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European Union, 2015

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The year 2015 will be remembered for the number of crises which came to a head in the EU, notably the refugee/migrant crisis, the Greek debt crisis and the Ukraine crisis, as well as two terrorist attacks in Paris. It was a year which saw Angela Merkel, Chancellor of Germany for ten years and renowned for her cautious ‘politics of small steps’, making bold political decisions on key issues. By year’s end she was named ‘Person of the Year’ by *Time* magazine and the *Financial Times*.

Lithuania joins the eurozone

On 1 January Lithuania became the nineteenth member state of the eurozone.

Institutional developments

On 1 September a reshuffling of senior management positions took effect in the European Commission. Alexander Italianer, a Dutch national, replaced Catherine Day, who retired officially as secretary general on that day. Ms Day, who had served in the role for ten years, received a standing ovation from the College of Commissioners in June when her departure was signalled. Known by colleagues as Catherine Day and Night, she was distinguished primarily by the level-headedness, competence and dedication she evinced during her thirty-six years of service in the Commission. In September Ms Day was

appointed as Special Adviser for Strategic Issues regarding the current Multiannual Financial Framework (2014–2020) to Commission President Jean-Claude Juncker. She will not be remunerated for her role.

On 1 January Latvia took up the rotating presidency of the Council of Ministers for six months, supported by Italy and Luxembourg. The Latvian Government enumerated three priorities: competitiveness, the digital single market and foreign policy. On 1 July Luxembourg took over the presidency and was supported by Latvia and Italy. The Luxembourg presidency work programme was based around seven headings: stimulating investment to boost growth and employment, deepening the EU's social dimension, managing migration, revitalising the single market, EU competitiveness, promoting sustainable development and strengthening the EU's presence on the global stage.

In June Marine Le Pen, leader of the Front National Party in France, formed a new political group in the European Parliament, namely Europe of Nations and Freedom (ENF). Under the European Parliament's rules a political group may be formed with at least twenty-five MEPs from at least seven member states. The ENF has thirty-eight MEPs from eight countries.

In November Angela Merkel and the French President, François Hollande, jointly addressed the European Parliament during its plenary session in Strasbourg to respond to Jean-Claude Juncker's State of the Union address. This was only the second time a German Chancellor and a French President had appeared together in the European Parliament in Strasbourg. The last occasion was in 1989 when France and Germany were represented by François Mitterrand and Helmut Kohl, respectively.

The UK and the EU

In May the British Prime Minister, David Cameron, led the Conservative Party to a surprise victory in his second general election as party leader. Unhindered by a coalition partner, Cameron reiterated his promise to hold an in–out referendum in the UK on EU membership on the basis of renegotiated terms.

In response to a request from his counterparts in the European Council, Mr Cameron set out in a letter to Donald Tusk, President of the European Council, the issues which he wanted to address in the negotiations to reconfigure the UK–EU relationship. There were, broadly speaking, four areas or 'baskets' of issues:

- i. Economic governance: Mr Cameron signalled his wish to see clarification of rules between the nineteen eurozone member states and the nine non-eurozone member states. In particular, he wanted recognition that the EU has more than one currency and that there should be no discrimination and no disadvantage for any business on the basis of the currency of their country.
- ii. Competitiveness: this request entailed agreeing a set target for the reduction of rules and regulations on business so that the single European market could operate more efficiently.
- iii. Sovereignty: this category involved three elements – Cameron set out his wish for an opt-out of the general commitment of member states to ‘ever closer union’, a strengthening of the role of national parliaments, as well as full implementation of the principle of subsidiarity.
- iv. Immigration: this area included a UK proposal that migrant workers must live in the UK and contribute to its economy for four years before they qualify for in-work benefits and social housing. This issue was always likely to be the most difficult issue to address satisfactorily for all parties.

