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MAKING SENSE OF THE EU

EUobserver is an independent online newspaper which values free thinking and plain speech. We aim to support European democracy by giving people the information they need to hold the EU establishment to account.

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EUobserver is a non-profit organisation established in Brussels in 2000. Our team of experienced journalists file daily news reports from the EU capital and do indepth investigations on topics of special interest. If you want EUobserver to look into a specific issue, please contact our editors. We protect our sources.

Cover photo

© Ed Everett

EUobserver wishes you a new Europe

"Every crisis is an opportunity," the saying goes. In 2016, it has become the EU's mantra.

From strengthened economic governance established after the financial crisis to tighter controls of external borders in the wake of the migrant crisis, European leaders in recent years have used challenges to transfer more powers to the EU. The British decision in June to leave the EU is one of these crises our leaders have now to grapple with.

What is at stake is the EU's stability and also its future existence and legitimacy.

The UK referendum; challenges to EU trade policies; public uproar against former commissioners' new jobs; and the rise of nationalist parties across Europe have shown that the EU needs to find new meaning and regain citizens' trust.

EU leaders started a soul-searching process in September in Bratislava. They will give the first results in March at the 60th anniversary of the Rome treaty, the EU founding document.

This Europe in Review edition looks back at all the events of 2016 that will define the coming year.

In a time of difficulties and hope for a brighter new year, EUobserver will continue to report on the happenings in Brussels and across Europe, to shed light on political decisions and to help stakeholders understand what people really think.

In a time of fake news and post-truth politics, our mission to support European democracy by giving people the information they need to hold political establishments to account is more important than ever before. So we will continue to diligently report, check facts and investigate.

With your continued support, we will be here to inform you and make sense of the EU.

Happy new year!

Eric Maurice Editor-in-chief





66 Challenging current and future leaders to solve issues of global concern

TRUMP: THE DAY THAT SHOOK THE WESTERN WORLD

The election of the property magnate after a campaign marked by racism, sexism and "post-truth" arguments will have consequences for EU security, politics and public debate.

By Andrew Rettman

For anyone who thought that the Brexit vote in June would mark the year's biggest political upset, the real earthquake came on 8 November - the day the US elected Donald Trump.

As with British pollsters and Brexit, US pollsters had predicted that the controversial property developer would lose.

The moment that his victory became clear, at about 8:00 a.m. Brussels time on 9 November, US diplomats in the EU capital began saying he would govern more soberly than he had campaigned.

Foreign policy experts said Trump, who has no political experience, would submit to the tutelage of the Republican Party just as actor-turned-politician Ronald Reagan had done in the 1980s.

During his final tour of Europe in November, outgoing president Barack Obama also said that the "solemnity" of Trump's new office would prompt moderation.

Most EU leaders greeted the outcome as though they agreed with Obama.

British prime minister Theresa May said she would be Trump's "strong and close" partner "on trade, security and defence". The EU Council and European Commission chiefs invited him to Brussels at his "earliest convenience".

Some right-wing EU leaders welcomed Trump, saying that his nationalist politics was a vindication of their own views.

"It's been a while since I've been there, since they treated me like a black sheep," Hungarian prime minister Viktor Orban said after Trump invited him to the White House.

German chancellor Angela Merkel, Europe's most powerful politician, was among the few who voiced alarm.

She said she was willing to cooperate with Trump, but only on the basis of "values" including respect for the "dignity of every individual, irrespective of origin, colour, religion, sex".

END OF AN ERA?

Her mention of values came after Trump whipped up racist and sexist hysteria at his campaign rallies.

He said Mexicans were "rapists" and that Muslims were "terrorists". He also degraded women and disabled people. In remarks made prior to the campaign, but which surfaced during it, he boasted about grabbing women "by the pussy".

In terms of future US policy, he spoke of firing a "nuke" at the Islamic State militant group in Syria. He said Nato was "obsolete", promised to "look into" recognising Russia's annexation of Crimea from Ukraine, and vowed to scrap the Paris accord on global warming.

"FUUUCK!" Mexico City's newspaper, El Grafico, printed on its front page on 9 November, in a vulgarism that matched Trump's own shock tactics.

"American Psycho", said Liberation, a left-wing French daily.

The US has had controversial leaders in the recent past, such as the inarticulate George W Bush whose invasion of Iraq in 2003 destabilised the Middle East, discredited America's image overseas and caused a rift with France and Germany.

But if Trump's campaign remarks end up becoming policy, then the coming rupture in EU-US relations could make the Iraq war moment look insignificant.

If he tries to do a deal with China and Russia to divide the world into spheres of influence, that could mean the end of the post-World War II transatlantic alliance.

It could also mean the end of the Western-led, rulesbased post-Cold War world order.

EU HOLDS ITS BREATH

Trump, whose administration will enter into office after 20 January, has tried to sound conciliatory and statesman-like since the election, but he has given scant ground for optimism.

He has pledged to "normalise" ties with Russia, even though Moscow continues to wage war in Ukraine and to massacre civilians in Syria.

He has displayed his ignorance of international affairs by, for instance, telling the UK who to appoint as its US ambassador in a protocol fiasco.

Obama's departure and Trump's election leave German chancellor Merkel on the forefront in the global arena to defend the values that have maintained world order for the past 70 years.

Photo: Bundesregierung/Denzel

With EU chancelleries watching whom he picks for his new team as a sign of his intentions, he has also named divisive figures for top posts.

His national security adviser, Michael Flynn, is a man who recently tweeted that "Fear of Muslims is RATIONAL", because they wanted to enslave humanity.

His intelligence chief, Mike Pompeo, has said it was acceptable to torture terrorism suspects.

Trump's new environmental protection head, Myron Ebell, thinks climate change does not exist.

Trump's chief strategist, Steve Bannon, was chairman of Breitbart, a hard-right news website that was accused of spreading conspiracy theories and other disinformation during the campaign.

WAR OF IDEAS

Even if Trump's presidency ends up being more tame than many expect, his victory has struck an ideological blow against the EU.

The spectacle of a right-wing populist becoming the most powerful person in the world comes amid a war of ideas in Europe.

Far-right and anti-EU parties such as the National Front in France and the AfD in Germany hailed Trump's victory, as they had hailed Brexit before it, as a propitious omen.





Brexit figure Nigel Farage was the first European political leader to be received by the new US president Donald Trump after his election in November.

