

Six priorities for tackling the EU crisis



The crisis that has engulfed the EU is both wider and deeper than the setback to the Constitution would suggest. **Joachim Bitterlich**, who was German Chancellor Helmut Kohl's foreign and security advisor identifies the areas he believes ripe for urgent action

The EU has lost pace and rhythm with its last enlargement and with the failure of its constitutional project, and now is looking desperately for a way out. In the view of many observers these problems are compounded by a weak Commission and a general lack of political leadership in Europe. No one seems to have a compass or a clear vision of the way ahead.

From an economic viewpoint, we Europeans would do well to keep in mind a recent study by Deutsche Bank and the American Institute for Contemporary Studies that looks ahead to the world economy in 2020; it yields the following "ranking": No 1 is still the US, China is No 2, followed by India, Japan, and Germany and then by France, Britain, Canada, Spain, Thailand and Turkey or perhaps Malaysia. It is an analysis that calls for a radical shake-up in the political and economic reform agendas of the EU and its members. What then are the key issues and the challenges that we must urgently confront? I believe there are at least six.

First, the EU must digest its 2004 enlargement from 15 to 25 member states.

There are already four more on the immediate waiting list – Bulgaria, Romania, Croatia and Turkey – For some in the old EU the "big bang" enlargement was more like a "forced marriage", and certainly it constitutes a real challenge for both sides. Even today there is still a real question-mark about whether the EU was fully prepared and whether the ten newcomers were really ready for membership. If we want to ensure that the expansion of the European Union is a success story we will have to do much more than was foreseen in the original transition arrangements.

Second, Europe's biggest economies seem blocked in their attempts to reform their labour and social systems so as to reduce unemployment and address the core problem of stagnant growth. More than five years ago, the EU launched the Lisbon Agenda with the goal of becoming by 2010 the most economically competitive region in the world. An excellent initiative, but thanks to an extremely technocratic approach, Lisbon has failed to make a breakthrough. A major problem is that EU policymakers did not put the basic questions in the right order: the first tasks

should have been a serious examination of the state of national economies, and Brussels should have addressed the question, "what can the EU do to help those member states in trouble?".

In the EU core countries, the key words seems to be fear of the future and globalisation. These have given birth to the present trend towards "economic patriotism". But what these new protectionists forget is that our domestic market is Europe. We Europeans need a thorough debate about our understanding of the EU marketplace. The single market is incomplete and at times over-regulated. In its present form it can be an obstacle to growth, and efforts to complete it have often consisted of one step forward and two steps back. The EU's economic union remains a headless torso so the risk is that we'll wind up with a monetary union only!

A third priority is to re-launch growth in areas where the effects are most visible and understandable for the citizen, and that means energy and the environment. Energy policy is not just a challenge but a threat. There is no common policy and national markets are more or less closed. Energy is an area where short, medium and long term risks are mixed in a rare combination. On the environmental side, to bring the infrastructure of the 10 new member states up to EU standards means a programme of about €500bn that can only be paid for by an intelligent combination of public and private financing – "PPP" is the catchword, but sadly one of the most serious obstacles to its implementation is the European Commission and its services.

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By **Aurore Wanlin**

It's not so much aims as means that Europe lacks

Many observers are convinced the EU is facing an unprecedented crisis that could lead to irreversible decline, and Joachim Bitterlich is no exception. He says three elements combine to explain the EU's current crisis; lack of leadership, an incremental economic decline and institutional stalemate following the rejection of the EU constitution by the Dutch and French electorates.

Putting the EU back on track, runs Mr. Bitterlich's argument, will require a pause in the enlargement process, a much greater readiness to implement economic reforms, the creation of a new institutional framework, the development of a common EU energy and environment policy, and the more active promotion of Europe's role in the world. The author makes some interesting proposals, ranging from the creation of new transatlantic institutions to launching a pan-European debate on the single market. Unfortunately, he provides few details about what these new institutions and debating forums would look like in reality.

Mr. Bitterlich also omits any discussion of the tensions existing between these different objectives. For instance, a pause in the enlargement process might mean less weight for the EU on the international stage. Enlargement has been the EU's most

The fourth challenge we must focus on is Europe's role in the world, and here we must be frank with ourselves; the EU is an economic giant but it's a paper tiger politically, and is only partly able to defend its own vital interests. The CFSP is still more "virtual" than it is reality, and remains more a collection of "strategic" or "solemn" declarations than an instrument of practical politics. What we now need is a thorough examination of the basics and what we want to do together, and only then should we seek to develop the appropriate institutions.

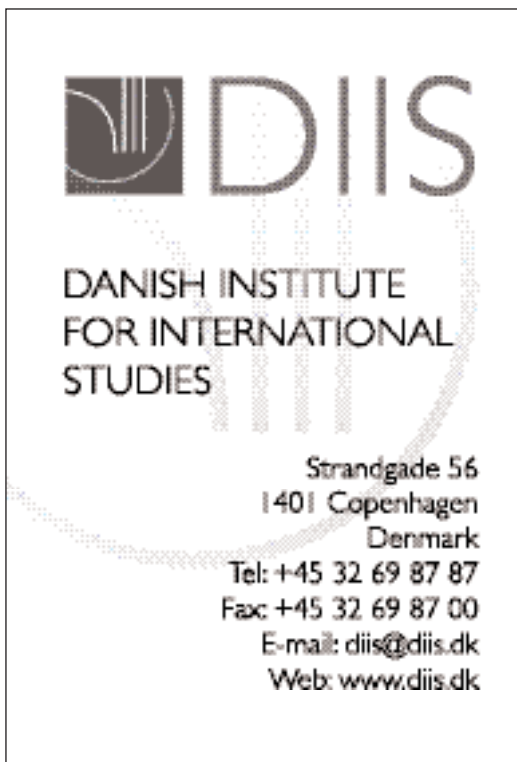
The most striking example of EU member states' foreign policy divergences has been over Iraq, but there are others in important areas of international policy. The EU-US

relationship, including NATO, is naturally a key issue. Germany's former Chancellor Gerhard Schröder was right when he asked for a common Euro-American reflection on the future of the alliance and of the EU-US relationship. I would go further and say there is clearly a need for a new alliance embodying a fresh partnership between the US and Europe.

