

If you attended Conference in sunny, hot Brighton this year you will know what I mean when I say that this was a good Conference for the Liberal Democrats. This chimed with the view of Steve Richards of *The Independent* and one of the panellists in LDEG's popular fringe event "Question Time on Europe," when he was interviewed by Andrew Neill. None of the backbiting, whispering in corners or the media sniffing around for plotters that we suffered at Blackpool or the horrors of last Spring. Just Liberal Democrat members doing what they always do, debating motions and deciding policy in public in a democratic manner unheard of in the other major parties. What was missing from the debates was any mention of Europe! What is worse, is that between now and the Euro elections in 2009, there will be no planned policy debate on European issues or a major showcase for Europe at all.

**It took the much heralded speech by Charles Kennedy to remind the Party as a whole that we are the "Party for Europe" and that we should not run away from our fundamental beliefs just because the conventional wisdom in Cowley Street is that we shouldn't mention the "E" word. He was warned off tackling Europe as a political issue when he was Leader and regrets taking that advice. So must we!**

To redress the balance LDEG put on a trio of first class fringe events covering the way ahead for the European Constitution, whether the EU could make headway against climate change and, of course, "Question Time on Europe". All of these events were heavily subscribed and we had to make hasty arrangements to almost double the seating available. My thanks to the Exec members who helped with the arrangements and to our guests, including Paddy Ashdown, the Turkish Ambassador, Steve Richards, Fiona Harvey of the *FT*, Michael Moore and Chris Huhne, who made each event so special.



### **The Chair's View** **Ed Featherstone**

As an experiment, a video of all three events, made by Jonathan Wallace, will be available to access through our website. Have a look and let me know what you think. A rapporteur attended each event, and their take on the sessions can be found in this newsletter.

LDEG's stall was a busy place, so much so as to warrant a larger pitch next year. We owe

thanks to Catherine Bearder, Derek Honeygold, Alex Sinclair and others for all their efforts in keeping it going. Catherine is putting regional conference packs together as I write: these should be with regional reps in time for autumn conferences.

Our MEPs included a consultation session on a cross-section of EU issues based around the paper written by Chris Davies MEP and launched at Harrogate earlier this year. It was a lively, well attended session, which will lead to a paper at Spring Conference. This is an independent effort by our MEPs to keep Europe high on the agenda and deserves the whole-hearted backing of Cowley Street.

If you agree that Europe deserves more prominence between now and 2009, then write to the Chief Executive, to Ming, to the Federal Executive and the Federal Policy Committee and tell them what you think!

On a lighter note but just as important, we have the One Millionth signature on the "One Seat" for the European Parliament petition. More good news too, in that the European Movement will be funded by the EU to arrange events for the "Speak up Europe" campaign. This will include the staging of public debates on the theme of "What has Europe ever done for us." Watch our revamped website at [www.ldeg.org](http://www.ldeg.org) for details.

**Editor: Linda Forbes**

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 Views expressed do not necessarily represent those of the party or LDEG

## Just how leaky are the external EU borders?...

Council workers in Russia have stumbled across a pipeline that is allegedly pumping vodka into neighbouring Latvia.

The pipeline, thought to be around a mile long, had been laid six feet underneath the surface of the ground and was pumping homemade vodka across the border to be sold in Latvia. It ran between two rented houses that were empty when they were raided by local police, but was discovered when local authority workers began digging holes in the ground to plant trees in the area.

Local border police said that they always suspected that the illegal trade was taking place. "We had our suspicions that there was someone running hooch across the border here but we could never figure out how they managed it, Yakov Kabanov from the police said. "They probably would have got away with it for decades if those trees hadn't been planted as well."

The police have begun an investigation and are now questioning people in the town of Buholovo about the pipeline.

*This story is brought to you from Local Government International Bureau's website  
www.lgib.gov.uk*

## Want to know how the EU actually works? Then consider an LDEG-organised visit!

Members and non-members alike who have been to Brussels on one of these invariably speak highly of them. In the course of two working days you'll have the opportunity to:

- attend a European Parliament plenary session;
- meet Liberal Democrat and other ALDE MEPs;
- be briefed by Commission officials on policy issues;
- catch up with Brussels-based Liberal Democrat members.

All this, and Belgian beer and chocolate too...

Next trip is scheduled for 28th - 30th November so book your place through **George Dunk** on 020 7252 1920 or [george.dunk@btinternet.com](mailto:george.dunk@btinternet.com)

### ***Derek Partridge reports on his visit to Brussels***

I was a member of the group, photographed in Liberal Democrat News issue of 16 June, that went on a study visit to Brussels.

I went briefed by WaterAid on their campaign about the failure of the EU's Water Initiative to achieve any results after four years. I found that Fiona Hall and Graham Watson had already taken action. Both had questioned the Commissioner for Development & Humanitarian Aid and Fiona had spoken on behalf of ALDE in the Assembly.

We met the majority of the Lib Dem MEPs and were impressed by their dedication and competence, working hard to shape a better future for Europe. We heard Liz Lynne speak in the Assembly on Guantanamo Bay. I was impressed by how effective our MEPs, both individually and as a group, can be. British Lib Dems are the largest single component of the ALDE group which is itself the third largest in the Assembly. We were told about the co-operation that takes place between the members of different groups on committees.

Our MEPs told us they would welcome a closer relationship with our MPs. I have come back determined to do what I can to increase our number of MEPs at the next European Elections.

- Wanted -

## LDEG Social & Political Events Organiser

Are you persuasive, ingenious and have a gift for organising? Can you charm speakers and enthuse people to attend events? If you possess these skills then you're undoubtedly the person for the job!

Ed Featherstone is waiting to hear from you on 01442 386011/07889 953974 or [ed.featherstone@btinternet.com](mailto:ed.featherstone@btinternet.com)

# The European Union & The Environment

“Damage to the environment is constantly increasing and natural reserves are running out, jeopardising the basis of our existence and that of future generations”

G8 Environment Ministers, April 2000

## The Importance of the EU in Environmental Matters

The environment is without frontiers; only joint action can protect it. EU Member States have the great advantage that the EU provides a ready-made framework in which this can be achieved among the 25 Member States and between them and the rest of the world. The EU acts in two ways – legislating within the Union to deal with crossborder problems, taking account of costs as well as benefits, and by taking a lead internationally. This briefing note gives the background to EU environmental policy and attached to it is a checklist of European Union measures designed to protect the environment. The briefing shows how EU members can act to protect the global environment. The growing challenge of climate change is dealt with in a separate briefing note.

## Integrated Environmental Policy & Sustainable Development

Article 6 of the European Community Treaty, states that environmental protection is to be integrated into the definition and implementation of all Community activities and policies. This need to integrate environmental concerns into other EU policies has been acknowledged since the Single European Act (1986 treaty on the Single Market).

The EU has environmental action programmes to make this objective a reality. It is currently implementing the sixth environmental action programme (6EAP), adopted in 2002 and running until 2012. Under the 6EAP, seven thematic strategies for improving the environment have been proposed by the European Commission, covering air, waste, use of natural resources, the marine environment, pesticides, soil and the urban environment.

Article 177 of the Treaty of Amsterdam put the concept of sustainable development at the heart of the EU's co-operation programmes. This means that when working with third countries to improve their economic and social circumstances the EU requires that the governments of developing countries systematically take account of the environmental aspects of policies.