Photo: Reuters

Trump has helped directly by pledging to "work with" the National Front and by lifting Brexit frontman Nigel Farage to international fame via personal meetings.

The Breitbart website has said it would launch operations in Europe, in a project set to feed more hard-right content to EU audiences.

The Trump campaign also showed, more broadly, the power of disinformation to steer public debate.

Some pro-Trump media fed voters a steady diet of fake stories that gained traction on social media even after normal newspapers had debunked them in what came to be called "post-truth" politics.

Pro-Trump trolling, as with anti-EU, and pro-Russia trolling is now likely to become a bigger feature in the European information theatre.

MERKEL STANDS ALONE

Many consider that Trump's ascendancy has left Germany's Angela Merkel almost the lone defender of liberal values on the world stage.

She has international stature but, for all the EU's talk of military integration, she has no army strong enough to defend EU territory or to project its influence overseas.

She is expected to win next year's election, but she is also likely to emerge bruised from the fight, in which AfD, on recent form, could grab more than 20 percent of the vote.

Obama warned that if Trump did not take his new office seriously, then he would not keep it long, because of the harsh scrutiny placed upon White House incumbents.

Trump has broken with past form by refusing to divest his business assets into a blind trust, handing control to his close family instead.

That creates fertile ground for conflicts of interest.

Under the US constitution, elected officials are not allowed to receive "emoluments" from foreign rulers or states. If any of Trump's companies got special treatment from foreign partners due to his post then he might fall foul of that law.

There is no judicial precedent for impeaching a president over emoluments and there would be no incentive for fellow Republican Party members to go after his head, however.

He has already gotten away with an outrageous campaign. With all the levers of power in his hands, he might get away with larceny as well.

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The British vote to leave the EU was, in large part, the product of neglect and circumstance. But it is also too late to put the genie back in the bottle.

By Benjamin Fox

he referendum on 23 June was supposed to put to bed the vexed question of Britain's relationship with the EU. It did, but not in the way most people expected, with Britons voting by a 52-48 percent margin to leave the EU.

Although opinion polls had the vote as "too close to call" throughout the final two months of the campaign, surprisingly few commentators actually thought Brexit would become reality.

How did Britain end up in this strange position – a land in which Nigel Farage is the most successful politician and Boris Johnson is foreign secretary?

In 2015, the year in which he became the first Conservative leader to win a majority in over 20 years, David Cameron's career was at the apogee. He had, however, already sown the seeds of his own destruction by promising to hold an in/out EU referendum.

"David Cameron couldn't manage the divisions in his party, and thought he needed to take on Ukip," Hilary Benn, the Labour chairman of the Exiting the EU Committee in the UK Parliament, told EUobserver.

Benn described the referendum as "principally a vote against the status quo", referencing a backlash from the losers of globalisation. It was, he said, "a reflection of how politics has changed in Europe", where politics is now "in a state of flux".

The Brexit vote was the product of the same dynamic as the emergence of Syriza, AfD, Marine Le Pen, and Golden Dawn, he added.

Much could and, indeed, already has been written by advisers and campaigners on both sides to describe the numerous tactical blunders and misjudgements made over several decades by successive prime ministers that led to the Leave majority.

LEAVE HAD THE BEST SLOGAN

In 2016, Cameron secured only thin gruel from his talks with fellow EU leaders – removing Britain from the commitment to "ever closer union" in the EU treaties and a weak pledge to limit access to welfare benefits for migrants. But the main mistake by the Cameron-fronted Remain campaign was misjudging the public mood, focusing almost exclusively on the economic benefits of single market membership.

In contrast, the Vote Leave campaign led by Boris Johnson and Michael Gove had the best slogan - "Take back control" - and based their campaign on issues like the cost of EU membership. Shut out of the official campaign, Farage and his Grassroots Out group, bankrolled by multi-millionaire Arron Banks, ran a highly professional campaign focused on immigration and also gained wide access to the airwaves.

As with Donald Trump's shock defeat of Hillary Clinton for the US presidency in November, the referendum was decided by voters in long neglected parts of the UK. The North of England and Wales - former industrial heartlands and long-time Labour strongholds - delivered decisive majorities for Leave.

The campaign itself was unedifying, interminable, and thoroughly divisive, marked by the assassination of Jo Cox, a Labour MP and Remain supporter, a week before the poll, by a Nazi-obsessive who shouted "Britain first" as he murdered her.

Both sides were extremely economical with the truth, although the most egregious lies tended to come from the lips of Brexiteers.

WHAT HAPPENS NEXT?

Cameron's half-hearted attempt to secure "special status" within the EU was followed by a half-hearted and misjudged Remain campaign which he fronted, with little help from a moribund Labour party and a Liberal Democrat party on life-support.

Voters were essentially asked to vote for David Cameron's vision of EU membership. But ultimately, Britain's luckiest politician had rolled the dice one time too many.

So what happens next? The new prime minister Theresa May's letter to the European Council invoking article 50 next March will officially initiate exit negotiations. Britain will leave the bloc in 2019. But it won't be straightforward.

Having insisted that triggering article 50 could be done by executive order without consulting parliament, May's government was overruled at the High Court in November. Hilary Benn's parliamentary committee began its work in mid-November. However, most Remain supporting MPs have stated that they will not seek to block or delay the Brexit process.

The government, meanwhile, has given few clear indications of its key demands, particularly whether it will seek to keep the UK inside the EU's customs union.

'WE CAMPAIGNED PASSIONATELY BUT WE LOST'

Benn argues that the process of negotiating a new relationship between the UK and the EU will take much longer than the two years specified in the treaty.

"Two years is so short...especially in the context of the French and German elections [in spring and autumn 2017]. There will have to be a transitional arrangement," he says.

It is hard to escape the conclusion that the accidental Brexit was, in large part, the product of neglect and circumstance. It is also too late to put the genie back in the bottle.

"If you think that trust has broken down in our politics, imagine if this is not implemented. The idea that parliament will turn and say 'we know better' is not going to happen," said Benn.

"We all campaigned passionately for Remain, but we lost."



Voters were essentially asked to vote for David Cameron's vision of EU membership. But Britain's luckiest politician had rolled the dice one time too many.

Photo: Number 10 Downing Street

REFUGEE CRISIS,

THE VAIN SEARCH FOR SOLIDARITY



The EU's migration policy in 2016 was marked by a record number of deaths at the Mediterranean and deep rifts among member states on how to handle asylum.