It was hoped that a deal could be agreed in December. However, in an unexpected twist, Mr Cameron, shortly after detailing his requests, reverted to his previous demand that the EU treaties be changed to allow Britain to impose a four-year delay before paying in-work benefits to migrant workers. On 3 December Angela Merkel told Mr Cameron that he could not expect rapid agreement to such a contentious request. As the year drew to a close, both Mr Cameron and Mr Tusk agreed that achieving agreement on the renegotiations was more likely to occur in spring 2016.

Terrorist attacks in Paris

On 7 January twelve people were killed and eleven wounded when two Islamist terrorists attacked the offices of *Charlie Hebdo*, a French satirical magazine. The masked gunmen, subsequently named as two brothers, Cherif and Said Kouachi, claimed they were avenging the Prophet Muhammad. On 9 January violence continued with an apparently coordinated attack on a Jewish supermarket, where another armed Islamist terrorist, Amedy Coulibaly, killed four hostages. All three terrorists – who identified themselves as belonging

to the Yemen branch of the Islamist terrorist network Al-Qaeda – were killed by the French police. On 11 January some 1.6 million people participated in a ‘national unity’ rally in Paris (up to four million throughout France) in solidarity with the victims of the terrorist attacks. Some forty national leaders took part, including Angela Merkel, David Cameron, Matteo Renzi and Benjamin Netanyahu, in a show of solidarity and support. The phrase ‘Je suis Charlie’ became a worldwide profession of belief in the freedom of expression as a fundamental value in democratic societies.

On 13 November three coordinated militant jihadist attacks in Paris killed 130 people and wounded some 300 others. There were three locations: outside the Stade de France, where a football match between France and Germany was being played, three terrorists detonated their suicide belts; in central Paris, gunmen fired on crowded bars and restaurants; at a rock concert in the Bataclan Theatre, a small venue in Paris, eighty-nine people were killed. On 18 November armed French police raided a flat in Paris, killing the presumed mastermind, Abdelhamid Abaaoud, and two others following a seven-hour shootout. Another plotter, Salah Abdeslam, abandoned his suicide vest and fled to Belgium, becoming the most wanted man in Europe.

France declares war on Islamic State

On 13 November François Hollande declared a state of emergency, stating that France was at war with Islamic State (IS), the terrorist group which claimed responsibility for the November attacks in Paris. Subsequently the French parliament, l’Assemblée Nationale, voted to extend this state of emergency to three months. This empowers the state authorities, inter alia, to ban demonstrations, close buildings, impose a curfew and place terrorist suspects under house arrest.

Hollande also set about forming a special military alliance against IS. On 17 November Russia joined forces with France to bomb IS targets in retaliation for the attacks on Paris, as well as for the downing of a Russian airliner on 31 October, which killed all 224 people on board. In December UK fighter jets began air strikes against IS in Syria for the first time.

Hollande also invoked Article 42.7, the Mutual Assistance Clause introduced by the Treaty of Lisbon. EU member states voted unanimously in favour of activating this mechanism. This little-known treaty provision – similar in spirit with Article 5 of NATO – provides

that if a member state is the victim of armed aggression on its territory, the other member states (as opposed to the EU per se) are obliged to aid and assist 'by all the means in their power', in accordance with Article 51 of the UN Charter. This provision, which comes under the heading of the EU's Common Foreign and Defence Policy, does not affect the neutrality of countries such as Ireland, Sweden, Austria and Finland.

Brussels in 'lockdown'

It soon emerged that although the attacks in Paris were planned in Syria, they were organised in Brussels by jihadist terrorists. Suspecting a Paris-like attack in Brussels, on 21 November the Belgian Government raised the security level in Brussels from Level 3 (serious threat) to Level 4 (serious and imminent threat), placing the city in 'lockdown' for four days. Schools, metros and businesses were closed while extra soldiers were dispatched to patrol key locations. In the event, no terrorist incident occurred.

