Some thoughts about the year 2016 for the European Union

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During 2016 a set of matters have affected the functioning of the European Union and will continue to do so in the near future.

1. The first matter worth mentioning is the referendum called by the UK Government on the UK remaining in the EU and the consequences arising from the results obtained. The referendum question was clear and straightforward: Should the United Kingdom remain a member of the European Union or leave the European Union? The two possible answers did not raise doubts either: Remain a member of the European Union Vs Leave the European Union. The plebiscite was held on 23 June 2016 with an overall turnout of 72.2%. A total of 17,410,742 votes (51.9%) were for Leave and 16,141,241 for Remain. Results were diverse according to each territory: Leave won in Wales (53.4%) and England (52.5%) – although the London metropolitan area voted mostly for Remain. On the contrary, Remain was the predominant option in Scotland (62%), Northern Ireland (55.8%) and Gibraltar (95.1%).

The results were the first step towards the UK withdrawing from the EU pursuant to Article 50 of the Treaty on European Union. On 9 February 2017 the Parliament authorized the Government to activate the mechanism by 494 to 122. The voting took place after the Supreme Court ratified through the Judgment of 24 January 2017 the decision of the High Court of 3 November 2016. According to this Judgment, the Government needs authorization of Parliament to begin Brexit. Now it is time to wait for the Government to notify the European Council of its intention to abandon the EU.

2. A second element that defined the performance of the EU in 2016 was the implementation of the EU-Turkey deal or, to quote the General Court of the European Union (order of 28 February 2017), the "international agreement concluded by the Member States" and Turkey. The EU-Turkey statement of 18 March 2016 decided to end the irregular migration from Turkey to the EU. In order to achieve this goal, they agreed on the following additional action points:

a) "All new irregular migrants crossing from Turkey into Greek islands as from 20 March 2016 will be returned to Turkey." "The costs of the return operations of irregular migrants will be covered by the EU."

b) "For every Syrian being returned to Turkey from Greek islands, another Syrian will be resettled from Turkey to the EU taking into account the UN Vulnerability Criteria" and "priority will be given to migrants who have not previously entered or tried to enter the EU irregularly". "Resettlement under this mechanism will take place, in the first instance, by honouring the commitments taken by Member States". The effectiveness of such measures has been quite low as many Member States have been very reluctant to accept the amount of people assigned.

c) "Turkey will take any necessary measures to prevent new sea or land routes for illegal migration opening from Turkey to the EU, and will cooperate with neighbouring states as well as the EU to this effect." The consequence of this measure has been a relevant change in the entry routes for migrants from the Eastern Mediterranean to the Central Mediterranean route.

d) The EU commits to allocating 6,000 million euros to the mechanism for refugees in Turkey for the funding of projects addressed to people under temporal protection and, in particular, in the fields of health, education, infrastructures, food, etc.

3. Thirdly, it is easy to see that economic problems persist in the euro area, both for Member States and for banking institutions. Because the latter may put the stability of the system at risk, they are given state subsidies.

A good example to mention here is the option chosen to alleviate the economic difficulties that the third most important bank in Italy, Monte dei Paschi di Siena, was going through. This option is monitored by the Single Supervisory Mechanism (SSM). The bank Monte dei Paschi di Siena did not pass the stress test of the European Central Bank in July and did not succeed in increasing capital. On 21 December the Italian Parliament authorized an increase of 20,000 million euros in public spending aiming to support the national financial institutions based on the circumstances and the extraordinary nature of the situation and in order to preserve financial stability. Two days later, the Italian Government created a 20,000-million-euro fund with the aim to help those financial institutions in need of capital injection and unable to obtain it by themselves. Of the agreed amount, 8,800 million euros were injected to Monte dei Paschi di Siena.