By Nikolaj Nielsen

ore people died crossing the Mediterranean to seek better lives in the EU in 2016 than ever before.

Despite widespread search and rescue efforts, over 4,600 people perished after leaving from north Africa and Turkey.

It is a figure that shames the EU and one that challenges a long-held narrative that Europe is a beacon for its treatment of refugees and respect for human rights.

Instead, EU policies on migration, asylum, border control and security have exposed deep political rifts among member states, as the concept of solidarity becomes ever more elusive.

Populist groups in Austria, Denmark, Germany, France and the Netherlands have used the crisis to weaken the EU and inflame tensions against immigrants.

They are following in the footsteps of established government figures in central Europe. In August, leaders from the Czech Republic, Hungary and Poland reiterated their opposition to refugees and asylum seekers with Muslim backgrounds.

France, meanwhile, managed to dismantle and shut down the so-called Jungle in Calais, where around 8,000 people had camped out in a desperate bid to reach the UK.

But the big EU plan had always been to somehow undermine the business of migrant smuggling, save lives while doing it, overhaul EU-wide asylum rules, and cut lucrative deals with countries like Afghanistan and Nigeria to send the unwanted back to where they came from.

The EU has had some moderate success in keeping people from arriving, while shoring up controls with the Warsaw-based agency Frontex and evolving it into a more powerful and larger European border and coast guard agency.



An EU hotspot in Samos. The EU commission has absolved itself from any responsibility for violence in such places and says the fault lays with the member states.

Photo: Joseph Boyle

Between February and March, heads of states and governments managed to largely shut down the Western Balkan route, enhance border controls, and sign off a migrant swap deal with Turkey.

THE SHAKY TURKEY DEAL

Turkey, which hosts some 2.7 million Syrian refugees, promised to keep them from crossing the Aegean to reach the Greek islands. In exchange, the EU agreed to set aside €6 billion to finance refugee projects inside Turkey and lift short-term visas for their nationals.

But the Germany-backed plan soured following a failed coup against Turkey's president Recep Tayyip Erdogan in mid-July. The EU wanted Turkey to reform its anti-terror laws but Ankara refused amid repeated threats to scrap the deal altogether.

Despite these diplomatic rows, the European Commission wants to keep the deal intact, fearful of a repeat of 2015 when over 800,000 arrived in a matter of months near the year's end.

Tens of thousands are trapped in Greece as a result. Those who managed to arrive on the Greek islands from Turkey are pushed into overcrowded

camps where violence is rampant and women and children are at risk of sexual and physical abuse.

Infants as young as four have allegedly been assaulted at so-called hotspots, an EU concept where arrivals are screened and registered before their asylum claims are heard. The EU commission has absolved itself from any responsibility and says the fault lays squarely with the member states.

The hotspots in Greece and Italy had also been intended as a clearing house for a mandatory relocation scheme aimed at distributing 160,000 people over two years.

Since its September 2015 launch, the plan has failed to deliver any meaningful results as EU states baulk at being forced into meeting quotas. Even commission president Jean-Claude Juncker made light of it in November when he quipped that Luxembourg was unable to find any refugees willing to relocate to the Grand Duchy.

"We found 53 after explaining to them that it was close to Germany. They are no longer there [Luxembourg]," he said.

BROKEN ASYLUM LAWS

The admission highlights the EU's shattered asylum policies, as reception and conditions in EU states vary widely. With that knowledge, refugees and asylum seekers tend to flock to Germany and Sweden as a matter of preference.

The two nations, along with Austria, Denmark, and non-EU state Norway, set up internal border control checks in January and has extended them into 2017 out of fear refugees would want to settle on their territories.

Austria had even threatened to shut down its Brenner Pass border with Italy, a major transit route to Germany and northern Europe.

The commission, meanwhile, proposed to reform asylum rules known as Dublin that determine which member state is responsible for an asylum seeker's claim. The May proposal included a controversial plan to impose a €250,000 "solidarity contribution", paid by the member state, for each person they refuse to accept under the Dublin transfer rule.

Some states are pushing to morph the "solidarity contribution" into a concept known as "flexible solidarity" where governments would have more say over EU asylum rules. The phrase has since morphed into what the Slovak EU presidency is now calling "effective solidarity".

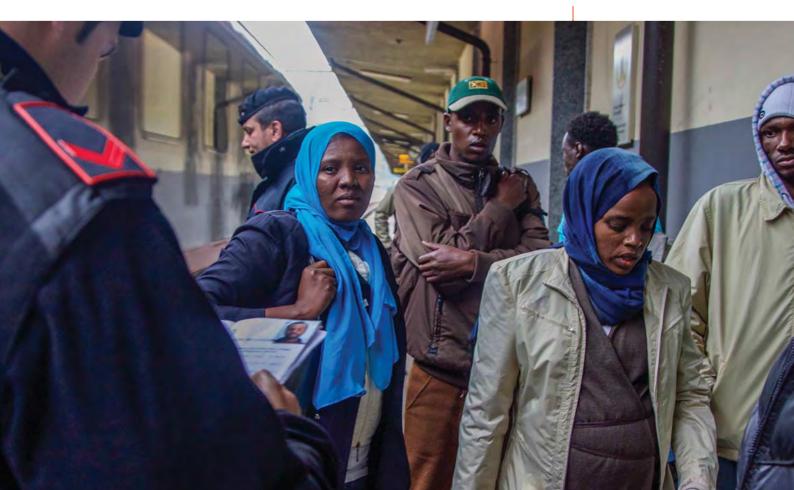
All this happened amid a backdrop of growing insecurity following terrorist attacks in Brussels in March, in Nice in July, and to a smaller extent in Germany. The EU launched a broad package of security policies that, in some cases, also aimed at controlling migration as the EU commission piled on intense pressure for Italy and Greece to fingerprint every arriving asylum seeker.

The fear is that measures imposed in 2016 risk unravelling in 2017. EU officials remain wary of the deal with Turkey. But focus has shifted to Africa. In October alone, a record number of 27,500 people arrived in Italy from Libya.

Many more are likely to do the same in 2017 as the death toll continues to climb.

Asylum seekers caught at the Brenner Pass rail station on the Italy-Austria border.

Photo: Alice Latta



THE RISE AND SHINE OF VISEGRAD

The V4 countries - Czech Republic, Hungary, Poland and Slovakia - has turned the EU's migration policy around. They now set their sights on reshaping the union.

