

Briefing Note in preparation for the

Foreign and European Affairs Committee

meeting with

H.E. Janine Finck, Ambassador of Luxembourg

7th July 2015, 6:30pm



PARLIAMENT OF MALTA
HOUSE OF REPRESENTATIVES

Priorities of the Luxembourgish Presidency

The aim of the Luxembourgish Presidency is to opt for an open approach by; listening to citizens, supporting businesses, collaborating with partners and institutions in order to act in the European interest. The priorities for the second semester of 2015 are presented under the following sections:

- Stimulating investment to boost, growth and employment;

The most important aspect of this section is the introduction of the European Fund for Strategic Investment (EFSI). The aim of this initiative is to mobilise existing European savings and funds to finance strategic investment. **The Maltese Government welcomes this initiative as an important tool to mobilise investment in Europe in the short term. As far as economic and financial repercussions are concerned – the allocated EU funds will be fully covered from the Multi-Financial Framework for 2014-2020. As a result this initiative will be allocated funds that have been pre-allocated to other funding mechanisms – namely the Connecting Europe Facility, Horizon 2020 and the Global Margin under the payments' ceilings. Malta benefited directly from CEF and Horizon 2020 programmes. It is being projected that Malta can benefit indirectly from EFSI through the multiplier effect. For instance the Bundesrat is sceptical about transferring money from research programmes Horizon 2020 and CEF as this could compromise the implementation of programmes already approved.**

- Deepening the EU's social dimension

As a result of the financial crisis in Europe, there has been growth in unemployment (youth unemployment in particular) and inequalities have widened. The aim of the Presidency is to support investment on human capital with particular importance to digital skills. Areas that will be given priority in this sector are education, youth, culture and sport. The Presidency will seek to promote physical and motor activity, in particular during early childhood.

- Managing migration, combining freedom, justice and security

During the European Council held on 25 June 2015, the EU head of states reached an agreement to re-locate 60,000 refugees albeit not according to a mandatory mandate but more on a voluntary basis. Prime Minister Joseph Muscat in comments to the media described this development as setting an important precedent.¹

The idea of compulsory quotas for sharing the 40,000 asylum seekers did not win the necessary support, with the member states preferring an essentially voluntary mechanism. It was also agreed that Bulgaria and Hungary would be accorded special treatment in view of the migratory pressure they are both facing. These two countries are expected to be allowed to take in fewer migrants than the others.

¹ Kevin Schembri Orland '40,000 migrants to be relocated from Italy and Greece; Muscat says 'sets an important precedent' The Malta Independent, 26 June 2015

Between now and the end of July, each member state will have to announce how many migrants it is willing to take, the trick being not to fall below the target figure of 40,000 but without stating how to achieve it.

With reference to COSAC, the first morning session of the draft programme for the COSAC plenary to be held in Luxembourg on 29 Nov – 1 Dec, will be dedicated entirely to the European Agenda on Migration. The topics are Common Asylum policy and legal migration policy and the fight against irregular migration and securing Europe’s external border. Chapter 2 of the draft outline 24th COSAC Bi-Annual Report also deals with the European Agenda for Migration.

The Valletta Summit is also going to be held during the Luxembourgish Presidency to be held in November². Around 80 countries will participate. Discussion will focus on cooperation between the EU and Africa and returning rejected asylum applicants to their country of origin. The Summit will also set clear targets in relation to the EU’s development aid to Africa which needs to target the root causes of migration.

- Revitalising the single market by focusing on its digital dimension

Europe is aiming at placing digital technology and placing it at the heart of its single market policy.

Malta has established a national strategy in this area. Digital Malta is the national Information Communication Technology strategy for 2014 - 2020. In a few words, it is a vision for “a digitally-enabled country empowering its people, communities and entrepreneurs through the intelligent and universal use of ICT”. In the Global Competitive Index for 2014-2015, Malta now ranks number 47, out of 144 countries. Switzerland, Singapore and the United States are ranked in the top three positions. Compared to other EU countries, Malta is placed 16th. A strong digital economy is central to any country’s competitiveness, growth and jobs strategy. Our technological readiness is vital in this regard, with Malta ranking 16th in the Technology Readiness index.

