

(b)(6)

**From:** EUCOM (b)(6), (b)(3) 10 USC § 130b  
**Sent:** Wednesday, March 7, 2018 8:36 AM  
**To:** (b)(6)  
**Subject:** (U//FOUO): Oleg Vladimirovich DERIPASKA  
**Attachments:** About Oleg Deripaska.pdf; Autobiography.pdf; Autobiography0.pdf; Autobiography1.pdf; Autobiography2.pdf; Autobiography3.pdf; Autobiography4.pdf; Oleg Deripaska - Wikipedia.docx

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(b)(6)

This is just part of lots of articles on this guy. He is also a philanthropist (Volnoe Delo). The listed DOB is accurate, POB: EUCOM (b)(6) address: EUCOM (b)(6). Lots of Forbes, NY Times articles on the whole Manafort...Thailand debacle. Let me know more specifically if I can look other information for you.  
V/r,

SMSgt EUCOM (b)(6), (b)(3) 10 USC § 130b  
Counter Threat Finance  
Joint Interagency Counter Trafficking Center (JICTC)  
NIPR: EUCOM (b)(6), (b)(3) 10 USC § 130b  
SIPR: EUCOM (b)(6), (b)(3) 10 USC § 130b  
JWICS: EUCOM (b)(6), (b)(3) 10 USC § 130b  
DSN EUCOM (b)(6)  
TSVOIP EUCOM (b)(6)

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**Re: (BFW) U.S. Sanctions Russians Including Deripaska, Kerimov, Kostin**

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**From:** (b)(6)  
**To:** State (b)(6) (b)(6) State (b)(6) (b)(6)  
**Date:** Fri, 06 Apr 2018 08:31:09 -0400

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Thanks — have we seen the actual announcement?

(b)(6)  
Office of Europe and Eurasia  
Department of Treasury  
(b)(6)  
(b)(6)

---

**From:** (b)(6)  
**Date:** April 6, 2018 at 8:26:43 AM EDT  
**To:** State (b)(6) (b)(6) State (b)(6) (b)(6)  
**Subject:** Fwd: (BFW) U.S. Sanctions Russians Including Deripaska, Kerimov, Kostin

First response.

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**From:** Timothy Ash (BLUEBAY ASSET MANAGE) (b)(6)  
**Date:** April 6, 2018 at 8:25:30 AM EDT  
**Subject:** (BFW) U.S. Sanctions Russians Including Deripaska, Kerimov, Kostin

Wow...that's going to hurt..

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Sent from Bloomberg Professional for iPhone

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U.S. Sanctions Russians Including Deripaska, Kerimov, Kostin  
2018-04-06 12:15:33.75 GMT

By Kasia Klimasinska  
(Bloomberg) – U.S. Treasury Dept sanctions Russian individuals, officials, companies and state-owned firms, according to website.  
\* Individuals sanctioned include Oleg Deripaska, Suleyman Kerimov, Kirill Shamalov, Viktor Vekselsberg  
\* Officials sanctioned include Andrey Akimov, Andrey Kostin, Alexey Miller

To contact the reporter on this story:  
Kasia Klimasinska in Washington at [kklimasinska@bloomberg.net](mailto:kklimasinska@bloomberg.net)  
To contact the editor responsible for this story:  
Derek Wallbank at [dwallbank@bloomberg.net](mailto:dwallbank@bloomberg.net)

**FW: JPM Research: Russian Corporates : Sell off has created some buying opportunities. Polyus, Petropavlovsk and VEON-GTH top picks.**

**From:** (b)(6)  
**To:** (b)(6)  
**Date:** Thu, 12 Apr 2018 10:30:13 -0400  
**Attachments:** Just to add...A positive carry bearish trade! FW\_ Russia Local Markets\_ Sentiment Trumps Fundamentals \_ Move MW local rates and FX; enter 155e xccy flatteners.msg (1.16 MB)

(b)(6)  
Office of Europe and Eurasia  
U.S. Department of the Treasury  
(b)(6)  
Office: (b)(6)

**From:** (b)(6)  
**Sent:** Wednesday, April 11, 2018 10:21 AM  
**To:** MR Staff; (b)(6)  
**Subject:** FW: JPM Research: Russian Corporates : Sell off has created some buying opportunities. Polyus, Petropavlovsk and VEON-GTH top picks.

**From:** Ahsan, Sanobar [mailto:sanobar.ahsan@jpmorgan.com]  
**Sent:** Wednesday, April 11, 2018 2:29 AM  
**To:** Ahsan, Sanobar <sanobar.ahsan@jpmorgan.com>  
**Cc:** Zhang, Yahui <yahui.zhang@jpmorgan.com>  
**Subject:** JPM Research: Russian Corporates : Sell off has created some buying opportunities. Polyus, Petropavlovsk and VEON-GTH top picks.

This message was sent securely using Zix Corp.

J.P.Morgan

CEEMEA Credit Research

## Russian Corporates

Sell off has created some buying opportunities. Polyus, Petropavlovsk and VEON-GTH top picks.

By [Rahul Bhat](#) <sup>AC</sup>

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- CEMBI Broad Russia widened by 73bp to 336bp on April 9, losing 3% in return. During the height of the geopolitical concerns around Ukraine in late 2014/early 2015, spreads spiked beyond 1,000bp before posting a multi-year recovery. Spreads are now back to levels seen in late 2016.
- Our recommendations on Russian corporate bonds had been moving closer towards neutral from UW over the past months, but current developments pose additional uncertainty, which we believe warrants additional risk premium.

Table 1: CEMBI and select countries spread change

	Avg. rating	29-Dec	Spread to worst (in bps)		1 wk. change
			02-Apr	09-Apr	
CEMBI Broad	Baa3/BBB-	231	246	242	-4
CEMBI Russia	Ba1/BB+	276	274	336	62
CEMBI South Africa	Ba1/BB+	238	244	237	-7
CEMBI Turkey	Ba3/BBB-	308	343	331	-12

Source: J.P. Morgan.

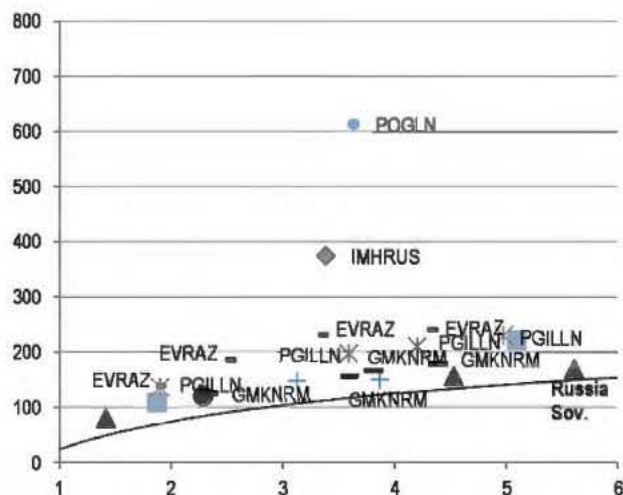
- Pre-last Friday, we felt that Russian issuers' spreads did not adequately reflect two key risks: 1. Sanctions risk and 2. Potential retaliatory actions from the state or state owned companies (e.g. as in the Rosneft-Sistema case in 2017). These unforeseen/unforecastable event risks warranted a spread premium for corporates based in Russia vs. similar rated corporates in other CEEMEA countries like South Africa or Turkey, in our view.
- The recent spread widening now partly reflects the increase in sanctions risk. The recent sanctions which place some issuers on the SDN list ([link](#) to US government press release) are much more restrictive than previous SSI sanctions which restricted companies from accessing EU and US capital markets.
- We think the risk of further issuers being added to the SDN list could be linked to geopolitics, among other factors. We could thus see corporate spreads widening at times of increased geopolitical risk.

19\_011-E3-00001891

2018-06-192: 001533

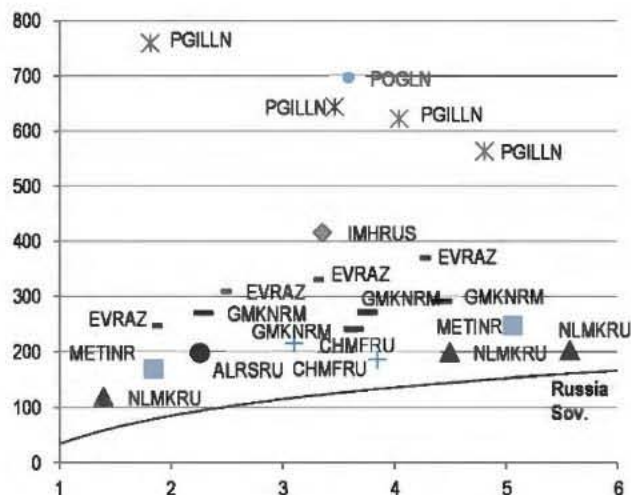
- Post sell-off, we think CEMBI Russia now trades closer to fair value though it does not look cheap.
- Among the Russian issuers Polyus was the worst performer (around -15% TR across the curve on April 9). Norilsk Nickel (-4%), Evraz (-4%), VEB (-3%) and Petropavlovsk (-3%) were also key underperformers. Gazprombank and Sberbank outperformed in the selloff.
- We think issuers where the controlling shareholder owns less than 50% of the company are at lower risk of sanctions in future. Petropavlovsk and VEON are two companies from our coverage where the controlling shareholder owns less than 50% of the company (refer Table 2 for details). In the VEON curve, we continue to OW VEON-GTH 20s and 23s (20s offered at 102, z+258, YTW of 5.2%, 23s offered at 105, z+334, YTW 6.0%).
- In Petropavlovsk's case, the controlling shareholder (Kenges Rakishev) is a Kazakh oligarch and he owns only 13% of the equity (22% directly + indirectly). Thus, we see limited risk of the company facing sanctions in the near future. We remain OW POGLN 22s (mid-price 86, YTW 12.2%, z+947). Please refer to our earlier [note](#) on POGLN for more details on the company.
- Polyus' 20 point move also seems excessive to us. This may reflect market uncertainty about the involvement of Suleiman Kerimov in the company. Suleiman Kerimov was on the sanctions list "for being an official of the Government of the Russian Federation". The company's controlling shareholder is Said Kerimov, the son of Suleiman, with an 82% shareholding ( Source: Polyus February 18 corporate presentation) . Polyus is not on the sanctions list.
- We think a 3-4 points move lower similar to other Russian miners like Evraz would have been more appropriate.
- We thus tactically upgrade the Polyus curve to OW. The inverted curve (Figure 2) makes the shorter dated PGILLN 20s look more compelling vs the rest of the curve. PGILLN 20s are offered at 94.75, z+586, YTW of 8.5%; 22s are offered at 88.0, z+559, YTW of 8.3%; 23s offered at 88.0, z+558, YTW 8.3%. We also initiate on the Polyus 24s (offered at 85.75, z+504, YTW of 7.8%) with an OW.
- The key risk to our OW recommendation is inclusion of the company in the sanctions list. In this case the company could lose access to all USD liquidity, which could lead to illiquidity in the bonds and challenges for the company to fulfil its bond obligations.
- All pricing in the note are as of 10 Apr mid-day.

Figure 1: Russian M&M spreads vs duration as of 2 Apr '18



Source: J.P. Morgan.

Figure 2: Russian M&M spreads vs duration as of 9 Apr '18



Source: J.P. Morgan.

