whole thing should never have gone through, and he should have repudiated it on those grounds."

He replied:

"Yes, but as I said earlier, because of QMV, the deal would have gone through anyway."

I do not think that issue alters the question of legality, because if the legal base is wrong, the QMV falls. The previous Chancellor went on:

"I also do not agree with the hon. Gentleman's analysis or" –

this is interesting –

"that the legal position was that clear-cut." – [Official Report, 15 December 2010; Vol. 520, c. 955.]

I found that response interesting, because he knew there had been serious doubts about legality and he did not say that he took legal advice. Nor did he say whether any legal advice that was given – if any was given – assured him that what was decided was right. There is a powerful reason for this whole matter to be looked at properly. Our Committee has looked at it and we think that any other Committee that thinks it desirable to do the same should do so.

It is important to include this matter in the Bill by a vote today – both as a matter of principle and because it might otherwise look as though the Government seek somehow to cover it up. That would be disastrous for them, because this involves many billions of taxpayers' money in a time of austerity and difficulty, so it has to be sorted out. The matter has yet to go before the European Committee that I have mentioned on 1 February. No doubt the Minister and his colleagues are hoping that the scrutiny issue will have gone by then, that there will probably be no vote in the Committee and that the scrutiny reserve will be taken off. They may think they will get off scot-free, but I am afraid that my intervention in this debate might throw a spanner in the works, because the Committee now has notice of the points I have made. I hope I have made them in a temperate way with regard to the difficulties and decisions of the Chancellors in question. I do not want to engage in a witch hunt or to be unnecessarily difficult. It is a matter of accountability and of scrutiny. It is a matter of the Government coming clean about the whole situation, and of making certain that we deal with it properly.

I believe that it is down to the Government to go to the European Court by way of the equivalent of what we call an action for a declaration. Sometimes in the courts, when a difficult legal problem arises, one does not wait for someone else to act. One goes to the court for the equivalent of an action for a declaration. The Government could start the process in our own courts and put the question whether what was done was within the vires of article 122 or not. I do not believe it is, but it is incumbent on the Government to do that. In the meantime, for reasons other than the question of legality, I believe the issue is of such importance that it ought to be subjected to the provisions of clause 6, and should therefore be made subject to both an Act of Parliament and a referendum in these special circumstances.

…

Would the hon. Gentleman be interested to know that the Library has given me some figures showing that our balance of payments deficit with Germany was £12 billion in 2009? Heaven alone knows what it is now. Between 1999 and 2009 there was a deficit of £5 billion between the other 26 EU member states and ourselves, but we have a surplus of £11 billion with the rest of the world. His point is extremely sound – the EU is just not working.

Gravy-trains need rails...

Glen Ruffle

There can probably be few jobs as relaxing as working for the European Railways Agency. Situated in Lille, directed by a Belgian, and working out of a 2009-purpose-built €7.6 million headquarters funded by French taxpayers, the European Railways Agency (ERA) seems to be a very nice place to work.

With a planned €24 million budget from the European Commission (from Europe's taxpayers), the ERA can top this up with fees charged and revenues from third countries to achieve a budget of nearly €26 million.

So the question becomes, how to spend all this money?

Translation

Of course, this being the European Union, an amalgamation of many different countries, nationalities and cultures who speak different languages, instantly a large amount needs to go on translations. Different sections within the ERA have budgets for translating and interpretation costs, amounting to 855,000 Euros. This money finds its way to the Translation Centre for the Bodies of the European Union, a centralised body that eliminates market competition and thus efficient pricing.

Staff expenses

A further 1,300,000 Euros is allocated for helping to expatriate staff from one country to another, and there is even a €40,000 sum for helping members of staff who are leaving the ERA to relocate in another region.

But why would you want to leave when there is €1,100,000 of social security payments available, covering pre-school costs, maternity and paternity leave, dependent child allowances, household and educational allowances also. And the office in which you work is likely to be highly comfortable – 50,000 Euros is allocated for the purchasing of special ergonomically designed office furniture!

The Agency has €9,350,000 set aside for full-time staff salaries, and an estimated maximum of 120 members of staff. This gives a rather nice average salary of €77,916 a year, or £66,000 pounds.