By Eszter Zalan

he name of a quiet medieval town in Hungary – Visegrad – has in recent times become synonymous with the word "rebellion" in Brussels.

Others, particularly if they are from one of the four countries in the loose association of the Visegrad Group, might argue that it stands for "alternative".

The group, also known as V4, was formed in Visegrad in 1991 and is comprised of the Czech Republic, Hungary, Poland and Slovakia. It has

remained relatively obscure for almost 25 years. Then the migration crisis hit.

The EU's inability to handle the crisis, combined with a tilt in the power structure within the union after the Brexit vote and increasingly bellicose and eurosceptic leaders in Hungary and Poland, has thrust the group to the fore.

In 2016, V4 leaders have pushed for a change in the EU's migration policy and has refused to accept asylum seekers under the EU's quota

V4 countries are trying to weigh in on the EU's soul-searching process which was launched at a summit in Bratislava in September.

Photo: premier.gov.pl





Polish PM Beata Szydlo with her British counterpart Theresa May. "The European Commission hasn't fully understood what happened in the British referendum," Szydlo said.

Photo: premier.gov.pl

system. They also called for reform of the EU after the Brexit vote.

"The V4 basically fulfilled the role it was created for in the first place, to be a powerful lobby organisation." Daniel Bartha, the director of the Budapest-based Centre for Euro-Atlantic Integration and Democracy, told Euobserver.

"It now holds on to a significant number of votes in the European Council to offset Germany."

THE ORIGINAL SIN

Diplomats refer to a meeting of interior ministers in September 2015, when the four states were outvoted on migrant quotas, as the "original sin" that emboldened the group.

The V4 countries disagreed with the mandatory part of the system - even though in the end Poland, under its previous government, did not vote with the rest of the Visegrad nations - and particularly disliked how the European Commission rammed through its German-inspired proposal.

A year after the migration quotas were introduced, Slovak prime minister Robert Fico declared the idea politically dead. "Quotas today clearly divide the EU, therefore I think they are politically finished," he told journalists while his country was holding the rotating EU presidency.

Eastern EU states were not the only ones that did not like the quota system, but they were the most vocal about it, with Hungary and Slovakia challenging it in the EU Court of Justice.

Strong anti-immigrant rhetoric coming from the Visegrad leaders was initially criticised, but eventually the focus of the EU's migration policy shifted from taking in asylum seekers and distributing them fairly, to reinforcing border control and shutting down migration routes.

The issue has finally forced the realisation in the corridors of the Berlaymont, the EU commission's headquarters, that V4 countries could not be ignored.

But as one EU official observed, commission president Jean-Claude Juncker still surrounds himself with a small circle of close aides and is less open to influence from the V4.

The official gave the example of the commission proposal on "posted workers", which would require companies from the eastern EU to pay as much to their workers sent to Western Europe as their western counterparts.

In principle, the proposal makes sense in a single market, and some Western European states have long objected to easterners undercutting local wages. But 11 national parliaments objected to the commission's proposal, the bulk of them eastern nations. The commission decided in July to move ahead with the proposal anyway.

AFTER-BREXIT VOTE

The Brexit vote was a shock to the EU, but it reinforced the V4's presence.

It has been interpreted as a vote against the ruling elite and mainstream politics, a public sentiment that Hungarian and Polish leaders have been successfully exploiting. Those two nations took it as a sign that the EU needs to change, and they were ready with an alternative.

"The European Commission hasn't fully understood what happened in the British referendum," Polish prime minister Beata Szydlo told reporters in July, when her country took over the V4 rotating presidency.

"The EU needs to return to its roots. We need to care more about the concerns of citizens and less about those of the institutions."

Similarly, Hungarian prime minister Viktor Orban said in June that democratic legitimacy for the EU can only come from the member states.

"We have to return to the notion that the basis of the EU is not its institutions, but the member states. The democratic feature of the EU can only be reinforced through the member states," he said after the British referendum.

There is yet a concrete proposal, but in the Slovak capital in September, the 27 member states kicked off a soul-searching "Bratislava process" to explore how the EU could be reformed to win back citizens.

The Visegrad leaders have made their voices heard on the EU stage. From left to right, Robert Fico, Beata Szydlo, Bohuslav Sobotka and Viktor Orban.

Photo: Czech government

and the V4's ideas are bound to be influential.

"After Brexit, the EU's political centre of gravity has shifted towards the east," said analyst Daniel Bartha.

"France has had a declining economy since the early 2010s, so it has been less potent in offsetting Germany's dominance on the continent. New power centres are destined to emerge in the union."

But the V4's rise in EU politics might only be temporary, as many issues divide the four nations and would hamper their ability to influence EU politics.

"The harmony only exists from the outside. Migration is the key issue where the four agreed. On everything else – for instance energy – there is little agreement," said Bartha.

He cited as an example relations with Russia – a friend to Hungary but still regarded as a threat in Poland.

And Slovakia's government has largely muted its opposition to EU migration policy during its presidency of the EU Council.

EU officials have suggested engaging with the "more reasonable" elements within the V4 – Slovakia and the Czech Republic – to separate them from Poland and Hungary whenever possible.

"They need our gestures. It is that moment," argued one EU official.





Just days after Britain's vote to leave, the EU was rocked by the news that commission ex-president, Jose Manuel Barroso, had landed a top job with Goldman Sachs.

By Aleksandra Eriksson

ust days after Britain's vote to leave the EU on 23 June, the European Commission was rocked by the news that Goldman Sachs had added former commission president Jose Manuel Barroso to its payroll. He will advise the bank's clients on how to avoid the harmful consequences of Brexit.

The announcement let loose an unprecedented furore, which only intensified as the EU executive tried to brush off criticism.

And as the fuss grew, so did interest and concern over the ethics of other top officials – in particular the "revolving door" between politics and business.

The scandal that became known as Barrosogate mobilised an unprecedented alliance of NGOs, journalists, academia, the EU ombudsman and MEPs who all argued that the EU executive could no

longer snub concerns that their leaders put business and their own careers before citizens' interests.

They questioned whether the commission's current rules, which say that top EU officials need to apply for permission before taking up a job for 18 months, were adequate and stressed that article 245 of the EU treaties required commissioners to behave with integrity both during and after their term of office.

Transparency campaign group Corporate Europe Observatory (CEO) investigated the post-EU life of former commissioners and said one in three were now using their contacts and experience to lobby for their new employer's interests.