Table 2: Key Russian issuers and ownership details

Issuer	Sector	Key shareholders
Credit Bank of Moscow	Bank	Roman Avdeev (56%)
Alfa Bank	Bank	Mikhail Fridman, German Khan and Alexey Kuzmichev (combined 78%)
Tinkoff Bank	Bank	Oleg Tinkov (50%)
Eurochem	Industrial	Andrey Melnichenko (90%), Dmitry Strezhev (10%)
Phosagro	Industrial	Andrey Gurev (44%), V. Litvinenko
Sibur	Industrial	Leonid Mikhelson (49%), Kirill Sharnalov (~3%), Genadiy Timchenko (17%)
Sistema Capital	Industrial	Vladimir Evtushenkov (64%)
TMK	Industrial	Mr. Dmitry Pumpyskiy (65%)
Akrosa	Metals & Mining	Russian Govt. (77%)
Evrz	Metals & Mining	Roman Abramovich (31%), Alexander Abramov (21%), Alexander Frolov (11%)
Koks	Metals & Mining	Zubitskiy Family (86%)
Metalloinvest	Metals & Mining	Alisher Usmanov (49%), Vladimir Skotch (30%), Ardavan Farhad Moshiri (10%)
Norilsk Nickel	Metals & Mining	Vladimir Poterlin (33%), Oleg Deripaska (14%), Roman Abramovich (2%)
Novolipetsk Steel	Metals & Mining	Vladimir Lisin (84%)
Petropavlovsk	Metals & Mining	Kenges Rakishev (Kazakh Oligarch, ~22%)
Polys Gold	Metals & Mining	Said Kerimov (82%)*
Severstal	Metals & Mining	Alexey Mordashov (77%)
Gazprom	Oil & Gas	Russian Govt. (50%)
Lukoil	Oil & Gas	Vagit Alekperov (23%), Leonid Fedun (10%)
Borealis Finance	Oil & Gas	Gregory Schilberg (46%), Mark Shabad (46%)
Eurasia Drilling	Oil & Gas	Alaksandr Dajapanidze (31%), Alexander Puflov (23%)
Alliance Oil	Oil & Gas	Eduard Khudainatov (100%)
MTS	TMT	Vladimir Evtushenkov (32%)
Vimpelcom/VEON	TMT	Mikhail Fridman, German Khan and Alexey Kuzmichev (combined 48%)
Russian Railways	Transport	100% Russian Govt.
Sovcombot	Transport	100% Russian Govt.

Source: Company reports and J.P. Morgan estimates. \* Source: Polys Feb-16 corporate presentation

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CEEMEA Corporate Research

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 J.P. Morgan Securities plc

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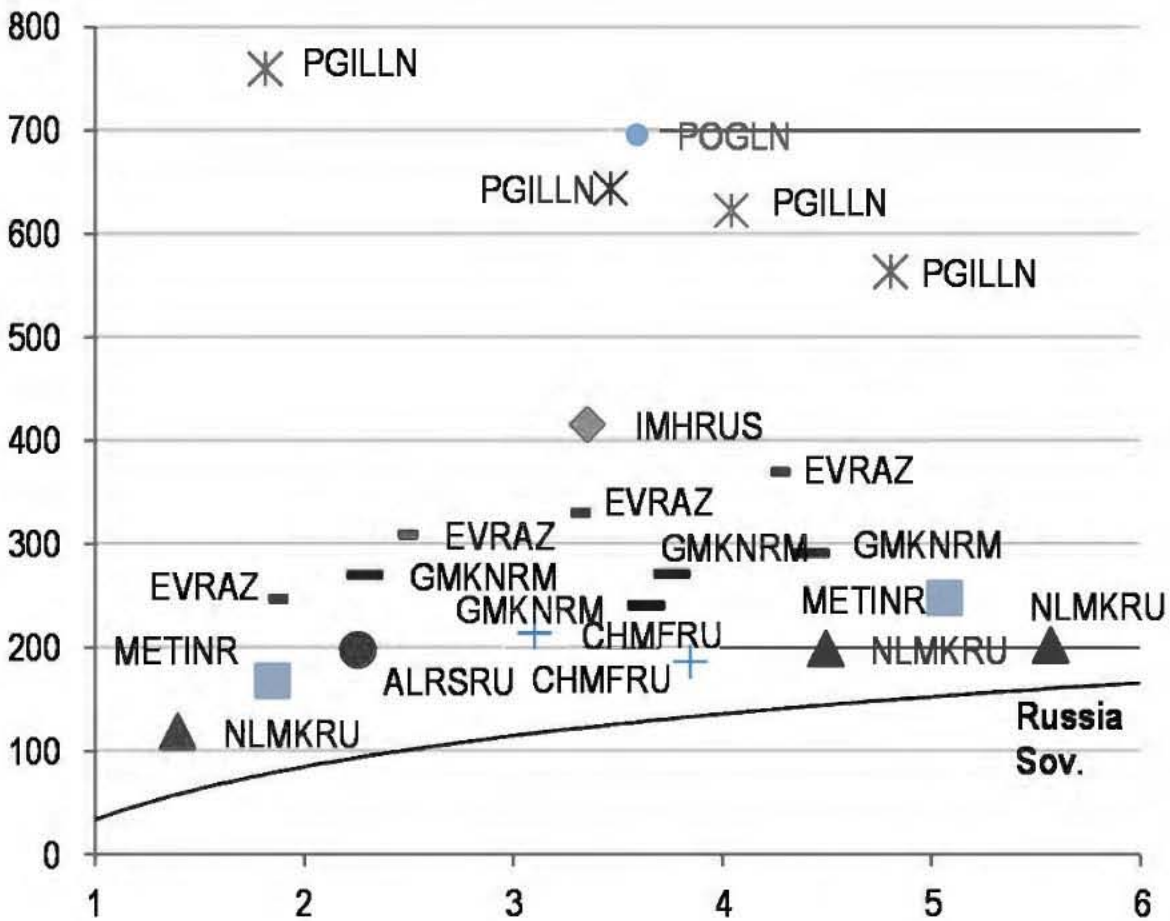
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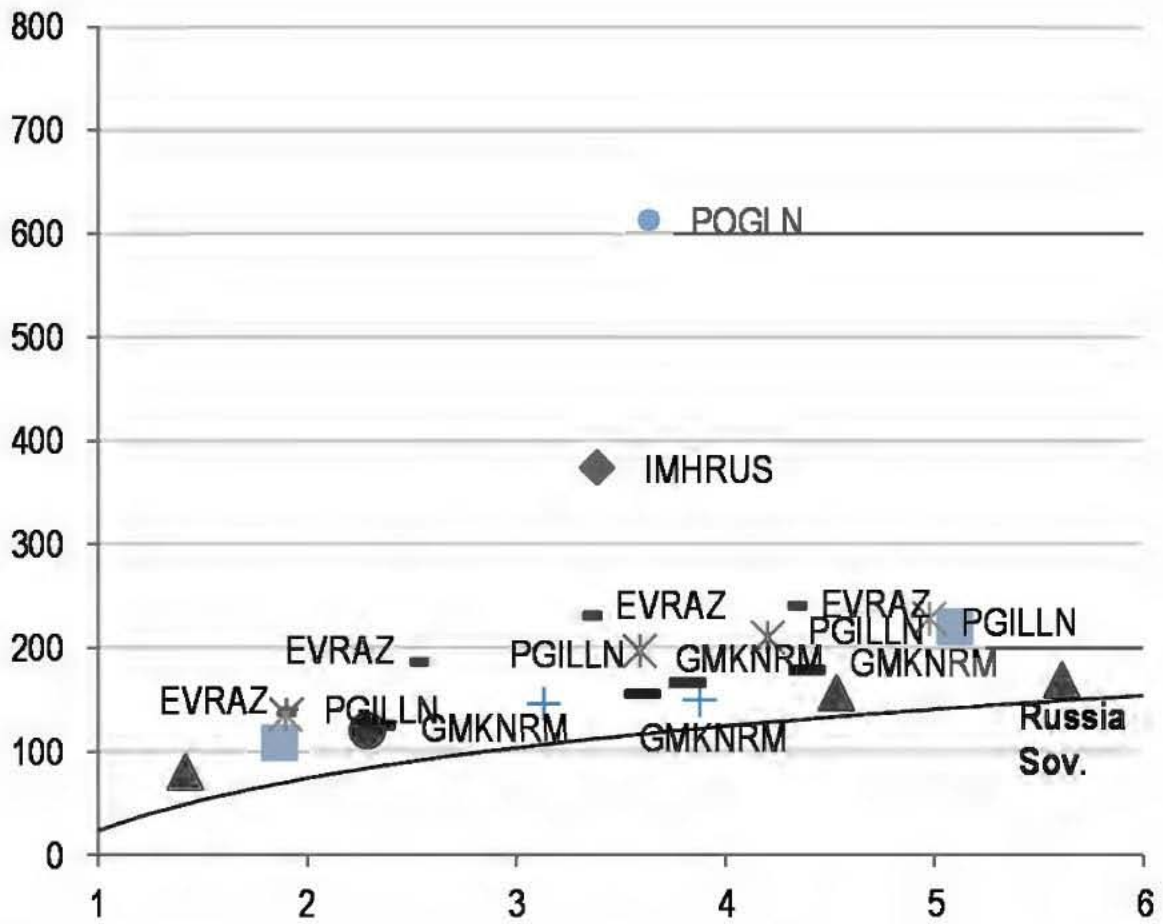
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**RE: JPM Research: Russian Corporates : Sell off has created some buying opportunities. Polyus, Petropavlovsk and VEON-GTH top picks.**

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**From:** (b)(6)

**To:** (b)(6)

**Date:** Thu, 12 Apr 2018 10:54:07 -0400

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DEAR GOD NO NOT VOLATILITYaw347t57b%&^%RUVJKgh97d

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**From:** (b)(6)

**Sent:** Thursday, April 12, 2018 10:50 AM

**To:** (b)(6)

**Subject:** RE: JPM Research: Russian Corporates : Sell off has created some buying opportunities. Polyus, Petropavlovsk and VEON-GTH top picks.

The upside of volatility

Duplicative of content in Bates No. 2018-06-192: 001533



19\_011-E3-00001902

2018-06-192: 001538

Bates Nos. 2018-06-192:

001539-001542

Duplicate Content in

Bates Nos. 2018-06-192:

001533-001537

RE: State (b)(5)

From: (b)(6)  
To: State (b)(6) (b)(6) State (b)(6)  
Cc: (b)(6)  
Date: Thu, 12 Apr 2018 11:24:38 -0400

State (b)(6)

Treasury, State (b)(5)

(b)(6)

From: (b)(6)  
Sent: Thursday, April 12, 2018 10:56 AM  
To: State (b)(6) (b)(6)  
Cc: (b)(6)  
Subject: RE: State (b)(5)

Adding in (b)(6) Treasury and State (b)(5)

From: State (b)(6)  
Sent: Thursday, April 12, 2018 10:58 AM  
To: (b)(6) State (b)(6) (b)(6)  
Subject: State (b)(5)

(b)(6) and (b)(6).

State (b)(5)

Best,

State (b)(6)

SBU  
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From: State (b)(6) (The Hague)  
Sent: Thursday, April 12, 2018 9:29 AM  
To: State (b)(6)  
Cc: State (b)(6) (The Hague)  
Subject: RE: State (b)(5)

State (b)(5)

State (b)(6)

Deputy Legal Counselor  
U.S. Agent to the Iran-U.S. Claims Tribunal  
Office of the Legal Counselor  
U.S. Embassy, The Hague

State (b)(6)

This email is UNCLASSIFIED.

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**From:** State (b)(6)  
**Sent:** Thursday, April 12, 2018 3:26 PM  
**To:** State (b)(6) (The Hague)  
**Cc:** State (b)(6) (The Hague)  
**Subject:** RE: State (b)(5)

State (b)(6)

State (b)(5)

Best,

State (b)(6)

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**From:** State (b)(6) (The Hague)  
**Sent:** Thursday, April 12, 2018 8:29 AM  
**To:** State (b)(6)  
**Cc:** State (b)(6) (The Hague)  
**Subject:** RE: State (b)(5)

I should have added: I am around this afternoon and all day tomorrow if it's easier to have a phone call.

State (b)(6)

Deputy Legal Counselor  
U.S. Agent to the Iran-U.S. Claims Tribunal  
Office of the Legal Counselor  
U.S. Embassy, The Hague

State (b)(6)

SBU  
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**From:** State (b)(6) (The Hague)  
**Sent:** Thursday, April 12, 2018 1:42 PM  
**To:** State (b)(6)  
**Cc:** State (b)(6) (The Hague)  
**Subject:** State (b)(5)

State (b)(6)

State (b)(5)

# State (b)(5)

Thanks,  
State (b)(6)

State (b)(6)  
Deputy Legal Counselor  
U.S. Agent to the Iran-U.S. Claims Tribunal  
Office of the Legal Counselor  
U.S. Embassy, The Hague

State (b)(6)

SBU  
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## FW: USEU: Newswire Highlights, May 23, 2018

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From: (b)(6)  
To: "Swindells, Felicia" (b)(6), "Thannhauser, Sara" (b)(6)  
Cc: (b)(6)  
Date: Wed, 23 May 2018 14:51:17 -0400

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FYSA – The "U.S. official" is State (b)(6) during his most recent GloMag European outreach trip.