Then there are the EU's relationships with Russia, China and India. Where does Europe stand in relation to this strategic triangle? Much the same question can be asked about Russia, which should still be seen and respected as an important power. It is a country that has gone through a difficult transition ever since Mikhail Gorbachev initiated his Perestroika reform process lacking consistency and direction. Under Vladimir Putin, Russia now seems much more stable and on track towards a better future, but not necessarily towards a more democratic and market-driven system that conforms with our European ideas. Why, though, do we always look at the world through our own romantic European eyes without taking into account the realities and basic conditions in these countries?

The often forgotten but nevertheless important area of EU foreign policy is our development policy, which is crucial to Africa. But here we have 25 national policies plus the EU-level one. Member states and the Commission should coordinate their policies, set policy priorities and add new elements like a European Peace Corps and a European Corps of Engineers that could promote a common European identity around the world.

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The fifth focus should be on the EU's structures and institutions. Even though the debris of the constitutional treaty has still not been cleared away, the EU needs a clearer, readily understandable and more efficient institutional set-up, and it needs to decide which decision-making competences really need to be at European level. France's National Assembly, for instance, devotes about 70% of its legislative agenda to transposing European laws into French law. It is astonishing that crises has not yet erupted in the Palais Bourbon, the Bundestag or at Westminster over the way EU decision-making process affects national parliaments. A second lesson is that the EU regulates too much and is over-regulating Europe; the principle of subsidiarity has so far been a failure.

The constitutional project was the third attempt to put Europe on the right institutional track, but it clearly cannot be our last. It is an important, but not exclusive part of the agenda, and it would be a dangerous illusion to think it can be pushed through at a second attempt using procedural tricks. We Europeans now have to reflect together about a new consensus, a new European project with a basic framework that would play a similarly important role, but for which public opinion would be more engaged by the inclusion of concrete policies. If we do not meet this challenge we could be nearing the crucial moment when some members of the EU club seriously look for alternatives.

My sixth priority for EU policymakers is the question of where Europe's borders will begin and end. The real challenge is going

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successful foreign policy tool; without it, the EU has few ways of exerting pressure on its neighbours. Nowhere is this more obvious than in the case of Turkey. There is no doubt that Turkish accession to the EU would irreversibly change the Union. But if the EU wants to influence Turkey's political and economic evolution, it has no better instrument than the prospect of membership. Designing an alternative to enlargement and finding incentives that would make EU foreign policy more efficient is probably the biggest challenge to face if Europe wants to play a stronger international role.

A similar tension exists between the two objectives of "digesting" the latest wave of enlargement while deepening integration within the EU. Both enlarging and deepening the Union have always gone hand in hand. For more than a decade, the prospect of enlargement to the central and eastern European countries has been the main driver for the Union's deepening. But now that motor seems broken. Enlargement will become increasingly difficult. The EU's institutional capacity is already overstretched and popular resistance to both further enlargement and integration is growing steadily.

Meanwhile, there is no easy way out of the EU's constitutional stalemate. Fundamentally, the integration process has reached a stage where, if pursued further, it will increasingly impinge on national sovereignty. The watering down of the Commission's services directive is a perfect example of this. The liberalisation of the trade in services, much more than that of goods, puts national social systems and regulatory regimes into direct competition,

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giving rise to strong popular resistance. To move forward, the EU needs stronger popular support, yet securing such support is increasingly difficult.

The risks of doing nothing are considerable, however. EMU, as Joachim Bitterlich rightly says, is “a headless torso” while the single market “in its present form is to some extent an obstacle to growth”. The EU needs to move forward and address its problems if it wants to make the most of the integration process and achieve the objectives the author assigns to Europe. The EU does not lack objectives nor priorities. What it needs most is the means to achieve its ambitions. In recent years, member states have too often set objectives for the EU, for instance through the Lisbon Agenda, without creating either the appropriate framework or the necessary levels of co-operation to ensure success. The biggest challenge facing the EU is for its member states to finally give it the means to achieve its objectives, while securing the support of Europe’s citizens. No easy task. □

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to be Turkey, even if Turkey is not the only candidate country that matters. If we say yes to Turkey, what about Ukraine? What would our answer be if President Putin asked for EU membership to reinforce the ideas now circulating of a sort of “directorate” that would reinforce Europe’s weight in world affairs? Or what should our answer be to the Maghreb and Mashrek countries that are no less “European” than Turkey?

But Turkey is of course a special and delicate case. The policies and reform programme of the Erdogan government have in recent years rightly earned widespread respect. Turkey’s economic performance is astonishing, and a good many important political reforms are now under way. But it is still too early to judge the extent and the direction of these changes, and doubts remain about the real objective of this policy. Is the EU the objective or only the vehicle, a sort of a Trojan horse? At the same time, the choice between “accession” and “privileged partnership” is no longer convincing; the latter is clearly insufficient while membership looks risky for both sides.

These six themes are not an exhaustive list. Important challenges such as the new anxieties in our societies or the problem of European identity have to be addressed too. We Europeans will have to understand the seriousness of our situation and find ways out of the crisis, as we have done in the past. It will require patience and time, but the need for action is urgent. □

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