## Environmental Liability

The EU supports the principle that the polluter pays for the consequences of his pollution. This approach was enshrined in the directive on environmental liability agreed in 2002. Under this proposal, environmental damage means damage caused to the aquatic environment covered by Community legislation on water management, species and habitats protected under Community legislation on nature conservation, areas protected under national or regional legislation on nature conservation, and health risks resulting from soil contamination.

Where environmental damage occurs, the relevant national agency or government will require the operator to take steps to deal with the problem. If the operator cannot do this, for example because they are no longer trading, the clear-up will take place anyway. It will be open to national governments to establish common funds, financial guarantees or other methods of ensuring that pollution is cleared up if the original polluter cannot pay.

This directive came into force on 30 April 2004.

## Environmental Information

The European Union wishes to keep citizens informed about and involved in environmental matters and to improve the application of environmental legislation. The EU has signed the Convention on access to information, public participation and access to justice in environmental matters (the Århus Convention of 1998).

## Environmental Policies

The list below includes some of the areas where the EU has legislated to protect the environment in areas where cross-border problems exist. The bathing waters of the Mediterranean, for  
continued over...

Autumn 2006

# Forthcoming events



## 50th anniversary Treaty of Rome

The European Movement in association with the Federal Trust and Chatham House is organising a one day conference on Thursday March 22, 2007 with the theme 'celebrating the successes, facing the challenges'.

Peter Mandelson and Kenneth Clarke are keynote speakers. Also taking part are the German Ambassador, Peter Sutherland, Denis MacShane, and FT's UK Editor, Philip Stephens. Patrons include the Foreign Secretary, Sir Menzies Campbell and Lord Britten.

Details of the programme, registration and conference fee will appear on LDEG and European Movement websites on January 1, 2007.

Enquiries to Stephen Quigley, Chairman of the Steering Group, EU50 Project at [squidcom2@aol.com](mailto:squidcom2@aol.com)

*If you wish to publicise events that might be of interest to members of LDEG then please supply details to the Editor for inclusion in the Newsletter. We can also create a link to your website if required.*

example, cannot be separated by nation state. Pollution from one country can easily affect the beaches of another. Wild birds fly across national boundaries; waste like household rubbish and batteries can all too easily be collected in one country and illegally dumped in another. By tackling cross-border environmental problems at EU level there is more chance of the issue being effectively dealt with because the EU has both the resources and the enforcement mechanism.

Environmental action at EU level can also benefit the Single Market. The proper disposal of waste, for example, is a significant cost to industry and having a single set of standards for disposing of certain kinds of waste is fairer in competition terms.

### **The Bathing Water Directive**

Amongst the earliest measures of the EU were quality standards for drinking and bathing water. The 1976 Bathing Water Directive sought to raise the standards of bathing water by setting minimum standards for the quality of bathing water. This is done through microbiological standards, which set limits to the amount of faecal pollution allowed in bathing waters. Many of Britain's 567 bathing areas were affected by the discharge of sewage into the sea in the past. The Bathing Water Directive led to a major national programme to stop sewage discharges in proximity to bathing areas. Over the last decade, the percentage of beaches in the UK meeting the EU standard for safe bathing water has risen from 82 per cent to 97.7 per cent. This directive also gives a degree of protection to the very large number of British tourists who swim off Mediterranean and other European beaches.

The Commission has recently begun enforcement procedures against a number of Member States who have been removing various beaches from their official list of bathing waters in order to evade their responsibilities under the Bathing Water Directive. The United Kingdom is being pursued because some of its urban water treatment works are inadequate for the volume of the sewerage generated and polluted waste water is, as a result, being discharged into seas and rivers. The Commission has particularly cited four places in the UK affected by the discharge of polluted water; they are Torbay, London, Whitburn and Kilbarchan.

The law on bathing water quality has recently been modernised, with a new directive agreed in February 2006. This tightens the bathing water quality rules and will repeal the existing directive at the end of 2014, giving Member States time to make the necessary changes to comply with the tougher standards.

### **Wildlife & Conservation**

The countryside is constantly threatened by development projects – highways, railways, airfields, and industrial buildings. Powerful commercial interests are often involved and governments themselves may be the developers. To ensure that the procedures leading to authorisation are transparent and accountable, the EU insists on Environmental Impact Assessments, in which the full extent of environmental harm can be set out and measured against the economic benefits claimed for the project.

The Habitats Directive agreed in 1992 seeks to establish an EU-wide network of nature conservation sites (Natura 2000). There are two types of conservation area: the first, Special Areas of Conservation, are

created by the Habitats Directive; and the second, Special Protection Areas, were created by the 1979 Directive on the protection of wild birds. The measure to protect wild birds was particularly controversial in some EU countries because of a tradition of hunting small birds. The aim of these protective zones is to create an environment in which the population of protected birds can thrive. The Directive restricts hunting, the sale of birds, the taking of eggs and so on so as to allow the species to recover. Over the last decade the bird population trends in these areas have been better than for birds elsewhere in the EU.

The UK has nominated 608 sites as potential Special Areas of Conservation and there are 246 Special Protection Areas with a further 13 awaiting designation.

### **The Landfill Directive**

In 1999 the EU adopted a Directive on the disposal of waste by burying it in landfills. The purpose was to establish common standards for landfill sites covering, for example, their proximity to residential areas and to waterways. Under the terms of the directive, appropriate steps must be taken to prevent leaking of waste into soil and into water sources. Certain types of waste cannot any longer be disposed of in landfill, such as rubber tyres, hospital and clinical waste and liquid waste.

The Directive requires that all existing landfill sites meet the new standards, except those relating to location, by April 2009. Other parts of the Directive, particularly those relating to the disposal of hazardous waste in landfill sites, are already in force.

### **The Batteries Directive**

The European Commission published a proposal in 2003 for a new directive on the disposal of batteries. It is anticipated that the directive will become law in the UK in 2008 with all the targets in it having to be met by 2012.

The purpose of the directive is to ensure that all automotive and industrial batteries collected are recycled in future, along with 90 per cent of collected consumer batteries. As the UK currently has a very poor record for battery recycling (less than 2 per cent of consumer batteries are separately collected) a considerable amount of work will have to be done to persuade the public to separate batteries for disposal in their waste and local authorities will need to make arrangements to collect them. A pilot project in Bristol, in which residents put batteries out with their household refuse in a specially marked bag, proved very successful.

### **Directive on Waste Electrical and Electronic Equipment (WEEE)**

The directive is intended to reduce the quantity of waste from electrical and electronic equipment and increase its re-use, recovery and recycling. The directive affects producers, distributors and recyclers of electrical and electronic equipment - including household appliances, IT and telecoms equipment, audio-visual equipment (TV, video, hi-fi), lighting, electrical and electronic tools, toys, leisure and sports equipment.

The main requirements of the directive are:

- that Member States set up systems to encourage separate collection of WEEE; and are to set up systems which will allow the

return of WEEE free of charge to the final holder;

- that whilst there is no mandatory requirement for householders to separate all WEEE, Member States must encourage appropriate behaviour;
- that retailers are to ensure that WEEE is taken back on a one to one basis when a new, equivalent product is supplied; but Member States can provide that retailers make alternative arrangements instead, provided that they are free of charge to the final holder of the WEEE;
- that by 31 December 2006, Member States must achieve a collection rate of at least 4 kilograms on average per inhabitant per year of waste electrical and electronic equipment from private households;
- that Member States are to ensure that all WEEE collected from private households is transported to treatment facilities authorised under Article 6. Article 6 sets down standards which treatment facilities will have to meet;
- and that Member States are to ensure that systems are set up by producers to provide for recovery and re-use of separately collected WEEE according to set recovery, re-use and recycling targets. Targets are set as a proportion of collected WEEE from private households.