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### Sanctions

#### US asks EU to go after Russian and African villains

EUObserver (May 22) Notorious killers and corruption lynchpins, whether from Russia, Africa, or further afield could have assets seized and visas denied by the EU if Europe joins new American sanctions. The project comes amid increasing interest in some EU capitals, but it also comes against the backdrop of the diplomatic crisis over the Iran nuclear deal, which could cast a pall on smaller initiatives. The law was named after Sergei Magnitsky, a Russian anti-corruption activist who died in prison, and the US list designated one prominent Russian: Artem Chayka, the son of Russia's prosecutor general, whom the US accused of corruption. But the US official said it was "not Russia-focused" and was designed to "pinpoint" individuals instead of targeting foreign administrations. He mentioned Central America and Africa as areas of special interest. The US also designated 51 other individuals and entities, including Yahya Jammeh, the former ruler of The Gambia, who used to run death squads, and Burmese and Chinese individuals. The US official invited EU capitals to propose more names to co-sanction with Washington. "Yes. Absolutely. We'd look forward to collaborating with our [EU] partners," he said. He spoke in Brussels after meeting EU officials and after visiting Berlin, London, Paris, and Madrid to beat the drum. He will head to the Baltic states next week, which already have national Magnitsky Acts, to look for "ways to work together", he said. [Back to the Top.](#)

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From: USEU PA Press Clips [mailto:USEUPAPRESSCLIPS@state.gov]  
Sent: Wednesday, May 23, 2018 2:36 AM  
Subject: USEU: Newswire Highlights, May 23, 2018



### USEU Newswire Highlights May 23, 2018

#### Iran

- [Trump factor leaves Macron scrambling ahead of Russia trip](#)
- [Poland breaks with EU, voices empathy with US stance on Iran](#)
- [EU energy chief courts Iran after Trump's withdrawal from nuclear deal](#)
- [Federica Mogherini says 'there is no alternative' to current nuclear deal](#)

#### Trade

- [Trump's trade exemptions might not be prolonged, EU warns](#)
- [EU pessimistic on permanent US trade exemption](#)
- [EU braces for US to go ahead with steel and aluminum tariffs](#)
- [Malmström fears EU's offer to resolve commercial dispute will not be enough for Trump](#)
- [Trump weighs 10 pct cut in EU steel, aluminium exports to U.S. - WSJ](#)
- [EU must push hard to secure U.S. tariff exemption: Altmaier](#)
- [Berlin warns EU-US trade war will spread beyond steel](#)
- [Japan, Russia, Turkey bring potential US tariff retaliation to \\$3.5 bln](#)
- [Who's winning the trade war? Everyone but Trump](#)
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- [EU Council's green light to launch of trade talks in July](#)
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- [Zuckerberg: Facebook has plenty of competitors](#)
- [Facebook threatened with removal from EU-US data pact](#)
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- [The Commission warns UK planes could still be grounded in March 2019](#)
- [Customs political deadlock pushes the UK towards snap elections](#)
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- [Foreign minister Johnson says Britain must ditch EU tariff rules quickly - Bloomberg](#)
- [Bank of England spells out cost of Brexit to households](#)
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- [Italy awaits president's decision on new PM for eurosceptic government](#)
- [Markets mount pressure on Italy while Weber warns Rome is "playing with fire"](#)
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- [Economists see potential nightmare in new Italian government](#)

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- [EU sets dates for 2019 parliamentary elections](#)
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- [Sweden: All 4.8m Swedish homes get 'war preparation' leaflet](#)
- [Slovenia: Anti-immigrant stance helps Slovenia's SDS party to poll lead](#)

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- [Uncertainty at Council over 'risk reduction' package](#)
- [Greece and Banking Union on agenda of ministerial meeting](#)

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- [Radev pleads in Moscow for 'Bulgarian Stream' pipeline](#)
- [EU CO2 price expectations next decade fall short of Paris climate goal](#)

## **Refugees & Migration**

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- [EU increases collaboration with authoritarian regimes to tackle migration](#)

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## **Iran**

### **Trump factor leaves Macron scrambling ahead of Russia trip**

PARIS, May 23 (Reuters) - Emmanuel Macron heads to St Petersburg on Thursday seeking to win concessions from Vladimir Putin, but with Europe-U.S. ties strained over Iran, the Russian leader may have little incentive to offer the French president a diplomatic success.

A year after hosting Putin in the regal halls of the Chateau de Versailles, Macron wants to find common ground on Syria and Ukraine during his two-day visit, while opening a broader dialogue on Iran after President Donald Trump's withdrawal from the nuclear deal. "The weakness of the transatlantic relationship does not give Macron sufficiently strong positions to counter Putin," said Tatiana Kastoueva-Jean, director of the Russia centre at the Paris-based Institute for International Relations. "Putin knows that there are differences in the Western camp and as soon as someone shows weakness he exploits it." Macron has bet on nurturing relationships with leaders such as Putin to appear engaged but non-committal, trying to mediate among the sides without unsettling anyone. That policy is now being tested after Trump shunned his closest allies and slapped on extraterritorial sanctions on Iran, having already pulled out of the global climate pact and threatened the EU with tariffs on metals. The U.S. move has left Paris, London and Berlin scrambling to salvage the nuclear deal knowing full well that their interests are not necessarily aligned with the two remaining signatories - Russia and China. Macron hopes to entice all sides into a grand bargain that would tackle Iran's nuclear programme and also address fears over its ballistic missile activity and regional influence as a means to bringing the United States back into the fold. [Back to the Top.](#)

### **Poland breaks with EU, voices empathy with US stance on Iran**

WARSAW, Poland (AP) (May 22)— Polish leaders are planning to defend the U.S. government's withdrawal from the Iran nuclear deal within the European Union, where the decision has been strongly criticized. Prime Minister Mateusz Morawiecki said Tuesday that Poland wants to be an "informal go-between" and to explain to EU members and U.S. officials the positions of the other. The Polish government's mediation offer departs somewhat from the united front EU leaders displayed last week in voicing their continued support for the landmark nuclear deal. Polish Foreign Minister Jacek Czaputowicz said Monday during a visit to Washington that Poland stands with the rest of the EU in seeking actions to limit economic damage from the Trump administration's move, "while as for the strategic and security dimension, we also understand the U.S. concerns." [Back to the Top.](#)

### **EU energy chief courts Iran after Trump's withdrawal from nuclear deal**

Euractiv (May 22) Europe's energy and climate chief sought to reassure Iran's top ministers on Saturday (19 May) that the European Union wants to keep trade open despite the US withdrawal from the nuclear deal. Miguel Arias Cañete, European Commissioner for energy and climate, met with five top Iranian ministers over two days, including the Islamic Republic's nuclear chief, oil minister and foreign minister. Cañete wrote on Twitter: "The normalisation of trade and economic relations with Iran is an essential part of the Iran deal, which should be upheld by the international community." EU leaders have united behind the 2015 accord, with Brussels considering banning EU-based firms from complying with the sanctions that President Donald Trump has reimposed and urging governments to make money transfers to Iran's central bank to avoid fines. But EU officials admit there is a limit to what they can



do to parry sanctions as a wave of European companies quit business with Tehran, fearing the global reach of US sanctions. [Back to the Top.](#)

### **Federica Mogherini says 'there is no alternative' to current nuclear deal**

Brussels, 22/05/2018 (Agence Europe) On Monday 21 May, High Representative of the EU for Foreign Affairs and Security Policy Federica Mogherini spoke out in disagreement with US Secretary of State Mike Pompeo regarding the possibility of a new agreement on the Iranian nuclear programme (the joint comprehensive plan of action – JCPOA). "Secretary Pompeo's speech has not demonstrated how walking away from the JCPOA has made or will make the region safer from the threat of nuclear proliferation or how it puts us in a better position to influence Iran's conduct in areas outside the scope of JCPOA. There is no alternative to the JCPOA", she warned in a press release published a few hours after Pompeo's speech on Iran. Mogherini again reiterated that the JCPOA was "the result of more than a decade of complex and delicate negotiations, based on (a) dual track approach and therefore the best possible outcome, striking the right balance". The joint E3+3 and Iran Commission will meet in Vienna on 25 May. According to a French source, the meeting is not expected to be the occasion for Tehran to officially denounce the USA's non-respect of the agreement. [Back to the Top.](#)

## **Trade**

### **Trump's trade exemptions might not be prolonged, EU warns**

Euractiv (May 22) Preparing European steelmakers for a bleak scenario, the EU's Trade Commissioner Cecilia Malmström said on Tuesday (22 May) there were "signals" from the US administration that it would impose tariffs on EU's steel and aluminium exports or enforce other types of restrictions. Speaking to reporters after the Trade Council, Malmström voiced doubt as to whether the EU's offer to avoid a trade dispute with US President Donald Trump would be sufficient. "Discussions are continuing. Is this [the offer] going to be enough? I am not sure, frankly," she said. Last week, EU leaders endorsed in Sofia (Bulgaria) a European Commission proposal, including the review of market access to certain US products, including cars. Trump's team followed the discussions in Sofia with "great interest," Malmström said. She argued that the Commission's four-point plan represents the foundation of a "constructive agenda" not only to solve the bilateral differences but also to address the "core" of the current tensions: steel overcapacity. Trump granted a temporary exemption to Europe on the tariffs but set 1 June as a deadline for finding a solution. His ultimate goal is to reduce the US trade deficit vis-à-vis Europe. [Back to the Top.](#)

### **EU pessimistic on permanent US trade exemption**

EUObserver (May 22) The EU's trade commissioner Cecilia Malmstrom on Tuesday (22 May) sounded pessimistic about whether the EU's offer to avoid a trade war with the US would be successful. Speaking after briefing EU economy and trade ministers in a closed meeting on the latest developments, she told reporters the bloc's offers are probably not enough for the Washington administration that pursues an "America first" policy to avoid new tariffs on steel and aluminium by 1 June. US president Donald Trump has threatened new tariffs on EU steel and aluminium unless the EU accepts rebalancing its trade with the US. The EU has been exempted twice from the tariffs during the spring to allow for talks.

The EU has said it is willing to discuss a limited trade deal with the US but only after it receives a permanent exemption from the tariffs, which it deems unlawful under World Trade Organization (WTO) rules. Last week in Sofia, EU leaders offered an opening to the US. The bloc decided it was possibly open to more cooperation on market access for industrial products, including cars, government tenders, energy, notably liquefied natural gas (LNG), and reform of the WTO. "All aspects of the Sofia plan have been presented to the US. They are perfectly capable of reading," Malmstrom told reporters, with EU officials saying that the offer was designed as a result of previous discussions with the US to address their concerns. "Is this going to be enough, I am not sure frankly," Malmstrom told reporters. The EU trade chief has been in contact with the US state secretary on commerce, Wilbur Ross, several times a week. [Back to the Top.](#)

### **EU braces for US to go ahead with steel and aluminum tariffs**

BRUSSELS (AP) (May 22) — The European Union expressed doubt Tuesday that U.S. President Donald Trump will accept an offer of trade talks and other incentives to permanently exempt the bloc from punishing tariffs on steel and aluminum exports next week. In March, Trump imposed tariffs of 25 percent on steel imports and 10 percent on imported aluminum, but granted the 28 EU countries an exemption until June 1. He also temporarily excluded big steel producers Canada and Mexico, provided they agree to renegotiate a North American trade deal to his satisfaction. Should a permanent exemption be granted, the EU stands ready to deepen trans-Atlantic energy cooperation, notably on liquefied natural gas, improve reciprocal market access for industrial products and work together to reform World Trade Organization rules. "Is this going to be enough? I'm not sure frankly," Trade Commissioner Cecilia Malmstrom told reporters in Brussels after discussing the tariffs with EU ministers. "There have been signals from the U.S. that the exemptions will not be prolonged. So either they will be imposed on us the first of June, or there will be other sorts of limiting measures," Malmstrom said. She did not elaborate on what those measures might be. Malmstrom pointed out that she and U.S. Secretary of Commerce Wilbur Ross speak about the problem several times a week, but she conceded that "the final decision on this will be made personally by the president." [Back to the Top.](#)

### **Malmström fears EU's offer to resolve commercial dispute will not be enough for Trump**

Brussels, 22/05/2018 (Agence Europe) The EU's four-point strategy to try to resolve the transatlantic trade dispute may not be enough to convince the American President, Donald Trump, to grant the EU a permanent exemption to the American taxes on imports of steel and aluminium, the European Commissioner for Competition, Cecilia Malmström, hinted on Tuesday 22 May, stating that otherwise, she anticipated other restrictive measures. The plan hit upon by the European leaders at their meeting in Sofia on 17 May, and subject to the strict condition that the EU is given a permanent exemption, beyond 1 June, from the American taxes of 25% on imports of steel and of 10% on imports of aluminium (see EUROPE 12022), is the result of "us offering a constructive agenda where we want to engage with the USA on our bilateral relations, but also broadly working on the multilateral and addressing the core issue, which is steel over-capacity", Malmström stressed following the meeting of the trade ministers of the EU in Brussels, but added that they would not be able to negotiate under threats. [Back to the Top.](#)

### **Trump weighs 10 pct cut in EU steel, aluminium exports to U.S.- WSJ**

May 22 (Reuters) - U.S. President Donald Trump is considering trade measures to cut EU steel and aluminium exports to the United States by about 10 percent, in a sign that Brussels' concessions to secure tariff exemptions have not met White House demands, the Wall Street Journal said, citing EU officials familiar with the talks.