- Placing European competitiveness in a global and transparent framework

The Maltese Government has supported the opening of negotiations for TTIP during a Foreign Affairs Committee on 14 June 2013 in Luxembourg. The Government stated that Malta is set to benefit from a successful TTIP, with the US accounting 12% of total Maltese international exports and 8% of international imports; a solid base that could increase significantly with less trade barriers in place.³

² The indicative dates are 11-12 November.

³ Department of Information: Press Release Issued on 15 June 2015.

On the other hand an umbrella group of Maltese NGOs; Social Europe – Front Against TTIP (Malta)⁴ criticized the negotiations that will eventually lead to an anti-social impact. The Front stated that an eventual agreement will threaten jobs and will lead to lower standards to the detriment of public health, public safety, workers’ and consumers’ rights and environmental protection. Areas affected include health care, education, culture, and various social services. Workers, consumers and small businesses will lose out in the process.⁵

While negotiations had initially been calm down and low-key, the more recent emergence of criticism in some of the core EU countries has politicised the process. These critics have gained influence, especially in Germany, which traditionally supports free-trade agreements. A general deterioration in relations with the US amidst a spying scandal has contributed to the growing German public suspicion towards TTIP.⁶

As a matter of fact the European Commission published Transatlantic Trade and Investment Partnership (TTIP) negotiating documents in January 2015, as the European Ombudsman called on the executive to further increase transparency around the trade talks with the US. The TTIP talks have been dogged by accusations of secrecy and suspicions that big business is having too much influence on negotiations. The eight texts cover competition, food safety and animal and plant health, customs issues, technical barriers to trade, and small and medium-sized enterprises. Government-to-government dispute settlement, which is different from the controversial investor-state dispute settlement clause (ISDS), is also covered.

Latest developments about TTIP show that within the European Parliament there seems to be a division within the S&D Group. While President Schulz is supporting the latest amendments, S&D MEPs from large countries are still not supporting TTIP. Plenary vote takes place on 8th July. The bone of contention remains the clause about the establishment of ISDS.⁷

- *Promoting sustainable development*

This priority makes particular reference to environment. An important event during the Presidency is the Paris Conference on Climate Change. Moreover in relation to the Russian embargo on certain EU agricultural products and the expiry of milk quotas, the Presidency will pay particular attention to developments in the market for agricultural products and the related effects on farmers.

⁴ Social Europe - Front Against TTIP (Malta) consists of the NGO's Żminijietna - Voice of the Left; Anti-Poverty Alliance; Movement Graffiti; Association of Federative Socialists; GWU Youth, Friends of the Earth Malta; Partit Komunista Malti; Garden of Knowledge (Malta); ADZ - Green Youth; Malta Organic Agriculture Movement; Greenhouse; Gaia Foundation; Alternattiva Demokratika -The Green Party

⁵ Maltatoday 13/07/2014

⁶ The Economist 'US-EU trade talks reach critical stage.'

⁷ Agence Europe no.11349 dated 03.07.2015

Fisheries policy is also an important sector related to its sustainability aspect. The Presidency will try to bolster maximum sustainable catch approach as the main focus of each and every policy.

- *Strengthening the EU's presence on the global stage*

An important development in this section is the current updating of the European Neighbourhood Policy (ENP) that should adopt its conclusions at the European Council before the end of 2015. The aim of the new updated policy is to establish a future direction of the ENP. From the experience of the past 10 years, it resulted that while in the east there is deepening and seeking of FTAs with the EU, the aspirations in the south are increasing diverging and there is instability arising from armed conflict. In this regard there is the need for clearer focus and more tailored cooperation rather than a one size fits all approach.

The Maltese Government does not support the idea of creating two separate blocks (East and South) but is in favour of differentiation between the individual partners. There is also emphasis on engagement with neighbours of our neighbours, in particular of common challenges (security, borders and trafficking) and shared goals (economic growth and good governance). There is emphasis on the importance of joint ownership. With particular reference to the South and the current political tensions that are present in the region, it is being proposed by the Maltese Government that the ENP should reach regional institutions (i.e. African Union, Union for the Mediterranean, 5+5, GCC) more than before.⁸

⁸ Explanatory Memorandum of the 'Joint Consultation Paper: Towards a new European Neighbourhood Policy' dated 8th May 2015.

For more information please contact:

Mr Ian Paul Bajada, Research Analyst

Research Section
HOUSE OF REPRESENTATIVES
PARLIAMENT OF MALTA

Tel: +356 2559 6000

Fax: +356 2559 226

Website: www.parlament.mt