The migrant and refugee crisis erupts

Over the summer months the number of migrants, including refugees from Africa and the Middle East, increased dramatically. Syrians, Eritreans, Somalians and Iraqis, amongst others, fled war and persecution. In particular, the civil war in Syria was a major factor in precipitating what is regarded as the biggest displacement of people since World War II. Tragically, in making the perilous sea journey to reach Europe many refugees and migrants died. On 19 April hundreds of refugees and migrants drowned in the Mediterranean when their boats sank. The scale of the tragedy prompted an emergency European Council meeting. EU leaders, in a ten-point plan, set out measures to enhance rescues, suppress people-smuggling and spread the burden of taking in refugees. On 31 August Angela Merkel called for a bolder, more united European response to the crisis and committed Germany to taking up to 800,000 refugees in 2015. Merkel urged her people to put aside their fear of immigrants and to show compassion to the needy. 'Wir schaffen das' ('We will manage'), she said.

On 2 September the refugee crisis came to a head with the publication of photos of the dead body of three-year-old Alan Kurdi, washed up on a Turkish beach. He and his Syrian mother and brother

were the latest victims of the crisis. Calls for more action grew louder. Angela Merkel took the decision to suspend the Dublin Regulation, which provides that migrants must remain in the member state that they first enter. Refugees stranded in a train station in Budapest, Hungary, were allowed to go through Austria to Germany. Refugees arriving in train stations were met by German people with applause and sweets and toys for the children in a show of welcome that became known as 'Willkommenskultur', or 'Welcome culture'.

As the number of refugees arriving in Germany rose to more than one million, Merkel, on 14 December at her CDU Party conference in Karlsruhe, defended her migration policy as a moral duty in the face of a humanitarian crisis but also promised that there would be a noticeable reduction in the number of refugees to be taken in by Germany.

The Commission's migration plans

The Commission proposed a migration package in May that tripled the budget for rescue operations in which the Irish navy played an important role, with *LÉ Eithne*, *LÉ Niamh* and *LÉ Samuel Beckett* rescuing thousands of migrants. The plan also included the relocation of 40,000 refugees who entered the EU through Greece and Italy. It also proposed that 'hotspots' be set up in such front-line member states to process asylum seekers as soon as possible and help coordinate the return of those deemed not being in need of asylum.

On 9 September, during his State of the Union address, Jean-Claude Juncker, with strong support from France and Germany, announced a second migration package. This proposed seven key actions to be undertaken by member states and the institutions, including a new emergency relocation mechanism to relocate an additional 120,000 refugees (thus bringing the total number to be relocated by the EU to 160,000). This is a quota distribution system for verified refugees rescued from the Mediterranean. In September the Council of Justice ministers voted for this proposal by qualified majority. This meant that the new system is binding on those who voted against it, namely the Czech Republic, Slovakia, Romania and Hungary. Finland abstained. In addition, meeting in September, the European Council agreed to allow €1 billion in aid for Syrian refugees in Jordan, Lebanon and Turkey.

A new ‘European Border and Coast Guard’

On 15 December Jean-Claude Juncker unveiled the Commission’s proposal for a new border security agency, essentially an upgraded Frontex. The role of the new European Border and Coast Guard would be to ensure that all member states adequately police the EU’s external border. The agency, which will have a staff of some 1,500 officials, would have a right to intervene in exceptional circumstances where a member state could not cope alone. If the agency identifies shortcomings in a member state’s border security arrangements, it may recommend corrective measures. If a member state fails to take such measures, the Commission could adopt an ‘implementing decision’ enabling the agency to act on the ground, even if the country concerned made no request for help. The proposal divided opinion. On the one hand, advocates saw the proposal as a necessary measure to safeguard Schengen (that is, the EU’s passport-free area) in the face of the unprecedented influx of migrants and possible future terrorist threats. On the other hand, others were concerned that the powers of the new agency would involve a transfer of national sovereignty in respect of land and sea borders to the EU level.