Purpose

Rather than being paid such a nice sum to sit and indulge in trainspotting, the ERA workers are paid to pursue goals. Naturally for an Agency of the European Union, that goal is to further European integration. Proudly the website announces in the first paragraph that national borders must not be a restriction and logically a consideration to European rail.

The purpose of the ERA is thus to increase, reinforce and strengthen the interoperability of rail networks in European Member States, so that a train from Poland can travel without problems through Germany and into France, for example.

To further this, the ERA manages the European Rail Traffic Management System, a programme aimed at creating a European-wide signalling system. The change-over costs for such a system must be staggering, and there is little that the ERA can do that national agencies, working together, would not be able to do on their own. Such a system would also erode national systems (such as the UK one) that have evolved over time to take care of specific features related to national needs.

Such a European system would also not be enough, for as economic power moves to China, real interoperability needs to be between European, Russian and Chinese railways, to transport produce from China by rail, rather than just between EU states.

Though with the economic crisis of the Euro, the demographic collapse of the EU, and the massive amounts of debt incurred in the Mediterranean states, one wonders for how much longer China might want to trade with the EU ...

Space control to Major Galileo … how much more Brussels waste?

Margarida Vasconcelos

To recall, the development phase of Galileo was intended to be carried out by a Public Private Partnership (PPP) and to be completed by 2008, at a total estimated cost of €2.1 billion, with the private sector contributing €1.4 billion. However, it is well known that negotiations with the private sector on a concession agreement collapsed in 2007. For the Galileo implementation, deployment and commercial operating phases, approximately €1005 million had been properly accounted for in the EU's financial framework for 2007-2013. The additional €2.4 billion had been found from the revision of the Financial Perspectives. Brussels agreed, therefore, to fund the deployment phase of Galileo entirely from the Community budget, which means that EU taxpayers will pay a bill of €3.4 billion for the period 2007-2013.

In January 2010, the European Commission announced the award of contracts for the procurement of Galileo's initial operational capability. The deployment phase was, originally, intended to be completed by 2008. Galileo should have been operational by 2010, however it is, now, expected, by the Commission, to be operational by 2014. The contracts awarded last year have a combined value of over €1 billion.

It has been widely reported the WikiLeaks's release which quoted Berry Smutny, the chief executive of OHB-System AG, describing the Galileo project to US officials as "a stupid idea that primarily serves French interests" and "a waste of EU taxpayers' money." The comments were allegedly made in October 2009, consequently, before the German company was awarded a contract, worth €566 million, to build 14 Galileo satellites. Berry Smutny has denied making such comments, but OHB Technology suspended him on 18 January. On the same day, the Commission published its midterm review of European satellite navigation programmes Galileo and EGNOS. One could say that the alleged comments are a better description and assessment of the project. The Galileo programme is extremely delayed and over budget. This is another example of Brussels wasting taxpayer's money.

The Commission reiterated, in the present Communication, that Galileo will deliver initial services in 2014: an initial Open Service, an initial Public Regulated Service and an initial Search And Rescue Service. However, the Commission also stressed "The implementation of the full constellation depends among others on the availability of further financing and is currently expected to be achieved towards the end of the decade." According to a report published a few months ago by the Financial Times Deutschland Galileo will not be in operation in 2014 but in 2018. Moreover, taxpayers will have to pay €20 billion for Galileo's development, construction and operating costs.

The Commission is not sure yet about Galileo's costs. Last year, Antonio Tajani, Transport Commissioner, said, "For now we are in line with the budget as it has been approved to date, (…)" However, he also said "I cannot tell you that we will not run over cost because of the increase in the price of the rocket launchers (…)" In its present review of the project, the Commission has acknowledged that "€ 3 400 million is not enough to complete the infrastructure resulting from the Galileo programme, owing to the increased cost of the development phase, the increased price of launchers, the lack of competition for the award of some packages …" Consequently, according to the Commission "an additional financial injection of some € 1 900 million will be needed to complete the infrastructure of the Galileo programme." The Commission has also estimated the annual operating costs of Galileo and EGNOS at €800m. However, the Commission has stressed that the figures related to the period after 2013, provide in this Communication, are merely indicative and "without prejudice to the Commission's final decision concerning the ultimate content and structure of the programmes." It remains to be seen how much more money taxpayers would have to pay for this project.

EU Budget weasel words: too little, too late?