The commission's own employees launched a petition asking for sanctions of their former boss, saying it was "a disastrous symbol for the union and a gift horse for

the europhobes that a former commission president is associated with the unbridled and unethical financial values that Goldman Sachs represents".

Their petition was signed by over 152,000 people. Another one, organised by NGOs, gathered a further 63,000 signatures.

"Nothing ever captured the public imagination as the Barroso case," the EU ombudsman Emily O'Reilly told this publication in an interview. She suggested it was a consequence of Brexit and the other challenges buffeting the EU.

"In times of crisis, people get more involved in scrutinising their political leaders. They want to know why things go bad, and what can be done to stop them from happening again. They want to be reassured with strong statements in the public interest," O'Reilly said.

"Barrosogate" could be turned into something good, if used as impetus to change the system, she believed.

Current commission president Jean-Claude Juncker did not see it that way.

The Luxembourg politician had come to his post by promising a "political" commission "of last resort", which would win back the trust of EU citizens.

Only two years into the job, his vow now looks forlorn.

Instead of distancing himself from his predecessor, the president sent his spokesmen to argue that Barroso had not broken any rules and that the commission's code of conduct was the "strictest in the world".

Former commissioners and EU officials have a longstanding habit of going through the so-called "revolving door" from politics to business.

Photo: Arek Dreyer





"Nothing ever captured the public imagination as the Barroso case," the EU ombudsman Emily O'Reilly told EUobserver.

Photo: European Parliament

When Juncker broke his silence, it was through interviews with chosen media, where he admitted that Barroso had made a "bad choice" of employer.

After the ombudsman wrote to Juncker to demand explanations, he referred the case to the commission's internal ethical panel.

The committee, however, only added to confusion, by presenting an opinion in which it noted that Barroso lacked judgement and hurt the EU by associating it with the "negative image of financial greed" symbolised by Goldman Sachs. But it concluded that the ex-president had respected the 18-month cooling off period.

"Whether the code is sufficiently strict in these respects is not for the committee to answer," the panel said in its written opinion.

Its interpretation was so narrow that it voided article 245 of all meaning, Alberto Alemanno, professor of EU law at HEC Paris, remarked at the time, and said that the panel - which consisted of three members, all of whom had worked for the EU for most of their lives - must also be reformed.

"The EU institutional machinery remains largely insulated from the rapidly changing zeitgeist. What Barroso did may have been acceptable 10 years ago, but it's no longer the case," he told this website.

In November, in an effort to silence the critics, Juncker's team issued a press release to say the commission wanted to prolong the "cooling off" period for expresidents to three years and two years for the rest of the college. But the measure was widely dismissed as too little, too late.

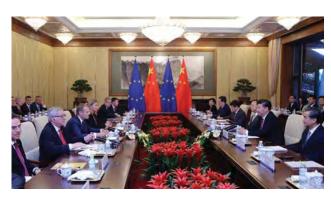
Some of the EU's most ardent supporters had by then already denounced the Juncker commission as "its own worst enemy", whose handling of the Barroso case only profited the union's detractors.

CHINA — EU RELATIONS 2016

ECONOMY. CONNECTIVITY. CULTURE.



The Europe China One Belt One Road Culture and Tourism Development Committee was officially launched in Belgium on April 27.



Chinese President Xi Jinping, EU Commission President Jean-Claude Juncker, EU Council President Donald Tusk at the 18th China-EU Summit in Beijing on July 12.



The first China Railway Express from Xi'An to Warsaw was ready for departure on August $18. \,$



The Europe-China Innovation and Entrepreneurship Cooperation Dialogue was held during the 11th China-EU Business and Technology Cooperation Fair in China on November 4.

2016 has seen many positive developments for China-EU relations. Both China and the EU attach great importance to continued cooperation and communication. China firmly supports the European integration process and hopes to see a prosperous and stable EU.

China stands ready to, on the basis of constructing a China-EU connectivity platform, expand infrastructure cooperation with Europe.

China seeks to actively expand digital cooperation in 5G research and other areas and promoting a unified global standard.

China is ready to enhance cooperation in innovation, research and sustainable development, circular economy and other areas with the EU.

China is ready to further discussions on trilateral cooperation in Africa and other regions and boost cooperation in marine areas as well as facilitate personnel exchanges centering on 2017 China-EU Blue Year, 2018 China-EU Tourism Year and other activities.

As we enter the 42nd year of diplomatic relations, we are hopeful and optimistic that China-EU cooperation will bring further prosperity to our people.

We wish you a Merry Christmas and Happy New Year!

May you have a successful and prosperous Year of the Rooster in 2017!



EU LEGITIMACY IN QUESTION

From lost referendums to growing contention of the EU's role in policies, people's commitment to the European project has diminished further this year.

By Eric Maurice

Referendums are dangerous for the EU. In recent years, almost all popular votes on EU matters ended up with the same answer: No.

The vote with the most far-reaching consequences was Britain's EU membership referendum on 23 June, when 51.9 percent of voters chose the most radical option: leaving the Union.

Only weeks before, in April, 61.1 percent of voters in a Dutch referendum had rejected an EU-Ukraine association agreement, casting doubts on the bloc's strategy to stabilise the war-torn country.

These two referendums in 2016 followed one in Denmark, at the end of 2015, when a closer cooperation with other EU countries in some justice and home affairs issues was dismissed by 53 percent of voters.

"I'm fundamentally not a big friend of referendums," European Commission Jean-Claude Juncker said in June, days before the UK vote. "One always breaks out in a sweat when someone dares to ask the opinion of the people," he told Germany's Frankfurter Allgemeine Zeitung.

Admittedly people do not always vote only on the question asked in a referendum, and domestic politics often has an influence on their final decision.

THE 'LAST-CHANCE COMMISSION'

Juncker's lack of confidence in the public's judgement seems to be reciprocated.

According to the latest Eurobarometer survey - the regular EU study of public opinion - conducted last spring and published in July, just 33 percent of Europeans said they had trust in the European Union and 34 percent had a positive image.

The level of trust was slightly above the 31 percent low reached in 2013-2014, just before Juncker became commission chief, but down from 40 percent in spring 2015.

"I'm fundamentally not a big friend of referendums," European Commission Jean-Claude Juncker said in June, days before the UK vote.

In recent years, almost all popular votes on EU matters ended up with the same answer: No.