Denmark votes No

On 3 December Danish voters rejected a government proposal to opt into twenty-two pieces of legislation in respect of Justice and Home Affairs (JHA). This more flexible opt-in arrangement to JHA matters is similar in nature to that available to the UK and Ireland. In the referendum 53 per cent voted No while 47 per cent voted Yes, with a 72 per cent turnout. The No vote meant that Denmark would remain exempt from large parts of JHA matters. The vote was widely interpreted as a reflection of general Euroscepticism amongst Danish voters at a time when the EU seemed to be struggling with, *inter alia*, the refugee/migrant crisis and the Greek debt crisis. In addition, voters found the referendum question confusing and the subject matter complicated and technical. The decision to hold a referendum was taken by former prime minister Helle Thorning-Schmidt after a terrorist attack in February 2015 in Copenhagen. The government had stressed the importance of being part of cross-border police cooperation. Following the No vote, talks for a parallel agreement with Europol for Denmark are expected to take place.

Since November 1993, when the Treaty of Maastricht came into effect, Denmark has had opt-outs in four areas, namely police and justice matters, security and defence, European citizenship and the euro.

ECB and quantitative easing

On 22 January, in a much-anticipated move, the Governing Council of the European Central Bank (ECB) approved plans for quantitative easing (QE), meaning the ECB was preparing to buy government bonds from March 2015 to the end of September 2016. The plan unveiled by the ECB is expected to pump some €1.1 trillion into the economy. The combined purchases of public and private sector securities will amount to €60 billion each month. In December the President of the ECB, Mario Draghi, announced that the QE programme will continue into spring 2017. The size of the ECB purchases of sovereign bonds is to remain at the same monthly level.

Syriza comes to power in Greece

On 25 January Greeks voted in an early election. As expected, the populist, far-left, anti-austerity party Syriza, led by Alexis Tsipras, won the elections with just two seats short of an overall majority. Tsipras became prime minister and formed a coalition government with a small far-right, anti-austerity party. The new government had a mandate to end unpopular economic reforms and to increase public expenditure. At the same time it sought an extension of Greece's bailout programme, which was due to expire on 28 February.

On 27 February the eurozone finance ministers approved reform proposals submitted by the Greek Government as a condition for extending the bailout by four months. The extension – which included no new loans – was contingent on a number of conditions to be met by the Greek Government, including combating tax evasion, reforming the public sector and tackling corruption.

Grexit looms and is then avoided

On 22 June leaders of the nineteen eurozone states converged on Brussels for an emergency meeting – one of several – to resolve the Greek crisis. On 26 June, in a surprise move, Prime Minister Tsipras announced that a referendum would take place in Greece on 5 July on

the deal proposed by its international creditors (that is, the European Commission, ECB and the International Monetary Fund (IMF)). Tsipras recommended that voters should reject the deal. Greece's extended bailout expired on 30 June. Without the bailout funds, Greece was unable to repay an IMF loan then due. Greece was therefore technically in default, the first developed country to default on a loan to the IMF. Capital controls were imposed on the night of 27 June when the ECB decided to continue emergency funding to Greek banks, but also to cap it. Greek banks closed initially for one week and ATM withdrawals were capped at €60 per day to prevent the collapse of the Greek banking system.

On 28 June the Commission published the latest reform proposals agreed by Greece's international creditors, including measures to address the future financial needs of Greece. The Eurogroup was unable to approve the comprehensive package deal for Greece, due to the unilateral decision of the Greek negotiators to abandon the process on 26 June. On 30 June Tsipras appeared to make a last-minute request to access the European Stability Mechanism (ESM), the EU's permanent bailout fund, for a loan for two years. Angela Merkel responded that the negotiations would continue after the Greek referendum on 5 July, not before. As expected the Greeks voted against the bailout conditions (which were at that stage no longer on the table as the Greek negotiators had left the negotiations, rejecting them) by 61.3 per cent to 38.7 per cent, with a turnout of 63 per cent. The EU thus entered uncharted waters.