The Government brought forward the necessary UK legislation to implement the directive earlier this year following a further round of consultation on the details. The directive comes into force in August 2006.

### The End-Life Vehicles Directive

Around two million cars are scrapped every year in the UK. The EU adopted a directive in 2000 designed to address the environmental consequences of this waste.

The main points of the directive are:

- that producers limit the use of hazardous substances and increase the quantity of recycled material used in the manufacture of their vehicles; and that producers design vehicles for easy recycling;
- that as of 2007, producers pay all or a significant part of the costs of free take-back of vehicles of no or negative value to a treatment facility;
- that producers meet certain recovery and recycling targets by 1 January 2006 and 1 January 2015; and
- that treatment facilities have permits if they want to deal with ELVs and should operate to higher environmental standards.

Producers will pay for "all or a significant part" of the costs of free take-back and treatment of all End-Life Vehicles from 1 January 2007. The directive gives flexibility to Member States in deciding how to fund take-back and treatment between 2002 and 2007. The Government announced on 21 June 2003 that, until 2007, the "last owner" of the vehicle would continue to have responsibility for its disposal.

### The Drinking Water Directive

The EU first legislated in 1980 to set minimum standards for drinking water quality with the aim of ensuring that water is safe and pleasant to drink. Based on guidelines issued by the World Health Organisation (WHO), the initial Drinking Water Directive was replaced in 1998

with a new law which reflected a toughening of the WHO's standards and a more co-ordinated approach to EU water legislation. The cost of complying with the directives has been significant because of the widespread presence of pesticides, lead and other poisonous substances in European drinking water but water quality has risen considerably over the last 20 years.

### Fridges & Freezers

Up to three million domestic fridges and freezers and another half a million commercial units are disposed of annually in the UK. The EU agreed a regulation in 2000 that requires Member States to remove ozone-depleting substances (including CFCs and HCFCs) from refrigeration equipment before such appliances are scrapped. This requirement came into force immediately for industrial and commercial appliances and applied to domestic appliances from 1 January 2002. There has been a delay in sufficient treatment plants coming on stream in the UK that can carry out the necessary work but the backlog of collected fridges is now being tackled. The alleged "fridge mountain" crisis has not materialised to the extent predicted.

### Chemicals – the 'REACH' Regulations

The EU reached political agreement in December 2005 on a new system of regulation for all chemicals. This will ensure that chemicals are properly evaluated before they are put on the market. The EU is trying to ensure that this regulatory system is constructed in a way that imposes the minimum regulatory burden on industry, for example by making it only necessary to register a chemical once. REACH (Registration, Evaluation and Authorisation of Chemicals) will provide detailed information on about 30,000 different substances in the EU and will strengthen controls on those substances of most concern. The directive allows for certain substances to be exempted from this new system.

The above article is courtesy of the Senior Experts Group of the European Movement, which is made up of former high-ranking British civil servants and UK ambassadors to the EU and the UN including Roger Beetham, Sir Colin Budd, Sir Michael Butler, Lord Robin Butler, Sir Brian Crowe, Sir David Elliott, Sir Michael Franklin, Robert Jackson, Sir John Goulden, Lord David Hannay, Sir Michael Jenkins, Lord John Kerr, Dame Pauline Neville-Jones, Sir Michael Palliser, Sir Crispin Tickell, Sir Stephen Wall, Michael Welsh, and Lord David Williamson.



# LDEG Fringe Events

## Sunday, September 17: *The EU Constitution – what next?*

Speakers: Andrew Duff MEP: East of England Region,  
Michael Moore MP: Berwickshire, Roxburgh and Selkirk, and Shadow Foreign Secretary.

### **Andrew Duff**

Agenda of conference dominated by domestic issues. Attention to international affairs including Europe marginalised.

Two crises in European Union: collapse of the Constitution project following rejection by French and Dutch; the Middle East and relationship with popular Islam.

On the Middle East: EU has chance of developing a mature common foreign and security defence policy. Sending troops to Lebanon a great step forward for member states but in the absence of UK, central to Community security policy, it's risky. If the venture fails because of the lack of political integration it will put pressure to salvage the treaty.

On the Constitution: Neither Austria nor Finland have taken the project forward despite good intentions. German presidency will see formulation of a mandate, he thinks, for a further intergovernmental conference to renegotiate the treaty under Slovenia presidency in spring 2008, completed by France in time to offer a refreshed package for the European elections in 2009.

What can be renegotiated? Some member states with strong nationalist orientation would like to start all over again and pull original constitution apart. Sarkozy wants to cherry-pick. But what may help France change its mind could provoke opposition in other countries.

Destroy the package and you destroy the consensus behind it. Duff's preferred plan is to have the policies section subordinate to the first part namely the decision-making procedure, competences, and powers of the institutions, which should be ring fenced from being opened up.

Modify:

Economic governance: Fresh power to the Commission to propose macro economic policy especially in the Eurozone. The Lisbon economic priorities form no part of the Constitution at present.

Social model: A range of social models for organising our economic society exist across the union. Not

impossible to find a framework that will embrace them all. A means of bridging the capacity to be employed with the drive to competitive enterprise. The social dimension must be respected.

Climate security: Current focus is on pollution control. It should be broadened to include climate change. In that way it could help with CAP reform and development of a common energy policy.

Expansion: In the view of citizens the union's expansion is out of control. Quality control on future enlargement with scrupulous adherence to the 1993 Copenhagen criteria must be emphasised.

Reform of finances: Financial framework needs reform. UK has been against reform of revenue base, France against change in expenditure. These oppositions have been removed. The EU is now in a position to match spending plans to political priorities.

The resulting package will be credible, popular and attainable.

### **Michael Moore**

Need to strengthen links between Westminster and Brussels. Political task to deliver the constitution has changed. In last 10 years arguments for Europe have become harder to make despite the benefits structural funds have brought to the borders. Anti-globalisation views are affecting views on Europe.

Taking Andrew Duff's points:

- UK would oppose a greater role for EU in economic governance.
- EU's approach to climate security is beneficial. CAP is in structural transition.
- On expansion, agreed lock in Copenhagen but not clear that will bring in all Balkans.
- Agreed need to reform finances to as to pass audit.

Duff defends the decision to call it a Constitution on account of the importance of the changes proposed.

In sum, 'the story can be told if we persevere. As in personal life second thoughts are often superior.'

# Conference Report

## Monday, September 18: *Can the EU switch off climate change?*

Speakers: Chris Davies MEP: North West of England Region,  
Chris Huhne MP: Eastleigh, and Shadow Secy of State for Environment,  
Fiona Harvey : FT Environment Correspondent.

### **Chris Davies**

EU has taken lead in climate change because of the size of its economy and its powers within the treaties. All environmental legislation is by QMV and co-decision. EU has track record. Picked up Kyoto when abandoned by the US.

EU has regulatory powers that can change community patterns of behaviour: landfill directive to reduce methane, (more damaging greenhouse gas than carbon dioxide), energy performance in buildings, directives that require car manufacturers to reduce emissions, minimum energy requirement of electrical goods, emissions trading.