Photo: Peter Teffer

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"This will be the last-chance commission," Juncker warned in 2014. "Either we will succeed in bringing our citizens closer to Europe, or we will fail."

Two years later, the EU is about to lose a member and anti-EU movements are gaining ground in several countries.

Dutch and French far-right leaders, Geert Wilders and Marine Le Pen, are leading in opinion polls ahead of elections next year. And in Austria, far-right candidate Norbert Hofer nearly missed the presidency in a rerun election in December.

In countries such as Poland and Hungary, elected leaders have pursued programmes putting them in a collision course with EU policies or values, but they stop short of running for the EU exit door.

Even in Germany, immune from large far-right movements since World War II, the year 2016 has seen the rise of the anti-migrant and anti-EU Alternative for Germany (AfD) party.

Launched in 2013, the AfD won a symbolic victory in September when it finished second in the Mecklenburg-Vorpommern elections, ahead of chancellor Merkel's CDU in her own region.

FROM DEMOCRATIC TO LEGITIMACY DEFICIT

In 2016, opposition to policies like the eurozone's austerity push developed into a broader critique of the EU's role in issues, including the refugee crisis and free trade.

Another referendum was organised in Hungary against the EU's policy of sharing asylum seekers. Only 44 percent of voters participated, but 98 percent of the valid votes cast rejected the idea that the EU should impose mandatory quotas.

Even the EU's trade policy, of which the commission has led the charge for decades, is under growing criticism. France, a founding member of the Union, called for more national involvement.

The ultimate proof of contention regarding the EU's role came when the Belgian region of Wallonia held up the signing of an EU-Canada trade deal. Canada ultimately had to negotiate directly with Wallonia to ensure its concerns were taken into account.

After the much talked about democratic deficit of the 1990s and 2000s, the EU seems now to suffer from a legitimacy deficit.

LEGITIMACY FROM COMMON BENEFIT

"Historically, the EU drew its legitimacy from common benefit. It brought more prosperity, affluence, accountability. The benefits outweighed the costs," Jiri Priban, director of the Centre of Law and Society at Cardiff University, told EUobserver.

But with time, the EU has become a more political project and "the question of its legitimacy will hit at every new step", he noted.

"Every law expresses a certain public spirit," he said. But now, "the EU is turning into a machinery of decision-making and it is losing its spirit and is producing ghosts of the past, like nationalism, ethnic hatred and authoritarianism".

The EU, faced with what Juncker has called "a polycrisis" - from economic crisis to refugee crisis - is also more fragile than other levels of powers.

"Europe is the weakest level of power of all, because European identity is so weak," Herman van Rompuy, a former European Council president, said during a conference in Brussels in November.

He said that when a problem arises, "we switch from a functional question to an existential question", thus slowing action and encouraging anti-EU forces.

'PEOPLE RESPECT LEADERSHIP'

For Priban, EU democracy was threatened at national level by austerity policies and constraints on governments. To regain legitimacy with European citizens, the EU needs a new deal to create investments and jobs and recreate the common benefit narrative.

Van Rompuy also explained that EU leaders were neither decisive enough nor protective enough of their citizens.

"The lack of trust is so profound that we cannot expect to overcome it in a few years," he said, adding that the EU needed to show better leadership and give concrete results on the economy, security or migration.

"People respect leadership even if they don't agree," the former EU leader said.



Trade: Is Europe still open for business?

EU trade policy has become a target for environmentalists, transparency advocates and populists alike, casting a doubt whether Europe can still close trade deals.

By Eszter Zalan

efore 2016, very few outside Belgium knew Paul Magnette, but the leader of the Socialists in the French-speaking Wallonia region, launched himself onto the world stage when he refused to support the EU-Canada trade deal (Ceta).

Wallonia's opposition lay in systems that allow multinational companies to take governments to court and the protections of human and consumer rights.

The region's leader was hailed as a hero by opponents of the deal. But for the EU, the Magnette-effect symbolised the trouble the bloc's trade policy is in.

2016 has become the year when many of the so far unchallenged pillars of the European Union were called into question.

Trade, a common European policy pillar for over 40 years, was mainly an area for technocrats and experts who poured over thousands of pages of technical legal texts.

The idea behind a common trade policy was member states banding together carried more weight in negotiations with potential trade partners and could carve out better terms. 2016 saw that idea take a near miss.

The trade deal with Canada, negotiated for seven years, almost collapsed at the last minute and ratification by member states' parliaments is still in question.

The Transatlantic Trade and Investment Partnership (TTIP) - currently under negotiations - continues to receive heavy criticism by transparency and environmental NGOs.

Strengthening doubts about the EU's trade policy, in particular, Chinese dumping which has caused losses in Europe's steel industry, member states have tried to agree on reinforced trade protection tools for Europe, but have stalled in the council for three years.



The European Commission has long argued that in the case of Chinese steel dumping, the so-called lesser duty rule has limited EU tariffs to 21 percent, while the US, which has no such rule, could impose tariffs up to 266 percent.

But many citizens feel that environmental and consumer standards are under threat and that trade deals, rather than creating jobs and generating growth, create opportunities and influence mainly for multinational companies.

Populist groups, on both the left and the right of the political spectrum, have exploited these concerns for political gain.

"Until now trade policy was perceived as a technical thing. But in the past couple of years, in the context of globalisation, it gained a high political profile in our societies, and a change of approach is needed," an EU diplomat summed up in the autumn.

The struggle to sign on time the EU-Canada accord, which is expected to increase trade by €12 billion, highlights how trade has become politically sensitive and that the EU is less capable of delivering results.

"It seems obvious that the EU is not capable of having an international agreement even with a country that has values that are so European, with a country that is as nice and as patient as Canada," Canadian international trade minister Chrystia Freedland said at one point in the last-minute negotiations.

While the EU has started focusing on reinforcing trade tools and discussing reforming trade policy to make it more transparent and effective, the other side of the Atlantic has elected Donald Trump, who opposes free trade deals, for US president.

Trump's election might be the last nail in the coffin for TTIP, which was supposed to set the standards for world trade.

EU officials are waiting for the new American administration to decide the fate of the talks, going on since 2013. Bernd Lange, chairman of the European Parliament's trade committee warned that open trade policy is not something Europeans can take for granted anymore.

"There is a feeling that something uncontrollable is happening, people will be afraid of it and start opposing it. We have to better control globalisation," he said, adding that, the democratic structures are there to make the citizens' voices heard, they "just need to be filled with life."