On 7 July, during a meeting of the Euro Summit, the heads of state or government of the eurozone states, Tsipras was given an ultimatum: produce reform proposals by the end of the week or face expulsion at the European Council meeting on 12 July. At the eleventh hour the Greek Government submitted its request for effectively a third bailout together with reform proposals. Tsipras asked for extra loans and for a 're-profiling' of the country's long-term debt and, in exchange, offered more concessions on key issues, including phasing out tax breaks for Greek islands and increasing taxes on shipping companies. In short, the Greek Government offered more reforms than it was asked to accept before the historic referendum. Tsipras offered more to obtain more. France became, in effect, the official surrogate of the Greek compromise, providing French officials to help the Greek team of negotiators prepare the proposals for submission. On 13 July, after some seventeen hours of talks, the eurozone leaders reached

agreement in principle on a programme to save Greece from bankruptcy and effectively to avert 'Grexit'. The deal allowed a stretching of maturities, not debt forgiveness. It also included a plan to recapitalise banks. Greek banks thus reopened on 20 July after three weeks of closure. On 11 August Greece and its international creditors reached agreement on an overall €86 billion bailout plan. The plan – Greece's third in five years – is managed by the ESM, which was set up in 2010. On 20 August Tsipras resigned as prime minister and called an election for September in order to quell mounting rebellion in his own party ranks and to seal support to implement the tough bailout programme. Tsipras and the Syriza-led government were re-elected.

Minsk II – Ceasefire in Ukraine

On 12 February, as a result of sixteen hours of negotiations in Minsk, the capital of Belarus, talks between the leaders of Germany, France, Russia and Ukraine culminated in the announcement by the Russian President, Vladimir Putin, of a ceasefire in eastern Ukraine. The pro-Russian rebels in eastern Ukraine also signed the deal, known as Minsk II. In the joint declaration the leaders of the four countries stated their commitment to respecting Ukraine's sovereignty and territorial integrity. It was also agreed to hold meetings regularly to ensure that the Minsk Agreements were upheld. However, despite the ceasefire, which is monitored by the Organization for Security and Co-operation in Europe, fierce fighting continued in south-eastern Ukraine, with government troops coming under heavy attacks by pro-Russian rebels.

On 22 June the Council of Foreign Ministers decided to extend to January 2016 EU sanctions targeting the energy, banking and defence sectors in Russia. Throughout the year the EU leaders reaffirmed their position that the lifting or relaxation of sanctions would be contingent on the full implementation of the Minsk Agreements. This meant the full implementation of the ceasefire and the genuine withdrawal of heavy weapons. By the end of the year it was clear that, though the ceasefire did not bring an end to the fighting, it did reduce the level of fighting.

On 2 October Russia–Ukraine talks took place in Paris to address the issue of elections and the gradual withdrawal of arms.

Energy Union

In February the Commission published a strategy for a European Energy Union. The focus was on energy security, completing the internal energy market, energy efficiency, decarbonisation, as well as R&D.

Juncker's investment plan

On 10 March the Council of Economic and Finance Ministers (Ecofin) approved Juncker's flagship investment plan aimed at reviving the EU's stagnant economy and timid recovery. It adopted a regulation for a European Fund for Strategic Investment. The aim of the fund is to leverage €315 billion in public and private investment. The approved projects are intended to contribute to common EU priorities, e.g. energy, digital policies, transport and innovation. Contributions from the member states will come from national investment banks.

Strengthening the EMU – The five presidents' report

On 22 June the five presidents – the European Commission President, Jean-Claude Juncker, together with the President of the European Council and Euro Summit, Donald Tusk, the President of the Eurogroup, Jeroen Dijsselbloem, the President of the ECB, Mario Draghi, and the President of the European Parliament, Martin Schulz, MEP – presented their plans for a core eurozone union. The proposals included:

- a European Deposit Insurance Scheme;
- the creation of a future euro area treasury;
- separate institutions for the eurozone, including a parliament;
- a separate budget;
- treaty changes.

The report argued that an incomplete Economic and Monetary Union (EMU) led to slower than necessary recovery from the economic crisis, and called for progress on four fronts: a more genuine Economic Union; a Financial Union, which would entail completing the European Banking Union and expediting the Capital Markets Union; a Fiscal Union; as well as a Political Union to enhance democratic legitimacy and institutional strengthening.