Good on paper but EU is less good on enforcement, and implementation is slow. Renewable energy directive intended to achieve 21% of energy requirements by 2010 in fact is at 14% in 2006. Eight states have not implemented after three years amongst whom is guess who?

It's just not enough. Energy in buildings directive not much used, aviation emissions trading far off, emissions from cars is a voluntary measure: as a result not much has happened. Need binding laws.

Emissions trading? We gave out more licences than there was pollution. But we will learn from it. We were to obtain 8% reduction on 1990 emissions by 2012. Best estimate of achievement is 6.8%. Most of what has been achieved to date has been by closing coal mines.

Green tax? Too low to make much difference but would do something. Should be set at EU level.

EU has huge role. Has good intentions but lacks energy. Needs the drive and dedicated focus on climate change of the US Apollo programme of the 1960s. And the political will.

### **Chris Huhne**

EU persuaded Russia to sign up to Kyoto. Without its involvement Kyoto would not have been launched. Example of pressure of EU members on global stage: Russia supported Kyoto in order to join WTO.

On emissions trading, we are learning by doing.

Autumn 2006

We accept that far too low reduction quotas were allocated to member states. Next phase will need to be tightened with incentives to reduce. This is the best way to reduce carbon emissions. Incentive to keep on reducing. It's the only game in town. Need new scheme post 2012.

Three elephants at the door.

First, US not a participant in Kyoto. But Senate is getting closer and in next few years will join. Look at the emissions trading taking place between the seven North East states and what is going on in California. All three presidential candidates, McCain, Hilary Clinton and yes Al Gore, in favour. They could bring in China and India. They will be influenced by ever accelerating evidence. Public opinion in US is moving fast. Politics becoming more favourable.

EU negotiates for UK and other member states on global stage, can take on US and other key players. 80% of emissions produced by 20 countries. US is responsible for 25%.

If we fail to apply directives you get competitive distortion across the EU. In case of certain type of adapters for managing standby on electrical equipment, which is an EU standard, if a member state doesn't implement as in case of UK, we are at a competitive disadvantage.

There is a big EU R&D project on renewables. Doing at community level saves duplication among member states. UK domestic housing standards in terms of energy use not tough enough. 65% less effective than Sweden. Where, as in this case, there is no competitive distortion let countries handle locally.

EU has been at projecting climate change issues on world stage. Flesh is weak but spirit is willing. Works well on common cause such as Kyoto.

### **Fiona Harvey**

When I started writing on the subject forecasts were for impact by 2080. Now scientists are getting more worried. We are living in danger zone now. World more sensitive to change and that warming can accelerate very quickly. We don't have so long to solve the problem. NASA which from looking at the stars is

# LDEG Fringe Events

turning its attention to the earth says we have 10 years in which to save the Arctic. It's urgent.

International action held up by US. US says technology is the answer. Yes but we have the technology to save emissions by 60 per cent today. Lighter glazing, building materials, carbon composites for cars. Why don't we use? But cars have always been made of metal, and changing the process would be expensive.

Need to reinvent infrastructure. Take the power grid - which is based on central power station and long transmission lines. Better for environment to have local power stations and shorter transmission.

We have to overcome inertia: users of cheap flights don't intend to flood the South East by raising sea levels, but that could be the effect of their action. Pollution is free. No penalty. True cost is not in the cost to us of what we use.

EU has started to apply cost in emissions trading. But the scheme hasn't worked perfectly. The UK has been quite stringent but other member states have given out more permits than they should have done. In the period 2008/ 2012 other countries not taking up the challenge the way the UK is. What we will achieve is the Kyoto target of 5 per cent. Not enough. In fact really nothing.

Lib Dems seek to take the lead in environment with green taxation of £7-9 bn. But even this won't add up to much. Just tinkering round the edges. Needs a swingeing tax to persuade people to go green. Go for carbon tax on all forms of emission; this would have immediate effect. We need to price in the environmental cost.

**LDEG fringe events were filmed by Jonathan Wallace; videos can be downloaded from [www.ldeg.org](http://www.ldeg.org)**

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**Tuesday, September 19:**

## **Question Time on Europe**

**Speakers:** Lord Paddy Ashdown, HE The Turkish Ambassador, Diana Wallis MEP, Steve Richards - political correspondent to *The Independent*  
**Chair:** Ed Featherstone

When it came to our third fringe meeting, we had already had two stimulating and very well attended meetings; this one was to outdo them both with many extra chairs required for those coming along.

### **DEPENDENCY ON RUSSIA FOR OIL & GAS**

Diana Wallis, it transpires, has a bit of a thing about Norway, and only partly because it is the world's third biggest supplier of gas - putting her claim that we need Norway in the EU, and EU-wide solutions to energy matters, given that countries such as Germany, with the trans-Baltic pipeline, are "doing their own thing". Steve Richards made the same point, mentioning the apparent inability of the EU to pull together and saying the case for energy cooperation must be made. Paddy Ashdown's approach was different in emphasis - "we must reduce our dependence on oil and gas" claiming that if there is a shortage, we should not assume we must seek other suppliers but look to sustainable energy, otherwise we will be so very vulnerable. The Ambassador reckoned Turkey is helping with present and future supplies through its territory from Russia and Central Asia.

### **MEMBERSHIP: BULGARIA AND ROMANIA**

While the dynamics within the EU have changed greatly, Steve Richards was critical of the Conservatives who had so favoured expansion in the past. Paddy had much to say about this (and has clearly been greatly influenced by his time as High Representative in Bosnia Herzegovina); it is worth recording what he had to say in some detail:

He is firmly in favour of their accession, commenting: (i) where are the limits? Most obviously geographically to the east but also to what he termed the EU's "functionality"; Europe needs clear policies and Brussels is too often "dysfunctional";

(ii) he wanted to speak about the "west Balkans" (ex-Yugoslavia), regarding these countries as wholly European and predicting "terrible consequences" if they do not become members in due course. He claims issues such as corruption and crime (he gave drugs and the trafficking of women as examples) will only come under some control within the EU. These nations can be a bridge to Islam - after all, Islam has been there for 400 years and has made a unique contribution to

# Conference Report

**Tuesday, September 19:  
Question Time on Europe cont'd**

society. Paddy regards this as a major item of unfinished business;

(iii) the EU has already demonstrated its ability to secure peace around its borders; expansion should see further progress;

(iv) by demanding adherence to the Rule of Law, Brussels has ensured improved internal security in the accession countries.

HE the Ambassador was supportive of the two accession countries and Diana spoke of a recent visit to Bucharest, and her surprise when confronted with an audience of lady Judges - "any one of whom would have given our High Court Judges a run for their money". She reminded us that there are already observer "MEPs" from the two countries.

## **EU'S EVENTUAL BORDERS AND CRITERIA FOR FIXING THESE**

The answers moved away from the question: however, Paddy, in characterising the EU as the world's first genuine supranational state wants it to have real power; "we need institutions that are above the nation state"; he claims this is an endeavour which "must succeed". At this time the EU is too inward-looking and it badly needs to decide how far east it extends; thinking of this, it seems he has no time for the division of the Ukraine in people's minds between a European west and Slavic east, for him, that sort of talk leads to his "reaching for his tin helmet".

Digressing from the question, but seeing an opportunity, Ed invited HE to "make his case": the Ambassador feels that with more than a 4,000-year history, during much of the time as an integral part of Europe, and given that her accession application has been recognised within the EU over many years, the principle of Turkish membership has been accepted. However, he noted that Turkey is going through a reform process now, seeming to accept that there is a good deal further to go.