Margarida Vasconcelos

The European Commission will present the 2012 EU's Draft Budget in April. The Commission is expected to reflect in the budget the Member States economic and budgetary restraints. In the meantime, Janusz Lewandowski, Commissioner responsible for Financial Programming and Budget, has recently sent a letter to all EU institutions asking them to cut their administrative budgets in 2012, in line with Member States austerity policies, which include cuts in administrative expenditure. He said that they "cannot ignore the broader economic and budgetary context."

The administrative expenditure includes expenditure for human resources (salaries, allowances and pensions) as well as expenditure for buildings, equipment, energy, communications, and information technology. The EU administrative costs amounted €7.6bn in 2009, €7.8bn in 2010 and are set to amount €8.2bn this year. They represent around six per cent of the EU budget. It has been said, "it is not much." It might not be much comparing to other expenditures, but Brussels has not kept these costs as low as possible and has been wasting taxpayers' money.

The European Commission is planning to increase its administrative expenditure below 1% in 2012, compared to 2011. According to Janusz Lewandowski, in order to reach this aim, the Commission is set to make "significant cuts in expenditure for IT, meetings, conferences and missions as well as studies and publications." In his letter, Mr Lewandowski asked the other EU Institutions to do the same, as according to him "That would send a positive signal to the European public opinion, demonstrating that the European institutions are acting responsibly in the light of the difficult economic and budgetary conditions." One cannot forget that at a time of severe strain on the majority of Member States' public finances, the 2011 EU's budget foresees €126.5 billion in payments, amounting to a 2.9% increase on 2010. The Commission plans to limit administrative expenditure are too little too late.

According to the EUobserver, Patrizio Fiorilli, the spokesman for EU budgets commissioner, said "We have to show some solidarity," It is not just a matter of solidarity, the waste of taxpayers' money is unacceptable. Even if there wasn't a debt crisis the EU should cut its administrative expenditure.

A European Parliament's document "The responses to the discharge questionnaire 2009" provides a never-ending list of examples where taxpayers money has been wasted. It is not difficult, therefore, to find examples of administrative expenditure that should be cut or, in fact, scrapped.

The European Parliament has three working places, Brussels, Strasbourg and Luxembourg. In 2009, 7 052 missions were carried out between Luxembourg and Brussels at a total cost of €1 910 263. The "travelling circus" to Strasbourg costs, per each plenary session, €9 705 317. During the 2008 summer break, part of the ceiling of the Strasbourg hemicycle collapsed. Due to the reconstruction work, the first two plenary sessions after the summer recess took place in Brussels rather than Strasbourg. It has been estimated that the European Parliament has saved around €1.731.086 million by having two plenary sessions in Brussels.

Attention should be drawn to the European Parliament's limousine service for transporting MEPs around Strasbourg and Brussels which cost, in 2009, €3.6 million. As regards MEPs official travel €26,960,000 was spent from July till December 2009. Moreover, according to the document abovementioned "In 2009 a contract was awarded for ballistic protection for the Members for a total of EUR 53.880,00." The European Parliament justified the purchase of bulletproof jackets saying MEPs need them, for security reasons, during certain delegations. But one could wonder how many MEPs and staff participate on such delegations to justify such amount.

The document also reports that, in 2009, the European Parliament's officials carried out 1 939 missions at a total cost €9 949 415. Moreover, they had a lot of beverages, as the European Parliament spent €226 507 694 in beverages for meetings.

A total of €10.368.700 was spent, in 2009, by the European Parliament Information Offices "on communication with citizens", meaning on EU propaganda.

The European Commissioners have also been travelling around the world at taxpayers' expense. According to the EU budget Commissioner, the Commission is planning to cut costs on missions abroad. It is important to mention that the European Commissioners' mission expenses (travel expenses), during 2009, have cost the EU's taxpayers over €3.5 million. Taxpayers also paid €355,338 in receptions and representation costs for the European Commissioners.

These are just few examples of how Brussels has been wasting our money. We should also bear in mind the huge salaries, residence allowances, monthly entertainment allowances of the European Commissioners. For instance, Barroso has cost EU taxpayers, in 2009, over €1.0 million, and the President of the European Council, Mr Van Rompuy, cost, in 2010, €6m, including salary (£273,814), staff and travel expenses.