The report set out a road map with three stages of implementation:

- Stage 1, or ‘Deepening by doing’ (1 July 2015 to 30 June 2017): The aim here is to boost competitiveness and structural convergence, achieving responsible fiscal policies at national and euro area levels, as well as completing the Financial Union and enhancing democratic accountability by strengthening the roles of the European Parliament and national parliaments and fostering inter-parliamentary cooperation. In addition, the Juncker Commission will publish in spring 2017 a White Paper modelled on the Jacques Delors White Paper of 1985, which led to the completion of the Single European Market. In the same vein the Juncker Commission’s White Paper of 2017 will set out concrete legal measures together with a timetable for the completion of the EMU.
- Stage 2, or ‘completing the EMU’ (30 June 2017 to 2025): On foot of the 2017 White Paper the Commission will launch actions to make the convergence process more legally binding and also to create a euro area treasury.
- Stage 3 (at the latest by 2025): At the end of Stage 2, a deep and genuine EMU should be achieved, providing stability and prosperity for all participating states.

The EU’s milk quota scheme comes to an end

The European Commissioner for Agriculture and Rural Development, Phil Hogan, announced that the EU’s milk quota regime would come to a formal end on 31 March. The scheme was introduced in 1984 at a time when supply far exceeded demand. Milk quotas were imposed to stop overproduction and curb structural surpluses. The Commission now takes the view that milk quotas have served their purpose and that there is little chance of wine lakes or butter mountains re-emerging. Developing countries are seen as an important market for EU farmers’ produce. China is seen as a booming market. Also, price monitoring has improved. In addition to quotas, reform of the Common Agricultural Policy has also helped to decrease surpluses.

An end to roaming charges

On 27 October the European Parliament voted to ban data-roaming charges for mobile phones within the EU. The ban comes into effect

in June 2017. The legislation also bans Internet providers from charging extra for ‘fast lanes’, except for certain specialised services. MEPs voted to protect ‘network neutrality’ whereby there is equal treatment for all Internet traffic.

Turkey and the EU

In parliamentary elections in June the ruling AK Party – led by Recep Tayyip Erdogan, the directly elected President of Turkey since 2014 – lost its overall majority. A ceasefire between the Turkish military and militants from the PKK Party collapsed after a suicide bombing in July by suspected IS terrorists, killing 30 Kurds. In October the country was again rocked when two suicide bombers targeted a peace rally in Ankara, and more than 100 people died. Erdogan called new parliamentary elections for 1 November, which saw the AK Party regain an overall parliamentary majority. The election result was widely seen as a desire by the Turkish people for stability and peace. Although the AK Party won enough seats to form a government alone, it fell short of enough seats to amend the constitution to increase the power of the president without a referendum.

On 29 November, at an EU–Turkey summit, agreement was reached on Turkey’s role in stemming the flow of refugees to Europe. Turkey agreed to strengthen its borders. Many migrants have arrived in Europe through Turkey. As part of the deal the EU offered €3 billion to increase resources to support the refugees staying in Turkey. The EU also agreed that Turkish citizens will be given the right to travel throughout the Schengen area without a visa from October 2016. In addition the EU gave an undertaking that talks on Turkey’s bid to join the EU would be revived.

2015 – European Year for Development

The year 2015 was officially designated European Year for Development (EYD) by the European Commission. The EYD focused on different themes each month. These included human rights, sustainable development and climate change, food security, demography and migration, humanitarian aid, children and youth, sustainable growth, peace and stability, health, women and girls, education, as well as Europe in the world.

COP21

In December the long-awaited Conference of Parties on climate change (COP21) took place at Stade de France in Paris, bringing together some 750 delegates from almost 200 countries. On 12 December an agreement was reached on a new universal, legally binding action plan to limit global warming to less than 2° C (3.6° F) by the end of the century. The plan is scheduled to come into effect in 2020.