Diana took up the Turkey question, observing that the country has a commitment from the EU, subject to the criteria being met. She noted the debate about enlargement continues in many states but spoke of the referendum in Switzerland, when there was a "Yes" to both enlargement and free movement (even though Switzerland itself isn't a member!). She wanted to make another point (responding to Paddy), saying that while the EU is dysfunctional in many ways it does a fine job

in others. She is concerned that with enlargement all countries have fewer MEPs.

Steve feels uncomfortable about enlargement, looking to there being a pause while a new set of rules (a Constitution?) is agreed. He took the opportunity to speak of British media disinterest and a Press which is predominantly anti further expansion.

## **BRITAIN'S POSITION IN THE EU WITH GORDON BROWN AS PM**

Steve reckons Brown is trapped into wooing the Eurosceptic newspapers but speculates that he will want to make it work, having been impatient with his fellow Finance Ministers while seeing his proper place as being amongst the leaders. Paddy reminded us that "grumpy Gordon" used to be quite gregarious, although he has moved away from his initial disinterest in foreign affairs. As to the EU leaders: they will welcome him for they are fed-up with Blair. The Ambassador spoke more frankly here than in some of his more "diplomatic" responses, for he didn't see the UK making much progress within the EU while the British public opinion is so negative. For Diana it was a case of a welcome change; the British Presidency had been a disappointment, with Tony Blair making an outstanding speech to the European Parliament, which had excited many Liberals, but then, as so often, failing to follow up or implement.

## **WHAT SINGLE CHANGE WOULD MAKE THE EU BETTER?**

Diana Wallis - the monthly move to Strasbourg "pisses people off"; a stop to this is top of her agenda because it would do so much to enhance the standing of the EU and its Parliament.

Steve Richards - a new set of rules, preferably not to be called a "Constitution".

Paddy Ashdown - he agreed with Steve, speaking of a "statute of limitations" and identifying the differences between Council and Commission as a disaster; sorting this out is at the heart of the EU, whether it be seen as a Federation or Confederation. In essence, establishing where power rests between Brussels and the member countries is a priority.

## **LDEG Rapporteurs:**

Mike Cooper: 17th and 18th September  
Stephen Quigley: 19th September  
Our thanks to both for their hard work.

# No case for holding back

## says Kennedy

For us British Liberal Democrats the great European cause is not what it once was – at least for the time being. When a better historical perspective is served on the Blair tenure I believe that the missed opportunity to settle the European issue in domestic UK politics for a further generation or more will go down as a lacklustre landmark.

And it all started so promisingly. I shall never forget my bedside radio switching itself on, the Saturday morning after Labour's victory the previous Thursday back in 1997. There was a full-scale interview with the (alas) late Robin Cook, our country's new Foreign Secretary. In the course of which he was sensibly, constructively and very positively pro-European. It made me head for the shower with an uncharacteristic spring in my step.

In the years that followed, in my various dealings with the Prime Minister, we probably spent as much time talking about Europe as we did any other single issue – but usually at my behest. Again and again I was reassured that it would be alright on the night, yet more than once the pro-European forces of all parties and of none were to find themselves marched to the top of the hill... and then...?



It is a strange irony that this commanding Prime Minister could have found a better legacy in Brussels than he is likely to in Baghdad.

The faultlines of Europe continue to carve themselves into the British body politic – except, of course, that the scars run deep in a different way. Now the issue seems to be less pro or anti EU, instead more a dangerously collective silence on Europe, except where more extreme opinions are concerned. Liberal Democrats should not be *sotto voce* in such circumstances.

But the pressure is severe, believe you me. “Europe is not a vote winner on the doorstep, so try not to talk about it unless you have to – and, even if you have to, stress that we're the party which was the first to argue for a referendum.” All of which is undeniably true... but...?

Roy Jenkins taught me a lot about politics and, in her obverse way, so did Margaret Thatcher. One lesson is that seemingly unpopular stances, instincts or attitudes need not necessarily cost you votes – there are always plenty other issues to perform that trick – but people will nonetheless respect a degree of broader, principled commitment. For Liberal Democrats Europe has to be in that category.

The great thing about Europe is that it won't ever go away; that remains the perpetual smile on the face of Sir Edward Heath. A few years ago, without much advance knowledge, I discovered not only that he had personally nominated me for admission to the European Senate of Honour but also that he was to attend and deliver the proposing address at Antwerp. We dined together the night before in his favourite Brussels restaurant. “You and your party have always been steadfast,” he intoned, “it is so important you remain so.”

He was correct and so we should. There is no long-term case for holding back.

This was a Consultation Session at Brighton Conference to “consider current topical issues in the EU” presented by an MEP team of Diana Wallis, Elspeth Attwooll, Chris Davies, Fiona Hall, Sarah Ludford and Bill Newton Dunn.

The session was split into 5 parts starting with “**The EU and Enlargement: how big?**” and received wide ranging sets of views on what should be the criteria for entry to the EU family, the position of Turkey, the current anomalies such as French overseas territories, the difficulty of agreeing what is Europe especially with regard to Russia. Surely we could not have half of Russia joining and therefore none of Russia could join or do we open entry to any who wish to enter and conform to the qualifying criteria? Should we concentrate on deepening the EU we have now rather than pursue an ever wider membership but then what of Iceland, Norway and Switzerland? This part of the session produced more questions than answers but there was some consensus that the EU needed a period of consolidation before any further enlargement and that a constitutional settlement was probably needed for the EU to define itself. There was also suggestion of what relationship the EU should have with immediate neighbours especially round the Mediterranean basin, whether they were potential members or not.

For “**The EU in the world: getting its act together?**” there was discussion of an EU form of FBI in order to fight organised crime. Bill Newton Dunn explained how criminals worked within the EU structure to commit crimes, whilst the Police were so often hampered by national incompatibilities. On Defence, the embarrassment of Kosovo, where the distant US was the only country available to provide coherent forces when the European nations could not do so in their own back yard. Further interoperability, sharing of large procurement programmes, closer cooperation and joint operating were seen as interim actions leading to a properly coordinated and funded Common Foreign and Security Policy. The personal efforts of Javier Solana in developing EU foreign policy were cited as evidence of progress.

“**The EU and its citizens: delivering justice and security?**” section was opened by Bill Newton Dunn and included a discussion on how the UK’s Schengen opt out was causing problems for Eurostar (following the law of unintended consequences!) Through routes from Brussels and Paris to Edinburgh, Manchester and Inverness do not exist because the Home Office balked

at setting up customs and immigration facilities at mainline stations all over the country. Ashford International and Eurostar trains could be used for local journeys within UK (as in France and Belgium) if we did not have the Schengen opt out hanging over our heads. This could assist Eurostar’s profitability.

“**The EU and the Environment: saviour or destroyer?**” gave Chris Davies the opportunity to lead but gave Elspeth Attwooll the opportunity for the best quote of the afternoon about the Common Fisheries Policy, with “After 7 years on the European Parliament Fishery Committee, I’m not sure I understand it!” and regaled the audience with tales of unequal implementation of the rules and unequal fines between EU states and the ridiculous situation of fishing vessels dumping perfectly edible fish over the side because they were over quota. Clearly something radical needs to be done. Reducing the amount of fishing and farming allowed in remote parts of Britain might lead to wholesale depopulation, especially of the Isles, if compensating measures were not taken. Steve Robinson made the point that the Environment is one area where the EU is perceived to be “getting it right.” We should use this to raise the status of the EU and its reputation.