Yet with TTIP slipping away, and a lagging agreement on how to tackle China's overcapacity, there is no consensus on how to reshape the EU's trade policy. Some member states are fierce supporters of open trade, while others would move toward a more protectionist path.

Much depends on how the upcoming elections in the Netherlands, France and Germany play out. More populism would only mean more protectionism.

Paul Magnette: His opposition to Ceta launched him from obscurity to the world political

Photo: Campact





n 2015, the world learned of what became known as the Dieselgate scandal - an industrial-scale cheating of emissions tests by the Volkswagen Group (VW). This year, we understood more of how it happened. But in terms of fixing the damage and making sure it never happens again in Europe, 2016 has largely been wasted.

The response to the situation in the EU and the United States was vastly different. Throughout the year, Brussels-based consumer lobby group BEUC has complained that VW is treating European car owners as "second-class customers".

In the US, the German car giant reached a €13.2 billion settlement to compensate consumers and clean up environmental damage, with potentially a further fine to pay. But in Europe, it is refusing to pay.

Attempts by the European Commission to persuade VW to compensate Europeans has repeatedly fallen on deaf ears. In September, around the scandal's one-year anniversary, VW committed to an "EU-wide action plan", which contained few notable promises.

The German company said it would inform all European customers of the issue by the end of 2016, and have all the cars fixed by autumn 2017 – all the while maintaining that equipping 8.5 million cars in Europe with cheating software was actually not illegal.

VW faces little threat of punishment in Europe. Most

of the affected cars were approved in Germany, so it is Germany that is in charge of handing out penalties for the use of the illegal software, known as defeat devices.

But according to hearings that took place at the European Parliament in October, Germany is not planning to impose any fines.

Both transport minister, Alexander Dobrindt, and the president of the Federal Motor Transport Agency (KBA), Ekhard Zinke, said VW's recall programme was punishment enough. "I regard it as a penalty if a manufacturer is told that they can no longer trade particular products on the market in their present form," said Zinke - as if the return of stolen money was sufficient punishment to bank robbers.

Meanwhile, other car companies have also eluded any punishment.

Following the VW scandal, authorities in the largest member states carried out investigations to check emissions on the road, as compared with those in the official laboratory test.

Many automakers subsequently admitted they had been using defeat devices, but they pointed to a loophole in the legislation. If a defeat device is required to protect the engine, it is permissible under the law.

This led Dobrindt to argue that the law is too vague and does not contain enough criteria to distinguish between lawful versus illegal use of defeat devices.

German minister Dobrindt testified as a witness in the European Parliament's Dieselgate inquiry committee.

Photo: European Parliament





Volkswagen Group claims it did nothing illegal in Europe.

Photo: David Martinez

In June, EU industry commissioner Elzbieta Bienkowska told Dobrindt and other transport ministers at a gathering in Luxembourg that they should start enforcing EU rules instead of moaning about them.

"The law is clear enough, and we all know it," she said, adding that it was up to national authorities to double-check automakers' claims that defeat devices are needed to protect the engine, instead of uncritically accepting the car industry's arguments.

Following the ministerial meeting in Luxembourg, the commission decided to prepare legal guidelines to help member states interpret the law on defeat devices, despite having said that the law itself should be enough to challenge car-makers.

One consequence of this is that no national authority will take any action before the guidelines are finished. It was expected by December 2016.

For its legal guidelines to make any sense, the commission needs detailed information from the member states about the cars they have tested. But member states have not been eager to provide this.

There also has been little progress on legislative measures to make the system of approving cars more robust. In January 2016, the commission had proposed increasing EU oversight, but the proposal has not been dealt with speedily by the two institutions - the European Parliament and the EU Council - whose consent is required.

The parliament's leading committee is expected to vote on the proposal in January 2017, several months later than initially expected. Discussions at the EU Council are also taking more time than expected.

But MEP Christofer Fjellner of the centre-right EPP group told EUobserver to be patient. "It is correct that we needed more time," said the Swedish MEP. But he added that the timeline is "by no means extreme, especially considering that there were so many developments this year".

Many of those developments have been discussed in the European Parliament's Dieselgate inquiry committee, which aimed to shed light on how the scandal came about.

Witnesses testifying in the committee painted a clear picture of what went wrong - a lack of enforcement by member states, no sense of responsibility, a lot of finger-pointing, and too much trust in the car industry.

In 2017, we will see if those lessons will be applied to improve the system.

CECIN'EST PAS UNE EU ARMY

EU foreign relations chief Federica Mogherini got tired of repeating the phrase "this is not ... an EU army", but 2016 saw France and Germany leap forward on military integration.

By Andrew Rettman

EU states in November agreed to create a new military headquarters inside Mogherini's foreign service and to make joint "battlegroups" ready for action. The European Commission also unveiled proposals for a joint military research and procurement fund.

The plan so far is a modest one.

The headquarters is to command only non-combat military missions, such as training missions. The battlegroups, forces of some 1,000 men made by coalitions of EU countries, are designed to be parachuted into action in Africa or in the Middle East to prevent conflicts.

The proposed fund would spend €500 million a year on research into areas such as robotics and satellites. It would spend €5 billion a year on buying items such as drones and helicopters, but these would be owned by individual member states.

The military plan comes amid a mounting sense of insecurity both among Nato generals and the European public.

Russia's aggression in Ukraine, where it continues to wage war in the Donbas region, and in the Middle East, where it is bombing Western-backed rebels and civilians, has prompted Nato to deploy a deterrent force of more than 5,000 men in the Baltic and Black Sea regions early next year.

A NEW SENSE OF URGENCY

Terrorist attacks in Belgium, Germany, and France over the past 12 months have also heightened tension in Europe.

The attacks by the Islamic State jihadist group led to a loss of trust in EU governments' abilities to protect their citizens and aggravated the debate on the EU's handling of the refugee crisis.

Britain's decision in June to leave the EU spurred on the military project. The UK, the EU's largest military power, had previously opposed it on grounds that it would compete with Nato.

The election of Donald Trump in the US in November

A Nato drill. EU plans come amid a mounting sense of insecurity among Nato generals and the European public.

Photo: Nato





Eurocorps soldiers in front of the EU parliament in Strasbourg. "An 'EU army' is not our objective," said France, Germany, Italy, and Spain.