Washington proposed two options for the European Union, a quota fixed at 90 percent of U.S. imports from the bloc in 2017 and a tariff-rate quota that would target the same 10 percent reduction via levies, the Journal quoted Poland's Entrepreneurship and Technology Minister Jadwiga Emilewicz as saying after EU governments discussed U.S. trade relations on Tuesday. Trump has set tariffs of 25 percent on incoming steel and 10 percent on aluminium on grounds of national security but has granted EU producers an exemption until June 1 pending the outcome of the talks. EU proposals to open its markets wider to U.S. products, including cars, appear not to have persuaded Washington to lift the threat of import tariffs on EU steel and aluminium, the EU Trade Commissioner Cecilia Malmstrom said earlier on Tuesday. [Back to the Top.](#)

#### **EU must push hard to secure U.S. tariff exemption: Altmaier**

BRUSSELS (Reuters) (May 23) - German Economy Minister Peter Altmaier said on Tuesday it was unclear whether Europe's appeal to the United States to be exempt from import tariffs on steel and aluminium would succeed, but the bloc would push as hard as possible in the coming days. U.S. President Donald Trump has set tariffs of 25 percent on incoming steel and 10 percent on aluminium on grounds of national security but has granted EU producers an exemption until June 1 pending the outcome of talks. "It's not just about coal and steel, but about the future of transatlantic trade relations," Altmaier told a news conference after a meeting of EU ministers about trade. "We will use the next nine days.... in very close and intensive contact with the United States to look for a solution." "Whether we come to a positive result, no one can say, but we would lose if we didn't at least try... I remain optimistic that a solution can be found if both sides are interested in it and if both sides are prepared to move in the right direction." [Back to the Top.](#)

#### **Berlin warns EU-US trade war will spread beyond steel**

Financial Times (May 22) Germany's economy minister warned that Europe's recovery and relations with the US were at stake as EU governments sparred over how to respond to Washington's threat to impose punitive steel tariffs. Peter Altmaier said a trade war with the US "would stretch not just to steel and aluminium but then perhaps to other categories of products like cars and . . . textiles and food". He advocated a "constructive solution" with President Donald Trump's administration. "The economic recovery in Europe is a very sensitive thing and we should strengthen it, not diminish it," said Mr Altmaier after a meeting of EU trade ministers in Brussels on Tuesday. A temporary EU exemption from the US tariffs expires on June 1. Washington has not said what might happen after that date but has made it clear that a permanent exemption would only be granted if the EU tackled what Mr Trump sees as unfair restrictions on US exports. Mr Altmaier insisted that all EU countries were united behind a stance adopted by leaders in Sofia last week, which opened the door to discuss a range of trade issues with the US if Washington first dropped the tariff threat. But officials at Tuesday's meeting said it had revealed clear differences of emphasis, with French foreign minister Jean-Yves Le Drian reiterating Paris's stance that the EU must not cede to bullying from Mr Trump, while Mr Altmaier said that every opportunity should be taken to seek a solution. [Back to the Top.](#)

#### **Japan, Russia, Turkey bring potential US tariff retaliation to \$3.5 bln**

GENEVA, May 22 (Reuters) - Japan, Russia and Turkey have warned the United States about potential retaliation for its tariffs on steel and aluminium, the World Trade Organization said on Tuesday, bringing the total U.S. tariff bill to around \$3.5 billion annually. The three countries detailed their compensation claims in notifications to the world trade body, following similar moves by the European Union, India and China. Each showed how much the disputed U.S. tariffs would add to the cost of steel and aluminium exports to the United States, based on 2017 trade. Russia said the U.S. tariffs, which President Donald Trump imposed in March, would add duties of \$538 million to its annual steel and aluminium exports. Japan put the sum at \$440 million. Turkey added a further \$267 million. China, the 28-nation EU and India have put their claims at \$612 million, \$1.6 billion and \$165 million respectively. [Back to the Top.](#)

#### **Who's winning the trade war? Everyone but Trump**

Politico EU (May 22) WASHINGTON — There may be new winners as President Donald Trump ramps up trade pressures on China: America's top competitors. Brazil could bring millions of new acres of land into production faster with the help of Chinese investments in its roads and railways, a boom for soybean farmers seeking an edge over U.S. farmers. In Europe, Airbus is poised to ramp up production to fill Chinese orders that were originally meant to go to U.S.-based Boeing. Australia, Canada and other countries may be able to export the scrap aluminium and other recyclables the U.S. used to send to China en masse. Even as China and the U.S. push toward a trade deal, the long-term trends in global trade are still against American producers when it comes to China's consumption. And while the U.S. could drop some of its tariff threats against Beijing, others are likely to remain: Treasury Secretary Steven Mnuchin on Tuesday said U.S. penalties on imports of steel and aluminium would stay in place. "I advise clients, prepare for the worst, hope for the best, but do not assume we are going back to a status quo situation where everything is going to be OK again," said William Cohen, a former defense secretary who now leads a business advisory firm. "China has changed the gravitational pull in the universe," he added. [Back to the Top.](#)

#### **EU agrees to kickstart trade talks with Australia, New Zealand**

New Europe (May 22) European Union Trade ministers agreed on May 22 to begin free trade talks with Australia and New Zealand, a move that is aimed at demonstrating the bloc's ability to form new alliances while trade tensions continue to grow with the administration of US President Donald J. Trump. The EU's Foreign Affairs Council for Trade granted the European Commission the right to negotiate on behalf of the 28 EU Member States, who will seek ambitious and comprehensive agreements with Australia and New Zealand, as the bloc's big producers look forward to opening up European markets to farm produce from the two South Pacific nations. According to EU forecasts, its exports to Australia and New Zealand could increase by a third if Brussels' successfully agrees to new comprehensive trade deals with the Australian government in Canberra and New Zealand's current administration in the capital, Wellington. The EU is Australia's third largest trading partner with annual bilateral trade amounting to more than €47.7 billion in 2017 and a positive trade balance of more than €21 billion on the EU side. Europe's exports to Australia are dominated by predominantly manufactured goods, while Australia's main exports to the EU include mineral commodities and agricultural products. The EU's bilateral annual trade with New Zealand in 2017 amounting to more than €8.7 billion, making the EU Wellington's second largest trading partner after Australia. New Zealand's exports to Europe include mainly agricultural products, while the EU's exports to New Zealand are focused on manufactured and industrial goods. [Back to the Top.](#)

#### **EU Council's green light to launch of trade talks in July**

Brussels, 22/05/2018 (Agence Europe) Meeting in Brussels on Tuesday 22 May, the EU trade ministers authorised the European Commission to open talks for free trade agreements with Australia and New Zealand on the basis of directives presented by the Commission in September 2017 and adopted by the Council on Monday. European Trade

Commissioner Cecilia Malmström is to visit Canberra and Wellington in June in order to launch the two negotiation processes officially. An initial round of talks on the technical level will take place in Brussels in July for each of these negotiations. These agreements will mainly aim at further reducing the barriers to trade between the European market and Australian and New Zealand markets, at removing customs duties on goods and at improving access to services and public procurement in Australia and New Zealand. The sectors likely to benefit from the future agreements are automotive equipment, machine tools, chemicals, processed agri-food products and services. "We expect a 30% rise in EU exports to these two countries in the long term", Bulgaria's Economy Minister and Council Chair, Emil Karanikolov, stated. [Back to the Top.](#)

#### **Airbus says obeying WTO subsidy verdict as sanctions loom**

PARIS, May 22 (Reuters) - Airbus said on Tuesday it had taken steps to comply with a World Trade Organization (WTO) ruling on subsidies for its A350 and A380 jets, which has seen the United States and Europe trade legal blows on behalf of Boeing and Airbus. The move comes days after the United States won a partial victory against European Union support for Airbus at the WTO, clearing the way for possible U.S. sanctions in a 14-year-old dispute over claims of illegal handouts for planemakers. The EU says it expects to strike a similar legal blow later this year in a parallel WTO case about U.S. support for Boeing, raising the prospect of a tit-for-tat sanctions battle. The row threatens to exacerbate transatlantic tensions over U.S. aluminium and steel tariffs, and the impact on European firms from Washington's decision to exit an Iran nuclear pact. But both sides agree any sanctions would not happen before 2019. In a rare public face-off between key strategists behind the long-running dispute, Boeing's chief external lawyer in the case told BBC radio that the United States would be free to target any European products, not just aerospace. "The WTO will decide what the proper number is and ... give the U.S. that authority," Robert Novick, co-managing partner at U.S. law firm WilmerHale, told the BBC Today programme. "In parallel, the U.S. will develop a list of products on which it might consider imposing counter-measures," he added. Airbus's chief in-house lawyer in the case said he expected a "devastating" ruling on U.S. support for Boeing's 777 and 787 jets when the WTO issues its final report on those this year. [Back to the Top.](#)

#### **Growing €176bn EU trade deficit with China**

EUObserver (May 22) In the decade 2007 to 2017, the EU ran a growing trade deficit with China reaching €176bn in 2017, according to new figures from Eurostat. In 2017, 20 percent of EU imports came from China, the largest share of any country, while only 11 percent of EU exports were to China. The EU's largest export market (20 percent) is the US. [Back to the Top.](#)

#### **Council adopts new approach on free-trade and investment agreements**

Brussels, 22/05/2018 (Agence Europe) On Tuesday 22 May, the Council of Ministers of the EU adopted a new approach to the negotiation and conclusion of EU trade agreements with third countries that is in line with the ruling of the European Court of Justice (ECJ) on the EU-Singapore free-trade agreement and the division of powers between the EU and its member states (see EUROPE 11789). In conclusions, the Council takes note of the Commission's intention to recommend splitting between separate agreements purely trade provisions falling under the exclusive competence of the EU and provisions relating to investment, which would require approval by the EU and all its member states. In its judgement, the ECJ ruled that only the provisions relating to non-direct foreign investment and the regime governing dispute settlement between investors and states come under shared competence. "In future, the EU will negotiate free-trade agreements that fall within exclusive EU competence separately from 'mixed agreements', including provisions on investment, which require the agreement of national parliaments. This will show our citizens that the free-trade agreements negotiated by the EU are in their interest and they will support our efforts", commented Bulgarian Economy Minister Emil Karanikolov. [Back to the Top.](#)

### **Digital Economy & Data Privacy**

#### **MEPs outraged over Zuckerberg's EU Parliament show**

Euractiv (May 23) Tensions soared between a handful of leading MEPs and Facebook CEO Mark Zuckerberg as the 34-year-old billionaire avoided answering detailed questions on the company's data policies during a meeting in the European Parliament on Tuesday evening (22 May). Zuckerberg gave general responses to the MEPs, who came to the meeting ready to grill the CEO over Facebook's recent data scandal, its advertising policy, and whether the social media giant is a monopoly. The back-and-forth went on for more than an hour and a half. It was scheduled to last one hour and fifteen minutes. Most of the speaking time was taken up by the dozen MEPs in the room, and Zuckerberg spent only around 20 minutes responding to groups of their questions at the end. As he struggled to bat away restless MEPs' follow-up questions, Zuckerberg at one point said he wanted to be "sensitive to time because we're 15 minutes over the scheduled meeting". None of the MEPs had expressed concern over the time running out. The exchange was peppered with slip-ups, accusations and heated comments. On several occasions, Zuckerberg appeared eager to move on to a different topic or to force a quick end to the meeting. When Conservative British MEP Syed Kamall jumped in at the end of the meeting to remind Zuckerberg that he had not answered a question about how Facebook collects data belonging to people who are not users of the platform, Zuckerberg appeared anxious. The CEO explained briefly that Facebook collects non-users' data for security reasons. He then turned to Joel Kaplan, Facebook's vice president of global public policy, and asked, "Were there any other themes that we want to get through?" Kaplan was seated next to Zuckerberg during the meeting. Several MEPs faulted the format of the short meeting for Zuckerberg's quick responses. Kamall later said in a statement that the meeting was "a get out of jail free card and gave Mr. Zuckerberg too much room to avoid the difficult questions". The contrast to Zuckerberg's performance before US lawmakers last month was clear: the CEO sat through more than ten hours of televised questioning before Congress. [Back to the Top.](#)