Little time was left for “**The EU and democracy: still too many closed doors?**” This dealt with improving contact and involvement of our citizens in the EU decision-making process and how we improve the quality of input from UK regions. The viability and continued existence of the Committee of the Regions was discussed with most in favour of its retention. Points raised included consistency of application of EU rules and by Kevin Dawes a plea for consistency on campaigning between MEPs and Westminster MPs. One suggested improvement in communicating with the voters was to allow each MEP at least one free newspaper to each constituent, similar to that allowed for Westminster MPs. It was also suggested that if we are to educate and inform the electorate on Europe we must first put our own Liberal Democrat house in order with more European/MEP content in the Party’s website and the chance of a European policy paper before 2009.

An independently produced position paper will be brought to Spring Conference by MEPs at Harrogate in March 2007. It follows a paper by Chris Davies entitled “Setting the EU agenda” which was presented to Michael Moore and the International Team at Westminster in June.

This paper can be seen on the LDEG website. No formal response had been provided by the time of Conference.

# Today's youth - what they're really up to!

Two years ago, West Sussex Youth Cabinet, run by the council's Chief Executive's Office, surveyed young people locally to find out what they knew about European citizenship. The results showed many felt they didn't have the information they needed to make informed decisions or have opinions about what it means to be a citizen of the EU. This prompted the creation of the European Youth Ambassadors scheme, where young people work with the County Council's Europe Office. They gather information, research opportunities connected with Europe and the wider world, attend European meetings or conferences on youth issues, and pass on their findings to their peers.

The scheme has been very successful in engaging young people in the citizenship debate. Since its creation in 2005, study trips to Brussels and Strasbourg have been undertaken, where the European Youth Ambassadors gathered information from the European Parliament and shared their opinions with Caroline Lucas, Green Party MEP. The young people took part in a UK Presidency associated event on 'Future Europeans' in Brussels in November 2005, where they helped lead a workshop. The experience gave the visitors their first exposure to other cultures, mixing with young people from all over Europe.

They also participated in the Assembly of European Regions (AER), of which West Sussex County Council is a member. In 2004 Youth Ambassadors attended the pan-European regional network's Summer School, bringing together young people from over 80 areas in Europe. They went on to facilitate workshops on religion, trafficking and teenage pregnancy in 2005. The AER Youth Team was so impressed with the European Youth Ambassador concept that it is planned to adopt the scheme across its member organisations as an example of best practice.

West Sussex's work has received national recognition, helping them achieve Beacon status for positive youth engagement in 2006. The council highlights the range of positive outcomes from the programme, commenting that it is a rich learning area for citizenship, culture, language, history, economics and, of course, appreciation of difference.

This exciting programme of work has taken a step further thanks to a grant from European Commission Directorate General for Information. This finances a project called 'Do you Speak European?' which runs from April 2006 to March 2007. The project comprises three strands: a debating competition to discuss and promote understanding of European issues; a study pack on the EU, European cultures and European citizenship; and a 'Europeers' scheme, focusing on peer to peer education.

The debating competition, modelled on an earlier successful idea, brought together young people from across the South of England. Held in the House of Lords on July 11<sup>th</sup> 2006, the 'Do You Speak European?' Champions of Champions event saw teams from Devon, Gloucestershire, Hampshire and West Sussex battle for first place. Teams spoke on a range of European issues from language diversity to Turkey's entry to the EU to why the UK hardly ever does well in the Eurovision song contest. Young people's debating skills were praised, with amazing insight and sensitivity being shown; and it was fun!

Hosted by Lord Hanningfield, Leader of Essex County Council, and judged by an expert panel, including Richard Ashworth, Conservative MEP for the South East; Cllr Ruth Coleman, Chair of LGIB; Cllr Gordon Keymer, Head of UK delegation to the Committee of the

Regions; Tom Wylie from the National Youth Agency; and Wioletta Dunin-Majewska from the UK Office of the European Commission, the students from West Sussex took first prize, speaking on the topic of 'Think, speak, be European'. Winners and runners-up were awarded Eurostar vouchers.

The topics debated are being included in a study pack created by the European Youth Ambassadors. Images of the event and trip to the European Parliament will be included on a DVD, as well as lesson plans, quizzes and posters. These resources will be sent to schools and youth centres around southern England. Finally, in December 2006, the 'Europeers' peer education initiative will be launched. Young people will be trained to use the study pack together, as peer education is favoured as a method for learning by the Youth Cabinet. The pack also addresses the fact there is very little information designed by young people for young people.

Local government has a duty under the Children's Act to enable children and young people to make a positive contribution to the key issues affecting our lives. Putting young people at the centre of the European Citizenship question is an ideal way to achieve this. There are a plethora of opportunities available.

*More information is available from Rachel Gapp, Head of European Policy, West Sussex County Council tel: 01243 777927 e: rachel.gapp@westsussex.gov.uk This initiative was reported on in LGIB's issue 272 "European Information Service" <http://www.lgib.gov.uk/eis/index.html> The Local Government International Bureau (LGIB) represents UK local authorities within Europe and around the world. We thank Rachel Gapp and LGIB for their permission to reproduce this version of the article.*

Following the presentation of the Commission's recommendations as to whether they should be allowed to join the European Union less than 100 days hence, it would now require something of a political earthquake for Romania and Bulgaria not to be running the blue flag up the flagpole on 1 January 2007.

Assuming all member states who haven't yet done so follow the Commission's advice to ratify the accession treaty, Romania and Bulgaria will be members of the Union on that date, although what kind of members they will become is another matter. Certainly the two countries will be on probation for at least the next two years and will face legal and financial sanctions if progress is not sustained towards the benchmarks and targets the Commission has laid down. Certainly also, and to a far greater extent than in the case of the other former communist states, Romanian and Bulgarian citizens will find the labour market doors closed should they (as self-evidently they will) try bettering their lot abroad.

The accession is therefore so heavily qualified as scarcely to qualify as an accession at all. Europe may specialise in variable geometry, (though I have never understood why different combinations of countries participating in various European agreements should be tagged with that particular branch of mathematics) but, if so, (and sticking to the same shorthand) it could now be said to have variable algebra as well. If  $x$  is greater than  $y$  and  $y$  is greater than  $z$ , then the EU membership of, say, the Netherlands counts for more than that of Latvia, which in turn will count for more than that of Bulgaria. Bulgarian membership may in turn count for more than Turkey's, should we ever get there.

### Nothing endures like the temporary

Of course the intention is that such differences will be temporary and transitional and will disappear in a few years. I wonder. Nothing, as has often been said, endures like the temporary.

Much will depend, of course, on what happens to the constitution. Mr Barroso this week indicated that further enlargement of the Union must needs await a new institutional settlement. This is sensible - obvious even. Indeed, I believe I have made the same point myself. For even if the existing Treaty of Nice did allow for the indefinite expansion of the Union (which it doesn't) it is evident that the question of how a Union of 27 states or more would actually work in terms of its machinery of government needs urgently to be addressed.

The adhesion of a new member state changes the EU as a whole; it affects each and every country. The EU's very nature changes with each enlargement, away from the simple and towards the complex. A simple mechanical example serves to illustrate the point. In a Union of 25 states there are some 300 potential bilateral partnerships. Add two more states and the number of partnerships rises by more than a sixth, to 351. Compare this with the enlargement from 12 to 15 states, which increased the number of partnerships only by 39.