Photo: eurocorps.net

also gave the EU military plan a new sense of urgency. The president-elect said in his campaign that the US might no longer defend Nato allies and that he might make a deal with Russia on Ukraine over Europe's head.

Announcing the military headquarters and battlegroup scheme in November, Mogherini said she had lost count of how many times she had said the project was "not ... an EU army".

THE POTENTIAL OF A SUPERPOWER

France, Germany, Italy, and Spain, the core group in the EU that wanted to press ahead, also said in a joint paper in October: "To be clear: an 'EU army' is not our objective".

The words were meant to allay anti-federalist sentiments in EU states, but on other occasions the rhetoric was more strident.

Mogherini, in November, said the EU had the "potential of a superpower". Italy has said the EU military headquarters and battlegroups should be the nucleus of a future "European Integrated Force".

A French minister also said: "This is something that is very close to the Germans' heart - they would like to create a European army".

The semantics of what is taking shape in Brussels recall the 20th century Belgian painter Rene Magritte, who painted a pipe with the caption "Ceci n'est pas une pipe," meaning "This is not a pipe."

The next step could be for France, Germany, Italy, and Spain to seek allies to trigger a

clause on accelerated military cooperation in the EU's Lisbon Treaty.

Upcoming steps could also include EU institutions leasing military assets, such as field hospitals or air-lift helicopters, from member states to be used in new EU medical and logistics headquarters.

'THE BEST POSSIBLE APPROACH'

Germany's defence minister, Ursula von der Leyen, said military integration was as badly needed as EU freedom of movement in the Schengen zone in order to maintain European unity. France's finance minister, Michel Sapin, said a joint military was needed to restore faith in the euro and to pave the way for deeper monetary union.

However, it remains to be seen if the project will win back trust in EU governments and institutions, as France and Germany hoped.

It also remains to be seen how the security environment will change after Trump takes power in January.

If Europe wants to make sure that the US keeps on protecting its old friends, the "not ... an EU army" project could be counterproductive, the UK warned.

"Instead of planning expensive new headquarters or dreaming of a European army, what Europe needs to do now is spend more on its own defence," the British defence minister, Michael Fallon, said in November, referring to the national military budgets of Nato allies. "That's the best possible approach to the Trump presidency," he said.

2016 in pictures



GOOD VIBES ONLY

Cologne

During New Year's Eve celebrations in Cologne, Germany, hundreds of women were sexually assaulted by young men around the main train station. Many of the alleged aggressors were North African or asylum seekers, spurring debate on chancellor Angela Merkel's refugee policy and giving a boost to antimigrant movements.

Photo:Peter Teffer

Brussels

On 22 March, three suicide bombers attacked Brussels airport and Maelbeek metro station, killing 32 people and injuring 340. The attacks took place four days after Salah Abdelslam, a prime suspect in the November 2015 Paris attacks, was found in the city and arrested.

Photo: Nikolaj Nielsen

Karadzic

On 24 March, former Bosnian Serb leader
Radovan Karadzic was sentenced to
40 years in prison by the International
Criminal Tribunal for the former
Yugoslavia. He was found guilty of war
crimes and genocide for the shelling of
Bosnia-Herzegovina's capital Sarajevo
and the massacre of Muslims in
Srebrenica in the 1990s.

Photo: ICTY



2016 in pictures



After being elected into power in October 2015, the Polish conservative Law and Justice party reformed the constitutional court, the public media and the administration to gain more control over the country. The move led the EU to open a rule of law monitoring process and triggered demonstrations led by the newly created Committee for the Defence of Democracy (KOD).



Nato summit

At a Nato summit in Warsaw in July, the US and European countries agreed to deploy troops in Estonia, Latvia, Lithuania and Poland as a deterrence force against Russia.

Photo: nato.int

Spain Spanish conservative leader Mariano Rajoy was sworn in on 31 October. After 10 months of political stalemate and two inconclusive elections, Rajoy managed to form a government without an absolute majority because the Socialist party finally decided to abstain in a vote of confidence.

Photo: Pool Moncloa / Diego

Italy quakes Central Italy was hit by three massive earthquakes on 24 August, 24 and 26 October, killing more than 300 people and destroying villages and many historical monuments. The events led prime minister Matteo Renzi to ask the EU for more budget flexibility in order to rebuild the region.

Photo: Reuters





Austria

Green-backed candidate Alexander Van der Ballen became Austria's president on 4 December, after beating twice the far-right candidate Norbert Hofer. A first election in May was annulled after problems in the counting of ballots. Both votes, especially the one in December in the wake of Trump's election in the US, were considered tests for pro-EU forces against anti-EU populist parties.

Photo: Reuters/Leonhard Foeger



Italian prime minister Matteo Renzi resigned in December after he lost a constitutional referendum on 4 December to reform the parliament and the electoral system. He had transformed the vote into a plebiscite over his own leadership and was defeated by opposition led by the populist Five Stars Movement of Beppe Grillo, raising new fears about a crisis of the ailing Italian banking system.

Photo: Reuters



Oettinger

EU commissioner for digital affairs Guenther Oettinger came under fire for remarks about the Chinese, gays and Wallooons, and using a private jet that belonged to Klaus Mangold, a German lobbyist with ties to Russia, to go to Budapest in May. The flight breached the commission's code of conduct but the institution's president Jean-Claude Juncker said no sanctions or penalties would be applied.



"We committed in Bratislava to offer to our citizens in the upcoming months a vision of an attractive EU they can trust and support."

- The Bratislava Declaration





Delivering on our priorities

Economy

Positive & prompt deal on EU budget 2017

Council green light for EFSI 2.0

Criteria for EU blacklist of tax havens

Single Market

Go-ahead to negotiate end of roaming charges by June 2017

Breakthrough geoblocking mandate

Deal on intergovernmental energy agreements

Migration

Launch of European Border & Coast Guard

Step towards visa liberalisation for Georgia & Ukraine

European Fund for Sustainable Development closer to reality

Global Europe

Council decision on EU-Canada trade agreement

Rapid EU ratification of Paris Agreement

Headway of Serbia, Bosnia & Herzegovina, and Montenegro on EU path

Read about #EU2016SK and #Slovakia at www.eu2016.sk/en



On 1 January 2017 Malta takes on the Presidency of the Council of the EU.

MALTA MAKE A DIFFERENCE?

A real difference. During our Presidency we will put the interests of EU citizens at the heart of everything we do.

Putting you at the heart of Europe.