#### **Mark Zuckerberg's answers leave angry EU politicians frustrated**

Financial Times (May 22) MEPs were left frustrated by Mark Zuckerberg during a grilling at the European Parliament where the Facebook founder was accused of evading questioning. In a 90-minute hearing with a dozen of the Parliament's leaders in Brussels, Mr Zuckerberg was pressed on Facebook's responsibility for the Cambridge Analytica data breach, the social media giant's compliance with new EU privacy laws, and whether Facebook was willing to co-operate with Brussels competition authorities over its market dominance in Europe. But the hearing, which was live-streamed after lobbying from MEPs, failed to deliver answers from Mr Zuckerberg. The format meant questions from the 12 parliamentarians were collated, with Mr Zuckerberg only touching on broad themes at the end. Guy Verhofstadt, the head of the liberal group in the European Parliament, demanded Mr Zuckerberg provide written answers to MEPs in the coming days. "You have to ask yourself how you'll be remembered. As one of the three big internet giants together with Steve Jobs and Bill Gates who have enriched our world? Or a genius who created a

digital monster that is destroying our societies and democracies?" said Mr Verhofstadt, a former Belgian prime minister. "There are a number of questions that have been put by my colleagues that I want an answer to," said Mr Verhofstadt at the end of the hearing. Philippe Lamberts, the co-head of the Parliament's Green party, complained Mr Zuckerberg had failed to answer any of his questions during the session, including on whether Facebook was willing to publish country-by-country details of its business operations and tax arrangements across the EU. [Back to the Top.](#)

#### **Mark Zuckerberg dodges punches at European Parliament**

Politico EU (May 22) Mark Zuckerberg has left the building. And he left many European lawmakers outraged after avoiding their questions on everything from data protection to fake news and election security. The long-awaited hearing in Brussels had been billed as a showdown between the Facebook CEO and EU lawmakers who drew up the world's most stringent privacy rules, especially after Zuckerberg had agreed to have the event broadcast live on the internet. But the event, which lasted an hour and a half, saw Zuckerberg fail to satisfy European demands for answers and the European Parliament roundly mocked for using a format that let the Facebook boss get away with it. MEPs asked all their questions before the Facebook boss had to respond, leaving them with no time to follow up. It ended with Zuckerberg vowing to get back to his questioners with more specific answers at a later date — before heading to Paris for a meeting with Emmanuel Macron. "The responses we received today from Mr. Zuckerberg, and indeed the restricted format of the hearing, were totally inadequate," Liberal MEP Guy Verhofstadt, who fired some of the sharpest barbs during the hearing, said in a statement. "I have no doubt that Mr. Zuckerberg is a genius, but there is a risk his legacy will be that he created a company akin to Frankenstein's monster, which spiraled out of his own control." Udo Bullman, the leader of the Socialists & Democrats group, echoed that frustration and called for another meeting to grill Zuckerberg on privacy. [Back to the Top.](#)

#### **Facebook not done enough to prevent misuse -Zuckerberg**

BRUSSELS, May 22 (Reuters) - Facebook Chief Executive Mark Zuckerberg apologized to EU lawmakers on Tuesday, saying the company had not done enough to prevent misuse of the social network and that regulation is "important and inevitable". Meeting the leaders of the European Parliament, Zuckerberg stressed the importance of Europeans to Facebook and said he was sorry for not doing enough to prevent abuse of the platform. "We didn't take a broad enough view of our responsibility. That was a mistake and I am sorry for it," Zuckerberg said in his opening remarks. In response to questions about whether Facebook ought to be broken up, Zuckerberg said the question was not whether there should be regulation but what kind of regulation there should be. "Some sort of regulation is important and inevitable," he said. He declined to answer when leading lawmakers asked him again as the session concluded whether there was any cross use of data between Facebook and subsidiaries like WhatsApp or on whether he would give an undertaking to let users block targeting adverts. Facebook has been embroiled in a data scandal after it emerged that the personal data of 87 million users were improperly accessed by a political consultancy. [Back to the Top.](#)

#### **Facebook chief faces EU grilling over his 'digital monster'**

BRUSSELS (AP) (May 22) — Facebook CEO Mark Zuckerberg faced tough questions from European Union lawmakers Tuesday over what one of them branded Zuckerberg's "digital monster," and he apologized for the way the social network has been used to produce fake news, interfere in elections and sweep up people's personal data. At a hearing in the European Parliament in Brussels, legislators sought explanations about the growing number of false Facebook accounts and whether Facebook will comply with new EU privacy rules, but many were left frustrated by Zuckerberg's lack of answers. After short opening remarks, Zuckerberg listened to all the questions first, and then responded to them all at once. There was no back-and-forth with lawmakers, as happened during his testimony in front of the U.S. Congress last month. As a result, he was able to avoid giving some answers and ran out of time to provide others. His appearance came at a difficult time for Facebook. In March it was alleged that political consulting firm Cambridge Analytica used the data of millions of Facebook users to target voters during political campaigns, including the one that brought Donald Trump to the presidency. Whether it was "fake news, foreign interference in elections and developers misusing people's information," Zuckerberg said, "we didn't take a broad enough view of our responsibilities." "That was a mistake, and I'm sorry for it," he added during the hearing, which ran just over an hour and a half. But liberal leader Guy Verhofstadt said Zuckerberg has done enough apologizing for his company's mistakes. He said the real question is: "Are you capable to fix it?" [Back to the Top.](#)

#### **Zuckerberg: Facebook has plenty of competitors**

Politico EU (May 22) Facebook chief executive Mark Zuckerberg rejected suggestions today that his company has become a monopoly that needs to be broken up, arguing that it had many competitors in online communications. "From where I sit it feels like there are new competitors coming up every day," Zuckerberg told a hearing with top officials at the European Parliament. "We're constantly needing to evolve our service to serve people well." "The business model is advertising. It's about six percent of the global advertising market," he said, adding that people had "many options" to place advertising and that Facebook was a major platform for small businesses. Zuckerberg declined to elaborate on his answer when pressed by two MEPs on Facebook's business model, saying that he had run out of time. [Back to the Top.](#)

#### **Facebook threatened with removal from EU-US data pact**

EUObserver (May 22) The European Commission has suggested the United States suspend social media giant Facebook from a data-transfer sharing pact with the EU if it breached privacy laws. Vera Jourova, the EU justice commissioner, told reporters in Brussels last week that the US firm could be de-listed from the 'Privacy Shield' pact. Privacy Shield allows US companies to transfer and use data of EU nationals for commercial ends - on the basis they adequately respect European law. The commissioner is pushing US authorities to investigate whether Facebook and Cambridge Analytica breached Privacy Shield rules. "If so then we expect the action on the American side," she said on Thursday (17 May), noting that violations "could be the suspension of the participation of the company" from Privacy Shield. The social network said some 87 million users have had their data improperly shared with Cambridge Analytica. Some of the data was then reportedly used to sway people in the United Kingdom to leave the European Union in the lead up to Britain's Brexit referendum vote. "We will understand hopefully in short time what are the roles of the different actors and what breaches happened," she said. [Back to the Top.](#)

#### **EU antitrust official sees more scrutiny for Facebook, others**

ROME, May 22 (Reuters) - Facebook and other tech giants may attract more regulatory scrutiny in future because of their market power, a senior EU antitrust official said on Tuesday. Tommaso Valletti, chief economist at the European Commission's competition unit, rejected calls by some - especially in the United States - for regulators to adopt a hands-off approach to avoid stifling innovation. Unlike internet search engine Google which has been in the EU

antitrust crosshairs for close to a decade, Facebook has not drawn the attention of the Commission, the world's most aggressive competition enforcer. Chief Executive Mark Zuckerberg will meet leaders of the European Parliament on Tuesday, although questioning is likely to focus on how the data of millions of Facebook users ended up in the hands of a political consultancy. So far, the German Federal Cartel Office is the only competition authority to have taken action against Facebook but only on privacy grounds, saying it abuses its market dominance by gathering data on people without their proper consent. That could change in the future, Valletti told a conference in Rome organised by the Jevons Institute and the Global Antitrust Institute. "These are markets which ought to be analysed more rather than less because they have fundamental problems of economics," he said. Even when markets appeared to have fair competition, often they were concentrated in the hands of a few dominant players, he said. [Back to the Top.](#)

#### **Yelp files new EU complaint against Google over search dominance**

Financial Times (May 22) Yelp has filed a complaint with the EU's antitrust watchdog against Google, arguing that the search company has abused its dominance in local search and pressuring Brussels to launch new charges against the tech giant. European antitrust authorities fined Google €2.4bn in June 2017 for favouring its own shopping service over rival offerings in its search results. Google denied wrongdoing and has appealed that decision. Now Yelp, which provides user ratings, reviews and other information about local businesses, wants Margrethe Vestager, the EU Competition Commissioner, to take action against Google for similar alleged abuse in the local search market, according to a copy of the complaint seen by the Financial Times. The latest move comes as Google, Facebook and other technology companies face increasing scrutiny in Europe. Mark Zuckerberg, Facebook's chief executive, will appear before a European Parliamentary committee on Tuesday to answer questions over data protection and election meddling in the wake of the Cambridge Analytica privacy breach. Yelp wrote the new complaint to make the case for local search services, arguing that Google is harming both competitors and consumers by giving preferred placement to its own offerings over rivals'. It said the search giant displays Google Local Search information at the top of the results page, while links to Yelp, TripAdvisor and other services are displayed further down, where they are rarely clicked. [Back to the Top.](#)

### **Sanctions**

#### **US asks EU to go after Russian and African villains**

EUObserver (May 22) Notorious killers and corruption lynchpins, whether from Russia, Africa, or further afield could have assets seized and visas denied by the EU if Europe joins new American sanctions. The project comes amid increasing interest in some EU capitals, but it also comes against the backdrop of the diplomatic crisis over the Iran nuclear deal, which could cast a pall on smaller initiatives. The law was named after Sergei Magnitsky, a Russian anti-corruption activist who died in prison, and the US list designated one prominent Russian: Artem Chayka, the son of Russia's prosecutor general, whom the US accused of corruption. But the US official said it was "not Russia-focused" and was designed to "pinpoint" individuals instead of targeting foreign administrations. He mentioned Central America and Africa as areas of special interest. The US also designated 51 other individuals and entities, including Yahya Jammeh, the former ruler of The Gambia, who used to run death squads, and Burmese and Chinese individuals. The US official invited EU capitals to propose more names to co-sanction with Washington. "Yes. Absolutely. We'd look forward to collaborating with our [EU] partners," he said. He spoke in Brussels after meeting EU officials and after visiting Berlin, London, Paris, and Madrid to beat the drum. He will head to the Baltic states next week, which already have national Magnitsky Acts, to look for "ways to work together", he said. [Back to the Top.](#)

#### **Putin wins powers to impose tit-for-tat sanctions on west**

Financial Times (May 22) Russia's parliament has passed a sweeping bill that gives the Kremlin the power to ban selected exports to the US and curb imports from western countries, as Moscow seeks to hit back against US sanctions imposed on oligarchs and leading companies last month. The legislation, the latest in a series of tit-for-tat moves introduced by Moscow and western capitals since 2014, grants President Vladimir Putin the power to impose a broad range of restrictions that could stymie trade and investment between Russia and the US. But the measure falls short of initial threats from lawmakers. Following Washington's latest sanctions package, which essentially cut off leading Russian oligarchs such as Oleg Deripaska and Viktor Vekselberg and their companies from the international market, Moscow had threatened to stop titanium exports to the US — a move that would hurt aerospace company Boeing, which buys about 35 per cent of its titanium from Russia's VSMPO-Avisma — and ban imports of drugs, alcohol and tobacco. Those measures did not survive in the final version of the bill passed on Tuesday. Instead, the legislation gives Mr Putin the power to choose which sectors and products will be affected and allows the Kremlin to "ban or suspend co-operation with a hostile state". [Back to the Top.](#)