### Deficiencies

One of the deficiencies of the constitutional treaty, rejected by France and the Netherlands in referenda last year but expected shortly to be re-tabled under the forthcoming German Presidency, is that it largely ignored the complexity factor that comes with enlargement. EU25 was viewed largely as merely an expanded version of EU15. But a group of six, nine or even fifteen states can achieve a political consensus, agree an informal leadership, in a way that becomes impossible with 25 or 27.

The current German plan, if I understand it correctly, is to re-present the constitutional document in its entirety on the grounds that this is what governments have signed up to even if some of their peoples haven't. To assuage opinion therefore the German Chancellor, Mrs Merkel is thought to be planning to append to it a number of explanatory memoranda to clarify the objects and aspirations of the EU in key areas such as social policy. Quite what the legal status of such memoranda might be - and what areas they might cover

- is another question.

But to have a hope of navigating successfully through the shoals and rapids of the French electorate, one of them will surely have to address the difficult question of Europe's boundaries.

Another might well address the subject of democracy, or rather the lack of it - laying open the prospect of a significant and tangible democratic advance at some point in the future - a European Commission nominated from members of the European Parliament, for instance - to sweeten the constitutional pill.

Giscard d'Estaing, the former French President who chaired the Constitutional Convention, told us that he hoped to put in place a document that would last for fifty years. Sadly, it seems that what the Convention produced is really nothing more than an interim text, which, sorely needed though it is, does not address the long term institutional needs of a Union of 27, let alone one of 27 plus. Such a Union, embracing at the very least the Balkans, and, depending on the political mood of the time, possibly, Turkey, the Ukraine and the Caucasus as well, will clearly be a very different Union requiring no doubt very different institutional structures.

This is something that would benefit from being addressed and discussed now: the skeleton of a future constitutional vision sketched at the same time as we seek to ratify the existing but (as I'm sure we shall come to regard it) temporary 2004 text. Last time the constitution came to grief essentially because of a failure to address the future; Mrs Merkel must not allow this to happen the second time round.

# Algebra, geometry and a constitutional vision

By Peter Sain ley Berry

# Hugo Young Memorial Lecture

Several LDEG members attended Chatham House for the Hugo Young Memorial Lecture given by José Manuel Barroso, President of the European Commission, on Monday 16th October. The event was organised by Lucy Young and the Guardian in association with the New Politics Network. Dame Liz Forgan, chairing the meeting, wondered what Hugo would think of some of today's issues. Of course, we do know that he thought of Europe as the great endeavour. A report follows of what President Barroso, speaking on the record, had to say.

## **The European Union's *raison d'être***

Monnet and his co-founders of the European community wanted to make war in Europe impossible. Europe was to be a region where peace, prosperity and freedom would flourish. The increased interdependence given by the common market was merely a means to an end rather than an end in itself, and the goal had to be European union. As a means of avoiding further wars, this has been amazingly successful.

## **An Open and Engaged EU**

The future needs to be about an open Europe, which tries to close the gap with its citizens. We need to deal with issues such as energy diversity and security and helping Africa to emerge from poverty and disease. However, it is appreciated that the allegiance of the typical EU citizen is to the state and that the nation is the main source of political power. The notion of subsidiarity was the chosen way to bridge this gulf.

## **Aid**

The EU gives much aid and is working towards the millennium development goals. Last week Barroso was in Darfur and saw many young Europeans helping which made him proud to be a European.

## **Security**

Europe is an effective actor in the world due to a large variety of strategies.

## **Reform**

We have effective institutions but from next year (2007) when we are 27 nations there has to be reform. In particular, at the moment it takes too long to make decisions, which often need to be made urgently. The distance between the EU and its citizens also needs addressing. Policies are the prime concern and some will require greater pooling of sovereignty, some less.

## **The Constitution**

The name "constitution" has been problematic and perhaps a different name needs to be considered in the future. Many of the needed reforms were outlined in the draft constitution. These reforms will be necessary with or without a written constitution.

## **UK**

Very often the UK does not engage in important EU issues. Barroso wonders if that might be due to our natural modesty. He believes that the UK has a central role in the EU and hopes that we will become more enthusiastic.

## **Enlargement and the Balkans**

Paddy Ashdown asked if the EU would honour the Thessaloniki agreement to accept the Balkan states. He

believes that it is only the thought of joining Europe, which is holding the region together at the moment. Barroso's reply was that with regard to most Balkan states the answer will be yes but there are concerns with regard to Turkey.

## **Enlargement Exhaustion**

Many countries want to join the EU, which is a sure sign that we are doing something right. However, other than the Balkans, Barroso cannot see that any more countries will be given full membership in the years ahead. However, we should not leave countries such as the Ukraine in the cold and there ought to be a new kind of associate membership. Having an EU constitution could help the situation but to continue widening at the moment might make us lose our credibility.

## **Nations and Trust**

Nations are still the main political space. However, research for eurobarometer shows most Europeans trust their own governments even less than they trust the EU.

## **The Euro**

Economists said it would never happen yet now the euro is the world's second most popular reserve currency after the US dollar. A recent study calculated that it now represented 28 per cent of world reserves against 61 per cent for the US dollar, although virtually all of the increase had been between 2001 and 2002. When asked by Derek Honeygold (LDEG Treasurer) if he thought that the European Union should be taking advantage of a favourable economic and political climate to promote the use of the euro as an alternative reserve and vehicle currency, the President seemed strangely complacent.

## **Democratic Deficit**

On being challenged about Europe's democracy and about being personally very powerful yet unelected by the people, Barroso deflected the personal attack with his usual calm and addressed the issue. As president of the commission he was nominated by the heads of state and approved by the European Parliament, which in turn was elected by the people. Democracy is not just about direct elections for executives but the constitution could be written to ensure that any future presidents are directly elected. However most nations including the UK voted against this idea in the past.

José Manuel Barroso exuded charm and charisma. "What a shame all the commissioners are not like him," was a comment received from one Chatham House member.

For a transcript of the speech please see our briefings page on the website at [www.ldeg.org](http://www.ldeg.org)

Some Lib Dems want us to revive the EU Constitution. Please no. Not again! We would almost certainly face more political damage and a second round of defeats. Meanwhile there is a potential EU Treaty which would fly through national Parliaments - An EU Energy Treaty - and fundamentally change the political landscape as to how the EU is viewed in the UK. It is here Lib Dems should be arguing for more Europe.

Only through collective action can we deal the threats posed to energy security and by global warming. In particular, there is an up and coming threat to energy security: the Russian gas deficit, which would grab the attention of voters across the Union and requires collective EU action to tackle it.

The EU Constitution had two major problems. The first was the name - which roused all Eurosceptics across Europe into believing that the mythical super-state had almost arrived. The second problem was that while EU insiders could describe all the technical benefits of the Constitution it did not get the average voter in the heart, gut, soul or even pocket book. With Eurosceptics on the rampage and the voters not really understanding why they had to support yet another EU Treaty revision (the third in less than a decade) it is not surprisingly the wheels came off the venture.

By contrast voters would understand an EU Energy Treaty which would seek to create a single European Energy Market; promote energy security and diversity, measures to promote the growth of alternative green energy markets, carbon taxes and allow the EU to speak with one voice externally on energy issues. The energy related global warming issues are increasingly being understood as important by voters across the EU. Voters in Central and Eastern Europe particularly, following the gas cut-offs in January 2006 in the Ukraine (and subsequent cut-offs in EU states) would be aware of the importance of energy security.

