

EUROPEAN NEWS

EU paymasters reject enlargement budget

THE EUROPEAN Commission will today launch into a bitter dispute with Britain and other big paymasters of the EU, by demanding billions of extra euros in spending to modernise the former Communist countries after they join the bloc.

Commission proposals for funding an expanded EU will be finalised in defiance of calls, repeated by the UK yesterday, for a budget freeze. A document, to be approved by the EU's 20 commissioners in Strasbourg, will also call for the benefits of the British budget rebate, worth about €3bn (£2bn) each year, to be shared among all countries that pay more into EU coffers than they receive.

But the main battleground will be over how much to spend between 2007 and 2013, as the EU gets to grips with the challenge of modernising the run-

BY STEPHEN CASTLE
in Brussels

down economies of eastern Europe. The document will start months of acrimonious negotiations and internal divisions because the budget needs to be agreed by all member states. Last night, Gordon Brown, the Chancellor of the Exchequer, launched a pre-emptive strike, saying it was "unacceptable and unrealistic for the commission to propose a 25 per cent increase in its spending, and ask member states to contribute an extra €20bn".

It would, he added, be "wasteful and inefficient to increase spending on Commission programmes which do not match the EU's economic reform priorities and in some cases, such as the common agricultural policy, work against



The German Chancellor, Gerhard Schröder, left, greets the French President Jacques Chirac in Genshagen, Germany, yesterday for discussions on the EC EPA

them". The French President Jacques Chirac and the German Chancellor Gerhard Schröder, who met last night,

also made clear they wanted to rein in EU spending.

Two months ago, Germany, France, and the four other countries which pay more into the EU budget than they get back – the UK, the Netherlands, Austria and Sweden – said average expenditure during the next EU budget period should not exceed 1 per cent of gross national income.

The present annual budget of nearly €100bn is equivalent to .98 per cent of gross national income although the legal ceiling is higher at 1.24 per cent.

In Strasbourg today the commission is certain to exceed the 1 per cent threshold, and may call for spending between 2007 and 2013 to be increased by more than €50bn, up to the 1.24 per cent threshold.

An alternative scenario on the table is for slightly lower rises, totalling about 1.21 per

cent, peaking at about €147bn in 2013. The EC says that without an increase in spending it will have to cut back on present tasks, let alone those in EU expansion.

"The Union would face a set of existing obligations which cannot be properly implemented, such as justice and security," say drafts of the document to be agreed today. "It would also be unprepared for the new tasks ahead."

Of its planned new spending, almost half would go towards boosting competitiveness and to regional policy, something seen as vital in eastern Europe. More than one-third would be supporting agriculture.

That spending is written in stone because of a deal agreed in October, 2002, in which rises in farm spending would be pegged to 1 per cent, less than the expected inflation, but

nothing like the cuts demanded by those who want to reform the common agricultural policy.

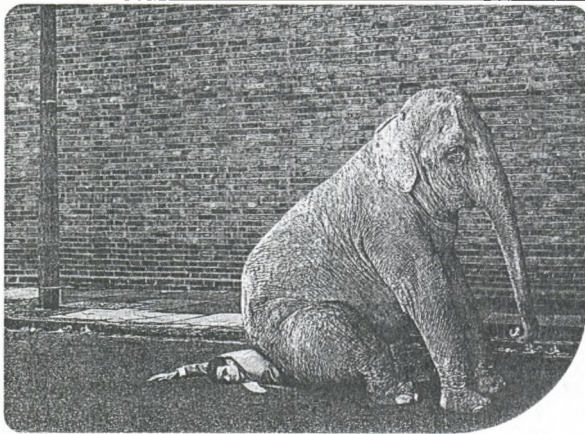
With farm subsidies largely protected, the fear is that the EU will not fund other important areas. Countries such as Poland would benefit from agricultural support but miss out on the big infrastructure investment that helped nations including Ireland and Spain modernise their economies when they joined the EU.

That is why the UK is leading calls to refocus structural aid on the new member states and away from countries that benefit hugely at present such as Spain. It will also dispute any big plans to boost infrastructure spending on trans-European transport links.

But Pat Cox, president of the European Parliament, said: "Maintaining the status quo, when we are joined by 10 countries with incomes below the EU's average, would create a funding decrease, at the same time as the scope and scale of our tasks expand." He added: "We cannot 'do Europe' on the cheap."

In another development, the European Commission president, Romano Prodi, approved nominations from the 10 new countries for European Commissioners who are due to start work on 1 May.

The nominees, including the Polish European Affairs minister Danuta Hübner and Hungary's EU ambassador, Peter Balazs, will work with existing commissioners until the commission's normal five-year term ends in November.



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Olympic crackdown under way as Greek terror trial begins

BY PATRICK QUINN
in Athens

THE TRIAL of five alleged members of a Greek terrorist cell began yesterday under tight security as authorities pressed ahead with a security drive before the Olympics in August.

The four men and one woman are accused of being the leaders of the Revolutionary Popular Struggle, (known as the EIA), which is blamed for the murder of two Greek police officers, dozens of bombings and other attacks in the 1980s.

They also face charges of setting off 59 bombs, mostly to attack vehicles or facilities operated by the US military when it had a base in the Athens area. No one was killed in those attacks. If convicted, the five alleged EIA leaders face life sentences. The group was considered Greece's second worst terrorist threat after the 17



Christos Tsigaridas admitted being a member of the EIA

November organisation. In December a special anti-terrorism tribunal gave multiple life sentences to the leader, chief assassin and three other members of that group.

The two organisations were among the last European terrorist groups inspired by 1970s visions of Marxism, social

revolution and armed struggle. The alleged EIA members are being tried by the special tribunal in the same bunker-like courtroom of an Athens maximum-security prison where the 17 November members were put on trial. The trial is being held without a jury and is expected to last three months.

One suspect, Christos Tsigaridas, 64, a civil engineer, told the court he was a member of EIA. The other four, including the mayor of a small Aegean Sea island, have denied all charges. "I have never stopped believing that what I did was right," Mr Tsigaridas told the court.

The EIA suspects were arrested in January 2003 as part of a police security sweep for the Olympics. The trials have been touted by Greek authorities as a sign of their determination to crack down on domestic terrorism before the Games. (AP)