### **Brexit**

#### **How Britain's departure from the EU stretches to mid-2020s**

Financial Times (May 23) One practical reality is starting to register in Brexit talks: extracting the UK smoothly from the EU will be a process that stretches into the mid-2020s. It is a form of EU afterlife, staggered into the next decade, that is privately seen as inevitable by Brexit negotiators on both sides. But agreeing what form it should take is one of their toughest challenges. "At some point we will have to look in the mirror and admit how long this will all take," said one senior negotiator. Part of the adjustment period has already been agreed in principle: after leaving the union in March 2019, Britain is to enter a transition in which it will abide by the EU's rule book until the end of 2020. But even if a full UK-EU trade deal is agreed by 2021 — which some EU negotiators doubt — more time will be needed. "Everybody knows the transition [until the end of 2020] will not be long enough to both negotiate and implement the future trade agreement," said Sam Lowe of the Centre for European Reform. The names of technical fixes to buy time are legion: they are variously referred to as transition or implementation periods, backstops, rollovers, continuation clauses, phase-in and phase-out provisions. But fundamentally, political issues are at stake. When Brexit takes place, what binding guarantees will Britain have about future arrangements? How long will they last? And how differently will Northern Ireland be treated from the rest of the UK? [Back to the Top.](#)

#### **The Commission warns UK planes could still be grounded in March 2019**

New Europe (May 22) UK flights to Europe could be grounded on March 29 2019, the director general for Mobility and Transport at the European Commission Henrik Hololei told Reuters on Friday. Speaking at the CAPA Centre for Aviation conference in Dublin, Hololei warned that the clock is ticking and an agreement on aviation is dependent on the overall framework agreement. In his response, the CEO of British Airways Willie Walsh warned that grounding flights would be a problem for the EU as well as the UK. Taking aim at Ryanair's CEO, Michael O'Leary, Walsh warned that it is not only people in the UK that won't be able to fly, but also people in Europe. In the meantime, he

warned that it is not only people in the UK that won't be able to fly, but also people in Europe. In the meantime, he expressed confidence that the UK and the US should soon reach a new traffic rights agreement, although he admitted it may differ from Open Skies as Washington is becoming more protectionist. [Back to the Top.](#)

### **Customs political deadlock pushes the UK towards snap elections**

New Europe (May 22) Theresa May could find it impossible to avoid another general election by autumn 2018. According to the Sunday Times, Conservative Members of Parliament are preparing for elections, given the political deadlock over the Customs Union. May faces a cabinet where the majority wants to confront Brussels and leave the Customs Union and a parliament where a cross-party majority would prefer a Norway-type relationship with the EU. According to the Conservative opinion leader, several Conservative MPs are bracing for snap elections as they expect parliamentary confidence to collapse if the prime minister gives too much to either prominent Leave or Remain campaigners. Rumors of possible snap elections saw the pound's exchange rate decline on Monday. Given the complexity of Brexit negotiation, the fear is that a possible change in the leadership of the Conservative Party would come too late to make a difference. May could seize the opportunity to ask for a popular mandate to lead the country outside the Customs Union, but that would require her to campaign against members of her cabinet and at least 12 of her Members of Parliament. In such a scenario, the Conservatives would be campaigning divided, although it remains unclear what would be Jeremy Corbyn's campaign platform and whether he would commit to the Customs Union and/or the Single Market. For the moment, all opinion polls published in May give the Conservatives a 1-to-5% lead of the Labour Party. [Back to the Top.](#)

### **UK's Hammond rebuffs employers' call for customs union after Brexit**

LONDON, May 22 (Reuters) - British finance minister Philip Hammond rejected a call from a leading employers group on Tuesday to keep Britain in a customs union with the European Union after Brexit, saying it was not needed to keep trade running smoothly. Hammond, speaking to business leaders, said the government understood a set of post-Brexit customs priorities set out by the Confederation of British Industry, including avoiding delays at borders and no extra red tape. "But we do not agree that staying in a customs union is necessary to deliver them," he said, adding the government was continuing to work on its alternative options. Earlier, CBI President Paul Dreschler said remaining in a customs union was currently the only workable option for Britain to avoid transport delays and administrative burdens for firms, as well as a hard border between Ireland and Northern Ireland. "There's a ready solution out there," Dreschler said. "It's our Plan A - to choose to stay in a customs union with the EU, unless and until a better alternative can be found." [Back to the Top.](#)

### **Foreign minister Johnson says Britain must ditch EU tariff rules quickly - Bloomberg**

May 22 (Reuters) - Foreign minister Boris Johnson said Britain must ditch the European Union's tariff rules as quickly as possible, Bloomberg reported on Tuesday. Johnson said Britain should set its own tariffs and run its own trade policy, declining to comment on whether he would quit Prime Minister Theresa May's cabinet if she failed to deliver those conditions. A row over future customs arrangements with the EU is undermining May's authority, having divided her government and all but stalled Brexit negotiations. She said last week that Britain would leave the customs union, but a source told Reuters that London was considering a backstop plan that would apply the bloc's external tariffs beyond December 2020. "The prime minister is the custodian of the (Brexit) plan, which is to come out of the customs union, out of the single market and to get on with it... with all convenient speed," Johnson told Bloomberg in an interview. [Back to the Top.](#)

### **Bank of England spells out cost of Brexit to households**

LONDON (AP) (May 22)— British households are around 900 pounds (\$1,205) worse off than they would have been had the country not voted to leave the European Union, the top central banker said Tuesday. As Bank of England Governor Mark Carney told a committee of lawmakers, that is a "lot of money." Carney said the British economy is 1.5 to 2 percent smaller in the two years since the Brexit vote than it could otherwise have been, after adjusting for further stimulus measures from the government and Bank of England and stronger growth in the rest of Europe. "That's a reasonable difference," he said. "In the short term, over the past year-and-a-half, there has been an impact relative to what we would have expected, even with some pretty good tail winds on the back of this economy." While Carney was careful to point out that Britain's chronic low productivity has also held back the economy, he spelled out the two ways Brexit has hurt growth. It immediately reduced the value of the pound by around 15 percent against a range of currencies. That raised the cost of imports like food and energy and increased inflation from below 1 percent to over 3 percent at one point. For much of the past year, inflation outstripped wages, effectively making households poorer. Now, wages are outstripping inflation again. [Back to the Top.](#)

### **Parliament follows Commission in setting policy to determine fate of British-nationality European civil servants**

Brussels, 22/05/2018 (Agence Europe) What will become of the thousands of British European civil servants after Brexit? They very quickly received the backing of Jean-Claude Juncker, President of the Commission (an institution which employed 899 British nationals as of 1 January 2018, out of a total of around 2,000), who called on the other EU institutions to interpret the staff regulations with flexibility and a "European spirit". Essentially, following the referendum of 23 June 2018, the institutions were all free to determine their own internal policy. The European Parliament, for instance, reached its position on 14 May. Its Secretary General, Klaus Welle, issued an internal note to the members of Parliament to stress that British officials will not have to resign after 29 March 2019 on the grounds that they do not hold the nationality of a member state. Welle's note recalls that after the referendum in the United Kingdom, and then after article 50 was triggered, the various Presidents of the Parliament reassured British staff that they were esteemed members of European public service and the European team. The note goes on to stress that with less than a year to go until the UK leaves the EU and negotiations entering the final stages, it is important that the Parliament takes a clear position on the situation after 29 March 2019, to create the necessary certainty. [Back to the Top.](#)

## **China**

### **China says 16+1 summits are good for EU**

Euractiv (May 23) Annual summits between China and central and eastern European countries are beneficial to the European Union as a whole, the Chinese government told Bulgaria's foreign minister, brushing off concerns that Beijing is seeking to divide the continent. China has courted central and eastern European states, including annual summits in the 16+1 format, which has unnerved Western European capitals who fear China wants to sow divisions in the bloc. The 16+1 format was conceived after the first China-Central and Eastern European Countries Economic and Trade Forum, which was held in Budapest in 2011. The countries included are China. 11 EU members: Bulgaria.

Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, and five EU hopefuls: Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia. (Kosovo is missing, as a result of Serbia's intransigence over the status of its former province.) Reuters reported in March that China was considering paring back the summits, though China has said preparatory talks for this year's summit in Bulgaria are continuing. Meeting Bulgaria's deputy prime minister and minister of foreign affairs Ekaterina Zaharieva in Argentina, Chinese State Councillor Wang Yi said the "16+1" platform had had a positive effect on economic development, referring to China's cooperation mechanism with those countries. "The 16+1 cooperation and China-EU cooperation are not mutually exclusive," China's Foreign Ministry cited Wang as telling Zaharieva on Tuesday. "Objectively, it helps with the European integration process." [Back to the Top.](#)

### **Merkel visit a chance to press China to open up -EU's Katainen**

BERLIN, May 22 (Reuters) - German Chancellor Angela Merkel's trip to China this week is a good opportunity to press the Chinese to deliver on promises of trade liberalisation, European Commission Vice-President Jyrki Katainen said. Merkel faces a delicate diplomatic balancing act on Thursday and Friday during a visit clouded by trade threats from U.S. President Donald Trump and his decision to pull out of the Iran nuclear deal. "(Beijing authorities) have been talking very much about freer trade and more open trade but very little has happened in practise up until now," Katainen told Reuters in an interview. "At this particular moment, Chancellor Merkel's visit is very important because it can clarify the situation." Germany and China, two exporting nations that run large trade surpluses with the United States, have found themselves in Trump's firing line and are scrambling to preserve the rules-based multilateral order on which their prosperity rests. Katainen said "transatlanticism is so deeply rooted that it goes beyond political cycles", but he added: "At the moment, the political situation, because of President Trump's unilateralism, is different and very difficult. China has indicated that they are very strongly supporting multilateralism, and this unites us." [Back to the Top.](#)

## **Western Balkans**

### **Erdogan holds controversial election rally in Bosnia**

Euractiv (May 22) Turkish President Recep Tayyip Erdoğan on Sunday (20 May) addressed thousands of expatriate Turks in Sarajevo at his only election rally outside Turkey after other European countries banned such events. The Bosnian capital was chosen for the event — ahead of Ankara's presidential and parliamentary elections next month — after European Union states such as Germany, Austria and the Netherlands barred Turkish politicians from electioneering in their countries, stoking tensions between Ankara and Brussels. Turkey is scheduled to go the polls on 24 June, with three million expatriate Turks allowed to vote, including 1.4 million in Germany. Several thousand people, according to an AFP reporter, converged on Sarajevo's largest sports venue, Zetra, where the rally was held. Many of the participants, who arrived from several European countries, including Germany, Austria, Denmark and France, were wearing scarves and banners carrying pictures of the Turkish leader, and waving Turkish flags. [Back to the Top.](#)

## **Israel**

### **EU reiterates human rights defenders must be respected**

Brussels, 22/05/2018 (Agence Europe) On Sunday 20 May, the spokesperson for the European External Action Service reiterated the importance of the work of human rights defenders after the Israel and Palestine Country Director of Human Rights Watch, Omar Shakir, had his work visa revoked and after the injury of Jafar Farah, Director of the NGO Mossawa, the Advocacy Centre for Arab Citizens in Israel. In a press release, the EEAS spokesperson stated that human rights defenders represented "natural and indispensable allies in the promotion of human rights in their respective countries". The spokesperson called on the Israeli authorities to reverse their decision on Shakir's work visa, warning that otherwise "Israel would join a very short list of countries which have barred entry to, or expelled, Human Rights Watch staff". Israel accuses Shakir of supporting the boycott against Israel. [Back to the Top.](#)

### **EU calls on Israel to reinstate visa for Human Rights Watch head**

BRUSSELS, May 22 (Reuters) - The European Union on Tuesday called on Israel to reinstate the visa of Omar Shakir, the representative of Human Rights Watch in the country, which was withdrawn after Israel accused him of supporting a boycott against it. Israel withdrew Shakir's visa early this month. The European Union expects the Israeli authorities to reverse their decision, as otherwise Israel would join a very short list of countries which have barred entry to, or expelled, Human Rights Watch staff," the European Union said. [Back to the Top.](#)

## **Italian Elections**

### **Unknown professor proposed as Italy's new prime minister**

EUObserver (May 22) Leaders of Italy's far-right League and the 5-Star Movement have proposed a law professor at Florence University, Giuseppe Conte, as the country's new prime minister. Conte is not an MP and is unknown in politics, but has served as a 5-Star Movement adviser. The two parties need to reach an agreement on their prime ministerial candidate with Italy's president Sergio Mattarella before seeking approval from parliament for their coalition government. [Back to the Top.](#)