The prospects for an EU energy treaty are given significant extra bite by the prospects not only of Russian gas cut-offs, but of actual shortage of gas in the years running up to 2010. Former Russian energy minister Vladimir Milov estimates that the deficit could be at least 126 billion cubic metres (bcm) by 2010 (to put that in context in 2004 non-FSU Europe received 150bcm).

At first sight it seems inexplicable that Russia, the holder of the world's largest proven gas reserves of 47 trillion cubic metres (tcm), could possibly run short of gas. However, the compound impact of the depletion of existing fields, lack of investment in new fields and infrastructure, restrictions on foreign investment, a fast and loose approach to property rights and the maintenance of a closed and increasingly vertically integrated gas market now threaten the flow of Russian gas to EU markets.

The immediate reason for the shortage is the running off of the three major Soviet era gas supergiant fields in the Nadym Pur Taz (NPT) region. As only one other supergiant field Zapolyaroye has come on stream since the end of the Soviet era and will itself soon begin to plateau a gas crunch becomes a serious threat. Gazprom should have invested in new gas fields and infrastructure to ensure continued gas supply. However, while Gazprom has been investing, as the International Energy Agency (IEA) recently pointed out, its investment has been in export infrastructure like the North European Pipeline and foreign acquisitions, not domestic investment to ensure continued gas supply. Worse still restrictions on foreign shareholdings in the energy sector combined with an unwillingness to protect property rights undermine the willingness of foreign holders of capital to advance the enormous sums required to develop the new supergiant fields. For example, the lifetime cost of developing Yamal, a significant proportion of which is upfront, amounts to \$70 billion. This unwillingness has been reinforced recently

# Drop the Constitution: Let's have an EU Energy Treaty

**Dr. Alan Riley is Reader in Private Law at City Law School, City University and Associate Research Fellow, Centre for European Policy Studies (CEPS), Brussels. His new paper 'The Coming of the Russian Gas Deficit: Consequences and Solutions' will be published on Friday 27th October 2006 by CEPS.**

by the threat to the Sakhalin production sharing agreement (PSA) between the Russian government and Shell. When the PSA was signed in the early 1990s the energy price was low and the PSA a good deal for Russia. Now energy prices are high and Russia wants to significantly alter if not tear up the deal. While investors still may be willing to loan low-billion amounts in consortia, by such behaviour the Kremlin both increases its

cost of capital and shrinks the available capital resources.

The threat to gas supplies is enhanced by the Soviet approach to the running of the gas market. Gazprom controls all the pipelines. Third party access can only be achieved with difficulty and only for low-priced domestic supplies. The incentive for Russian independent gas producers to develop their fields is limited by Gazprom's total control of exports. Increasingly vertically integrated with no serious competition Gazprom does not face the market challenges to improve performance the way most energy majors do.

At first sight there are two possible ways out of the threat to gas supplies. The first is for the Russian gas independents to be given greater access to Gazprom's pipelines, which would incentivise the independents to increase production as they get access to European markets. However, the willingness of Gazprom to provide significant third party access to its pipelines is open to question. Second the recent announcement that the Shtokman field is to be used as a resource for the NEP could potentially provide a means to close the deficit. Unfortunately, Shtokman is unlikely to come on stream before 2016. There are also questions as to where Gazprom is going to obtain the technology and capital to deliver this capital intensive and cutting edge technology project.

The consequences of a significant gas deficit pose serious threats to the Russian economy. Gas is both a source of foreign exchange and tax revenue. A significant gas shortage would threaten economic stability and the social gains made since the 1998 crash. Most CEE EU Member States are heavily dependent on Russian gas and would face both economic and social disruption if gas supplies were reduced. However, it is Germany, increasingly dependent on Russian gas which is in the most vulnerable position. It is highly unlikely that the NEP will be in operation in time to provide Germany with an alternative source of supply. Plus as the most heavily dependent Westerly EU Member State it is in a uniquely vulnerable position with regard to any shortage. Whatever the contractual relationships the likelihood is that if the gas supply to foreign customers is reduced Germany will be hit first and hardest.

The German predicament stems in large part from its willingness to do a bilateral deal with Russia. Germany has made itself dependent on Russian gas without having the power to require Russia to open up its markets and protect property rights to ensure that the gas will flow. This German predicament is a lesson to all Member States of the dangers of bilateralism.

An EU Energy Treaty can provide the Member States with a single energy representative to represent the Union in negotiations with Russia. The EU energy representative would be able to bargain with real bargaining chips, such as access for Gazprom and other Russian energy markets to the entire EU market. Internally, the Treaty could provide for a rapid move to a single energy market which would reduce national energy dependence. The energy treaty could also provide the regulatory and funding framework for developing alternative gas supplies and alternative energy sources if Russian sources were not forthcoming.

**The EU Energy Treaty, popular, relevant and topical.** A better way forward for the Lib Dems in Europe than the EU Constitution.

# BOOKMARKED

## See what those who criticise Britain's EU membership think...

Better Off Out <http://www.betteroffout.co.uk/> Bruges Group <http://www.brugesgroup.com/>  
Campaign against Euro-Federalism <http://www.poptel.org.uk/against-eurofederalism/>  
Campaign for an Independent Britain <http://www.bullen.demon.co.uk/index.htm>  
Democracy Movement <http://www.democracymovement.org.uk/>  
European Foundation <http://www.europeanfoundation.org/>  
Free Britain <http://www.freebritain.co.uk/> The Freedom Association <http://www.tfa.net/>  
Green Party <http://www.greenparty.org.uk/news>  
Labour Euro-Safeguards Campaign <http://www.lesc.org.uk/>  
New Alliance <http://www.iits.dircon.co.uk/newalliance/>  
No EU <http://ftp.fourmilab.ch/evilempire/noEU/>  
TEAM – the European Alliance of EU-critical movements <http://www.teameurope.info/>  
UK Independence Party <http://www.ukip.org/>  
Vote No Campaign <http://www.vote-no.com/home/home.aspx>

## And some EU links you might find useful...

Assembly of European Regions <http://www.a-e-r.org/>  
Citizens' Signpost [http://europa.eu.int/citizensrights/signpost/front\\_end/index\\_en.htm](http://europa.eu.int/citizensrights/signpost/front_end/index_en.htm)  
European Central Bank <http://www.ecb.int/home/html/index.en.html>  
European Court of Auditors [http://www.eca.eu.int/index\\_en.htm](http://www.eca.eu.int/index_en.htm)  
European Court of Justice <http://curia.europa.eu/en/transitpage.htm>  
European Economic and Social Committee [http://eesc.europa.eu/index\\_en.asp](http://eesc.europa.eu/index_en.asp)  
European Investment Bank <http://www.eib.org/>  
European Ombudsman <http://www.euro-ombudsman.eu.int/home/en/default.htm>  
Europol <http://www.europol.eu.int/>

### Liberal Democrat European Group Executive Committee 2006-7

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*Contributions from members for the LDEG Newsletter are very welcome. Articles can cover any area which would appeal to other members of the party with an interest in European affairs and can be up to 1000 words in length. Please send any articles or comments to the Editor at [linda@lindaforbes.co.uk](mailto:linda@lindaforbes.co.uk)*