### **Italian PM candidate faces troubles over his CV**

Politico EU (May 22) Did the man tapped to be the next Italian prime minister lie about his resume? That question — first suggested in a report in the New York Times — is feeding rising doubts among Italy's chattering classes over whether Giuseppe Conte is the right man for the job. The little-known law professor was put forward for the country's top job Monday by the anti-establishment 5 Stars and the far-right League. And it was not long before his candidacy began to be called into question. Criticism of Conte included his lack of political experience and the way his name was put forward, without respecting protocol. Balancing that out is what looks like a rich academic resume, with short stints at New York University, Paris' Sorbonne and Yale. In a story published late Monday night, the New York Times raised questions about at least one entry on his CV: While Conte said he had "perfected and updated his studies" at NYU, a spokesperson for the university said that "a person by this name does not show up in any of our records as either a student or faculty member." The spokesperson added that it was possible Conte attended one or two-day programs for which the school does not keep records. In a statement, the 5Stars rejected the report, saying that Conte "improved and updated his studies" in New York. [Back to the Top.](#)

### **How did EU-founding member Italy go Eurosceptic?**

#### **How did EU-founding member Italy go Eurosceptic?**

Euractiv (May 22) All eyes are on Italy as the far-right League and rebellious Five Star Movement close in on power, ringing alarm bells in Brussels as the country inches towards becoming the first EU founding member to have a Eurosceptic government. Italy has seen a surge of populist and anti-establishment sentiment as the country struggles to emerge from a decade-long economic crisis amid sky-high youth unemployment and hundreds of thousands of migrants arriving on its shores. Many Italians feel their country has been abandoned and deal with the migrants and have become disenchanted by the European Union as it is today. League senator and economist Alberto Bagnai, the inspiration behind leader Matteo Salvini's euroscepticism, summed up the disillusionment with Europe by telling foreign reporters of the first thing he did after being elected to the Senate in March. "I immediately went to thank (former prime minister) Mario Monti, without whom I would probably never have been elected," he said. Former European Commissioner Monti was named prime minister after Silvio Berlusconi's government fell in 2011 at the height of the economic crisis and he imposed stinging austerity measures to restore market confidence, including a pension reform that both the League and Five Star want to abolish. [Back to the Top.](#)

#### **Italy awaits president's decision on new PM for eurosceptic government**

Agence France Presse (May 23) Italy was Wednesday awaiting the president's decision on whether to approve little-known lawyer Giuseppe Conte as prime minister to lead a populist, eurosceptic government which is already causing unease in Brussels. The anti-establishment Five Star Movement and the far-right League nominated Conte, 54, to head a coalition government in a bid to end two months of political deadlock following March's inconclusive general election. President Sergio Mattarella hosted the speakers of the lower house and the Senate on Tuesday to discuss Conte's nomination. The head of state has to agree to the parties' candidate and ministerial team before they can seek approval for the new government in parliament. Italian media said the president could make an announcement on Wednesday. [Back to the Top.](#)

#### **Markets mount pressure on Italy while Weber warns Rome is "playing with fire"**

New Europe (May 22) The spread between Italian and German 10-year-bond yields climbs as markets assess the danger of the incoming Italian government. The widening spread between German and Italian bonds is spilling over the political sphere, with a brewing confrontation between Berlin and Rome resembling the 2015 emergence of the Syriza government in Athens. In an interview with Handelsblatt on Tuesday, European Commission Vice-President Valdis Dombrovskis warned that Rome "should stay on course and move forward with a responsible budget policy." In doing so, the Commissioner echoes the warning of the leader of the European People's Party (EPP) Manfred Weber, who warned on Monday that the emerging coalition government in Rome is "playing with fire." Speaking to the German media, Weber warned that Italy could trigger a new Eurozone crisis given the country's debt-to-GDP ratio. [Back to the Top.](#)

#### **France warns future Italy govt against "going it alone" in the EU**

PARIS, May 22 (Reuters) - French European Affairs Minister Nathalie Loiseau on Tuesday cautioned Italy's future government against acting like a lone rider in the European union. "Our destinies are intimately bound and it is not possible nor desirable to go it alone in Europe," Loiseau said during a question and answer session in the French parliament. Italy's anti-establishment 5-Star Movement and the far-right League are in the process of forming a government after reaching a coalition pact aimed at ending months of deadlock after inconclusive elections on March 4. [Back to the Top.](#)

#### **Italy must respect EU rules, says Spain Economy Minister**

MADRID, May 22 (Reuters) - Spain's Economy Minister Roman Escalano on Tuesday urged Italy to respect the rules of the European Union and said he hoped the country would act within those rules. Italy's anti-establishment 5-Star Movement and the far-right League on Monday proposed Giuseppe Conte, a little-known law professor, as prime minister to lead a coalition government, which many fear will implement high-spending policies and raise the country's debt levels. The joint programme calls for billions of euros in tax cuts, additional spending on welfare for the poor, a roll-back of pension reforms and a revision of key EU rules, including those regulating immigration and monetary union. "The European Union has to move forward together with Italy (...) in any case we have rules within the euro zone that have to be respected and we count on Italy to act within those rules and to come forward with a constructive proposal," Escalano told reporters on the side lines of an event in Madrid. [Back to the Top.](#)

#### **Economists see potential nightmare in new Italian government**

MILAN (AP) (May 22)— The prospect of a populist government in Italy, the eurozone's third-largest economy, has spooked European partners and investors who fear its euroskeptic, budget-busting program could shake the region's cohesion and undermine its growth. Rival populist forces — the anti-establishment 5-Star Movement and right-wing League — squeezed their often competing agendas into a government program that suggests a spending spree that would add to Italy's debt load, already Europe's heaviest after Greece, with little detail on financing. But what is most concerning to economists, other eurozone nations and financial markets is a euroskeptic attitude that both political parties share, even if they omitted language from an early draft that called for ways to allow countries to exit the common euro currency. Lorenzo Codogno, a former Italian Treasury official, says he was "speechless" at proposals in the program, saying it reflected the parties' "complicated relationship with Europe." "Although they toned down the anti-euro rhetoric ... the mentioned plans put Italy clearly on a collision course with Brussels," said Codogno, who runs a consultancy, LC Macro Advisers. The program was first outlined last week and would be the blueprint for a government if it is approved by the president in the coming hours or days. It includes pet projects to establish a basic income for needy Italians and a two-tier flat tax. The parties also want to cancel scheduled increases to sales tax, and eliminate some taxes at the gas pump. But the most worrying to many are plans to roll back hard-won pension reforms passed by the last parliament. Analysts say all of this could cost 170 billion euros (\$200 billion), or 10 percent of GDP. That would add to a perilously big debt pile of 2.1 trillion euros, or 132 percent of GDP. By comparison, U.S. debt is about 105 percent of GDP and Germany's 68 percent. [Back to the Top.](#)

## **EU Elections**

#### **EU sets dates for 2019 parliamentary elections**

New Europe (May 22) The Council of the European Union on May 22 set May 23-26, 2019 as the dates for the EU's next parliamentary elections. According to the EU General Affairs Council, all ministers of the EU-28 Member States agreed on the dates set after consulting with the European Parliament. The dates are a break with Brussels' 1976 Electoral Act, according to which European parliamentary elections are to take place from Thursday to Sunday in the first full week of June. The Act, however, enables the Council to decide unanimously on other dates after it consults with the European Parliament. The European Parliament has proposed that 27 of the 73 seats currently allocated to



with the European Parliament. The European Parliament has proposed that 27 of the 73 seats currently allocated to Britain be redistributed to 14 other member states "to reflect demographic changes", while also suggesting that the number of seats should be cut from 751 to 705. [Back to the Top.](#)

### **The stalled quest for a more democratic EU**

Politico EU (May 22) So much for the flowering of a European Union demos. When the EU introduced its "Spitzenkandidat" or lead candidate system for selecting the European Commission president in 2014, many hoped it would be a first step toward a genuinely democratic method of selecting the bloc's most powerful figure. The idea was to get away from the opaque appointments of the past, where the Commission top job was selected by backroom deals among the 28 leaders of EU member countries, in favor of a system where lead candidates for the job were selected in advance by pan-European political parties. And to involve citizens even more deeply, the hope was the selection of those candidates would be opened out — via U.S.-style primaries in which any interested citizen could participate, not just party members. It hasn't turned out that way. Despite efforts to improve democratic accountability in Brussels, all of the main European political parties have shied away from the idea of open primaries. Though some, like the Party of European Socialists, have not yet finalized their selection procedures, most parties are planning for party members to vote for a candidate. [Back to the Top.](#)

## **EU Member States**

### **Spain: Puigdemont Spain extradition rejected by German court**

EUObserver (May 22) The court of the German state of Schleswig-Holstein rejected on Tuesday Spain's demand for the extradition of former Catalan leader Carles Puigdemont. The court said Puigdemont, who was arrested there in March, cannot be charged for rebellion over Catalonia's declaration of independence last year. The court confirmed a first ruling issued in April, and went against the state's prosecutor who demanded the extradition just hours before. [Back to the Top.](#)

### **Sweden: All 4.8m Swedish homes get 'war preparation' leaflet**

EUObserver (May 22) The Swedish government is preparing to distribute a 20-page pamphlet next week If Crisis or War Comes to all 4.8 million households, informing people on what to do in case of war. The Swedes are advised to stock non-perishable food, water bottles, warm clothing and sleeping bags. The initiative comes as Sweden debates Nato membership and ahead of general elections in September. [Back to the Top.](#)

### **Slovenia: Anti-immigrant stance helps Slovenia's SDS party to poll lead**

LJUBLJANA, May 22 (Reuters) - An anti-immigrant party looks set to win Slovenian elections on June 3, two years after nearly half a million migrants crossed the country on their way to Western Europe, although a lack of potential coalition partners may keep it out of government. The Slovenian Democratic Party (SDS), one of whose rallies was addressed by Hungary's nationalist prime minister Viktor Orban this month, is leading in opinion polls after pledging to reject EU migrant quotas and boost spending on security. A revival in the number of people passing west through the former Yugoslav republic to other European Union countries -- 1,226 in January to April, compared with 322 in the same period last year -- has pushed migration up the electoral agenda. "I believe that Slovenia should not be forced to accept migrants. We should first take care of our own poor people," said Natasa, a 55-year-old saleswoman who was strolling in the centre of the capital Ljubljana. "I have not decided yet but am considering voting for the SDS." The SDS is led by Janez Jansa, who served twice as Slovenia's prime minister before stepping down in 2013 to face corruption allegations. He denies any wrongdoing. [Back to the Top.](#)

## **Eurozone, Banking & Finance**

### **An Italian job to shield the euro**

Euractiv (May 23) Market pressure, the strong hand of EU institutions and the limits of power will determine how far the new Italian government will go in shaking up the eurozone's status quo. Pierre Moscovici, the EU's economic affairs commissioner, often says that politicians must be popular, not populist. He well knows the advantages and risks of both attributes. As EU commissioner, he "sold" Europe to an anxious audience in France, fired up by Marine Le Pen, the standard-bearer of populism on the continent. As the man responsible for Economic Affairs in Brussels, he was involved in the "domestication" process of Alexis Tsipras and his unorthodox Finance Minister, Yanis Varoufakis, during negotiations on the third Greek bailout. Moscovici now faces a more difficult battle where the stakes are much higher for Europe. The troublemaker is no longer a small eurozone member but Italy, its third largest economy. But Rome bears a heavy economic burden. Any political turmoil could herald a repeat of the darkest moments of the eurozone crisis. [Back to the Top.](#)

### **Bulgaria does not meet all euro entry criteria, Commission to say**

BRUSSELS, May 22 (Reuters) - Euro-hopeful Bulgaria does not yet meet the criteria to adopt the single currency, the European Commission will say on Wednesday in an assessment of European Union countries that must one day switch to the euro. Unlike bigger and richer EU countries that still use their own currency, such as Sweden and Poland, Bulgaria, the EU's poorest member, is eager to join the euro zone and wants to begin the two-year waiting period in May or June. Apart from Britain, which will leave the EU next year, and Denmark, which has a permanent exemption from adopting the euro, all EU countries are legally obliged to join the single currency once they meet all the criteria. "In light of its assessment on legal compatibility and on the fulfilment of the convergence criteria, and taking into account the additional relevant factors, the Commission considers that Bulgaria does not fulfil the conditions for the adoption of the euro," says the Commission assessment, seen by Reuters, that is to be formally approved on Wednesday. To adopt the euro, a country has to have low long-term interest rates, inflation, government deficit and debt and a stable exchange rate against the euro. It also has to have an independent central bank and be well-integrated into the euro zone economy. The Commission will say that Bulgaria meets the criteria of low inflation and sound public finances. But its law on the central bank falls short of requirements for central bank independence and the prohibition of monetary financing. Neither does the country meet the exchange rate stability criterion, the Commission will say. [Back to the Top.](#)

### **154 German economists warn against eurozone reform**

EUObserver (May 22) A group of 154 German economists warn in a joint article The euro should not lead into the liability union in Frankfurter Allgemeine Zeitung that plans to transform the European Stability Mechanism to a permanent European Monetary Fund to weather economic shocks "pose great risks for European citizens". The proposals of French president Macron and EU Commission president Juncker would also deprive the German Bundesbank of control, they said. [Back to the Top.](#)

Thursday of control, they said. [Back to the Top.](#)

### **Uncertainty at Council over 'risk reduction' package**

Brussels, 22/05/2018 (Agence Europe) On Friday 25 May, the European finance ministers will discuss the legislative package of November 2016 on reducing risks in the banking sector. Following the discussions of the ambassadors of the member states to the EU (Coreper) on Tuesday 15 May, the sources EUROPE spoke to declined to be drawn on the likelihood of a political agreement in principle at the Ecofin Council at the end of this week. An agreement is looking "difficult and ambitious", one diplomatic source said, whilst another spoke of discussions "in jeopardy". Of the four matters still open (see EUROPE 12019), only one - albeit a major one - appears to be a problem. Already highlighted during the ministerial discussions of March this year (see EUROPE 11980), this is connected to the level of subordinated instruments that a resolution authority may require of a banking group of systemic importance (G-SII and 'top-tier banks') and that would be the first to be mobilised in the event of resolution. [Back to the Top.](#)

### **Greece and Banking Union on agenda of ministerial meeting**

Brussels, 22/05/2018 (Agence Europe) At their meeting in Brussels on Thursday 24 May, the finance ministers of the Eurozone will take stock of Athens' progress in the framework of the fourth and final monitoring mission of the third Greek bailout plan, with the Hellenic Republic to return to financial autonomy from its European creditors in mid-August. This exchange between Eurozone policymakers follows an agreement reached on Saturday 19 May between Athens and the 'institutions' (European Commission, European Stability Mechanism, ECB and IMF) on the package of socio-economic measures that the government of Alexis Tsipras must implement by 21 June, the date of a Eurozone meeting that will be decisive for Greece. The Commissioner for Economic and Financial Affairs, Pierre Moscovici, welcomed this agreement on Saturday; it will therefore be presented to the Eurogroup. "After so many difficult years, Greece is at last on the home stretch", he tweeted. [Back to the Top.](#)

## **Climate, Environment & Energy**

### **Radev pleads in Moscow for 'Bulgarian Stream' pipeline**

Euractiv (May 22) Bulgarian President Rumen Radev used the first day of an official trip to Moscow on Monday (21 May) to try and resurrect plans for a pipeline that would bring gas directly from Russia to Bulgaria's Black Sea coast, after it was cancelled in 2014. Radev was initially received yesterday by Russian Prime Minister Dmitry Medvedev ahead of a meeting with Vladimir Putin today. Radev, a former pilot of Russian MIG 29 jet fighters who is fluent in Russian and English, insists that as a NATO general his loyalty is with Bulgaria's allies, but he also says he is in favour of dialogue with Russia. Medvedev was quoted as saying that Russia is expecting Prime Minister Boyko Borissov to visit Russia soon and expressed hope that the intensity of official Russian-Bulgarian contacts will grow. The Russian PM added that the peoples of both countries are connected by strong bonds of friendship and spiritual closeness. He also stressed the need to step up trade and economic cooperation, "because lately the trade between our two countries is unfortunately not growing but rather declining". Radev praised Russia as "a strategic partner" in the energy sector, highlighting Moscow's role in supplying natural gas, oil and nuclear fuel, as well as helping modernise and maintain Bulgaria's facilities. The president added that "security of energy supply is extremely important for both Bulgaria and the EU. I hope that our governments will also review the possibility of direct supply of gas from Russia through the Black Sea." [Back to the Top.](#)

### **EU CO2 price expectations next decade fall short of Paris climate goal**

LONDON, May 22 (Reuters) - Participants in Europe's carbon market, including utilities, trading houses and banks, expect carbon prices to rise in the next decade, but not high enough to meet a limit on global temperatures, an industry association survey shows. The EU's Emissions Trading System (ETS) caps the emissions of about 11,000 power plants, factories and airlines, but prices tumbled due to an oversupply of the permits since the financial crisis. Average prices in the scheme are expected to increase to 15-22 euros a tonne in the next decade, according to an annual survey of around 120 companies published by the International Emissions Trading Association (IETA). EU carbon prices have risen to 7-year highs of almost 16 euros a tonne at the time of writing, compared with around 5 euros a year ago, lifted by measures to reduce the number of permits to be auctioned from next year. However, more than half of the respondents do not believe that the reforms to address oversupply will be enough to meet a globally agreed goal to keep the rise in temperatures to within 2 degrees Celsius. "Respondents believe that a carbon price of 50 euros a tonne by 2030 is needed to achieve the 2 degree C goal which far outstrips their current price expectations," the report said. More than 70 percent of participants believe that if China's carbon market is not considered a success, the reputation of emissions trading worldwide will be damaged. [Back to the Top.](#)

## **Refugees & Migration**

### **According to most recent Frontex figures, number of 'irregular' migrant arrivals is down overall but some migratory routes are again experiencing increased activity**

Brussels, 22/05/2018 (Agence Europe) According to the most recent statistics published on 21 May by Frontex, the European Border and Coast Guard Agency, some 10,500 irregular border crossings were detected on the main migratory routes into the EU in April, down a third from the same month of last year. Frontex indicates that "In the first four months of 2018, the total number of irregular border crossings dropped 44% compared to a year ago to about 29,700, mainly because of lower migratory pressure on the Central Mediterranean route". The Eastern Mediterranean route, particularly the land borders with Turkey, however, experienced a rise in the number of migrant arrivals. In April, the number of irregular migrants taking the Eastern Mediterranean route stood at some 6,700, two-thirds more than in the previous month. In the first four months of this year, more than 14,900 migrants entered the EU through the Eastern Mediterranean route, 92% more than in the same period of last year. [Back to the Top.](#)

### **EU increases collaboration with authoritarian regimes to tackle migration**

Euractiv (May 23) Europe's struggle with migrants has led to an increase in funding for border control to authoritarian regimes such as Chad, Niger, Belarus, Libya and Sudan. EURACTIV.fr reports. A report by the Transnational Institute (TNI) and Stop Wapenhandel, a Dutch campaign against arms trade, points to the EU's increasingly frequent collaboration with authoritarian regimes since 2005, and its acceleration in 2015 with the start of the migrant crisis. The EU injects millions of euros through various programmes including the Emergency Trust Fund for Africa, into a series of projects aimed at preventing immigration to Europe. Hence the report's title, "Expanding the Fortress". According to the report, 17 of the 35 countries that the EU prioritises for border externalisation have an authoritarian government. "This report reveals a policy of EU interaction with its neighbouring region that has become single-mindedly obsessed with migration control. Reinforcing military and security forces in the region is likely to

immaturely obsessed with migration control [...] reinforcing military and security forces in the region, is likely to exacerbate repression and stoke the conflicts that will lead to more people being forced from their homes," stated Mark Akkerman, researcher and author of the report. "It's time to change course. Rather than externalising borders and walls, we should be externalising real solidarity and respect for human rights," he said. [Back to the Top.](#)

## Venezuela

### EU says Venezuela vote did not meet standards, considers steps

BRUSSELS, May 22 (Reuters) - Venezuela's vote, in which socialist President Nicolas Maduro won re-election, did not meet international standards, the European Union said on Tuesday, saying it would consider its response. "Presidential and regional polls went ahead without a national agreement on an electoral calendar and without complying with the minimum international standards for a credible process," the EU said in a statement. "The EU and its member states will consider the adoption of adequate measures," the bloc said without giving details but referring to its April decision to impose sanctions on some top Venezuelan officials. [Back to the Top.](#)

## Justice & Home Affairs

### Cyprus to cap its 'golden visa' program

Euractiv (May 23) Stung by criticism it has been selling European Union passports for cash, Cyprus has tightened vetting procedures in a scheme that grants Cypriot citizenship to investors, the finance minister said yesterday (22 May). Harris Georgiades said Cypriot authorities have introduced more stringent controls on the programme and capped at 700 the number of passports it will grant to wealthy foreigners each year. "For example, in addition to the checks carried out to date, a thorough, exhaustive, due diligence check by specialised foreign firms will be carried out on a case-by-case basis," Georgiades told state radio. "The new system has made the process more rigorous and more reliable," he said, adding the passport scheme was a "useful supplement" but that the island was not reliant on revenue from the investments. Cyprus has been criticised over the alleged cash-for-passports scheme, which primarily attracts wealthy Russians and Chinese. [Back to the Top.](#)

## Food, Agriculture & Fisheries

### Committee of Regions calls for EMFF increase

Brussels, 22/05/2018 (Agence Europe) On Friday 1 June, the European Commission will present its proposal on the European Maritime and Fisheries Fund (EMFF) for the period after 2020 (see EUROPE 12020). With the Commission likely to propose a 4% reduction in the fisheries policy financing instrument (€6.4 billion for the 2014-2020 period), the Committee of the Regions (CoR) called, in an opinion by Alberto Núñez Feijóo (EPP, Spain) on 16 May, for the 2021-2027 EMFF budget to be increased to 1% of the total EU multi-annual financial framework. On top of the 0.53% of the EU budget currently allocated to fisheries, it wants an additional 0.47% for the integrated maritime policy. Then CoR also calls for: - continuing support for measures to compensate the fleet for socio-economic damage caused by environmental measures such as area closures, temporary stops and other measures limiting fishing activities; - support for renewal of the fishing fleet (without generating an increase in fishing effort) to avoid damage resulting from ageing (the average age of fishing vessels in the EU is 22.6 years); - greater funding for data collection; - increased efforts to make financial assistance available in order to raise the low overall implementation rate (2.7% in November 2017). [Back to the Top.](#)

### Council adopts organic farming regulation

22/05/2018 (Agence Europe) - Meeting in Brussels on Tuesday 22 May, the Council of Ministers of the EU adopted, without debate, the text of the new regulation on organic farming which will apply from 1 January 2021 (see EUROPE 12023, 12005). The Czech Republic, Finland, Slovakia, Lithuania and Cyprus voted against the regulation. Belgium, Hungary and Austria abstained. The legislative act has thus been adopted. Following signing by the president of the European Parliament and by the Council President, the legislative act will be published in the official Journal of the EU. [Back to the Top.](#)

### Commission allows harvesting year to feature on olive oil labels

Brussels, 22/05/2018 (Agence Europe) The European Commission presented a delegated act on Tuesday 22 May that allows countries which so wish, including Italy, to state the harvesting year on olive oil labels. The text amends Implementing Regulation 29/2012 on requirements on the labelling of olive oil. The delegated act has not yet come into force. It is subject to the right of both the European Parliament and the Council to issue objections, in line with Article 290, paragraph 2 of the Treaty on the Functioning of the European Union. The text seeks to clarify a number of existing provisions on the inclusion of certain optional information on olive oil labelling (Article 4 of Implementing Regulation 29/2012 on marketing standards for olive oil). [Back to the Top.](#)

## Development & Aid

### Germany says proposed post-2020 EU budget is too low for Africa

Brussels, 22/05/2018 (Agence Europe) European ministers with responsibility for development had the opportunity in Brussels on Tuesday 22 May to give their initial reaction to the Commission proposal on the single EU external policy financing instrument in the draft multiannual financial framework for the period from 2021 to 2027 (see EUROPE 12023). EU High Representative for Foreign Affairs and Security Policy Federica Mogherini, who chaired this meeting of the Foreign Affairs Council in its development format, was able to gauge the reaction of the delegations on this general instrument which will be allocated an envelope of €123 billion. But she made no comment as the final press briefing was cancelled. According to a European source, comments were general, with the details of the proposals expected only on 14 June. [Back to the Top.](#)

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