



TEPSA PRE-PRESIDENCY CONFERENCE REPORT

IIEA Irish Presidency Conference

Irish Institute of International and European Affairs
22-23 November 2012

The Irish Pre-Presidency Conference took place on 22nd and 23rd November 2012, with a roundtable discussion at the Institute of International and European Affairs on Thursday and a plenary conference in the Dublin Castle on Friday.¹ It was organised by the Irish Institute of International and European Affairs (IIEA) in association with the Trans European Policy Studies Association (TEPSA), Brussels.

THURSDAY: ROUNDTABLE DISCUSSION ON THE FUTURE OF EUROPE

After words of welcome by Dáithí O'CEALLAIGH, Director General of IIEA, and of Jean-Paul JACQUÉ, Secretary General of TEPSA, the roundtable discussion on the Future of Europe was opened by Graham AVERY, honorary member of the TEPSA Board. The first panellist Wolfgang WESSELS, chairman of TEPSA and Jean Monnet Professor at the University of Cologne, reflected on the different European integration theories like the Monnet and Spinelli methods as well as differentiated integration. The main question he tackled was whether the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union is a model for a multi-tier Europe. Wolfgang WESSELS first stressed that the EU should be active in combatting the crisis and recalled the Monnet method which led in the past to spill-over effects in European integration. Thus, the creation and deepening of integration in the economic sector led to further integration of the political dimension. He further characterized Walter Hallstein's 'Sachlogik' as a master plan to address economic challenges of that time and underlined its valuable dynamism for the process of integration. Quoting the memoirs of Margaret Thatcher, WESSELS clarified that Thatcher introduced qualified majority voting for economic purposes with the Single European Act which was then extended with the Amsterdam Treaty to other policy areas. The period of the European Convention and the discussions on the Constitutional Treaty followed the integration logic Spinelli method, aimed at a 'big bang', or a '*saut qualitatif*', into a federal constitution. With the current crisis, he argued, Europe is confronted again with the Monnet method, while some like Andrew Duff would ask for a new convention to discuss another 'big bang' toward a federal union. Wolfgang WESSELS proposed a core Europe where twelve member states need to agree following Article 48 of the Treaty of the European Union. He also identified the European Commission as a current player in trying to involve all different methods of further European integration. The European Parliament urges the need for a 'no-division' approach which he sees as a major problem. The 'silver thread' in the contribution was that a core Europe could serve as a good and strong example where other member states could follow later.

The second panellist Katrin BÖTTGER, TEPSA Board member and deputy director of IEP Berlin, focused on three major issues: solving of the Eurozone crisis, the impact of the Eurozone crisis on citizens and the EU as a global actor. She highlighted the diverging priorities in the European Union and referred to the changing political priorities. The '27-x approach' with the British tendency to isolation and the Czech Republic's opting out make a common European approach to tackling the crisis very difficult. The tensions between EU member states in tackling the crisis, has a negative effect on the perceptions of EU citizens and their involvement in the EU project.

¹ For more information on the conference, please visit <http://www.iiea.com/eu2013#1>

Katrin BÖTTGER called for more solidarity between EU member states in that regard. Furthermore she argued that the political steps undertaken to decrease unemployment are not 'radical' enough. Europe still faces the risk of having a 'lost generation' of young people. Regarding the European Union as a global actor, Katrin BÖTTGER observes a global paradigm shift from military to economic power. At the same time new global powers such as the BRICS emerge. She further stressed a review on the European Neighbourhood Policy, which is focusing too much on the South. She proposed that the EU-Russia relationship could serve as a way in the Caucasus conflicts and that a 'middle-way' approach –with or without Russia - in the Middle East could be a strategy for the European Union.

Jaap DE ZWAAN, TEPSA Board member and Professor at the Erasmus University Rotterdam, focused on four topics, namely the European Union's role as a global actor, the EU's Common Foreign and Security Policy, EU enlargement and the question of treaty amendments. With regard to the first topic, Jaap DE ZWAAN expressed his observation that the traditional instruments of the international community such as the United Nations do not deliver anymore. He also mentioned that the European Union risks losing the United States as a global partner and that the EU does not have enough capacities to deliver when it comes to its external performance. The instrument of regional cooperation could be a potential alternative to a stagnating international community. In the context of the Common Foreign and Security, Jaap DE ZWAAN recalled that the unanimity requirement comes from times of peace. According to him, EU foreign policy cooperation lacks consensus. As set out in Article 42 paragraph 6 of the Treaty on the European Union, permanent structured cooperation can be a tool where all EU member states reach an agreement. Referring to EU enlargement, Jaap DE ZWAAN reflected on the countries aiming at membership such as the Eastern European countries, Turkey and North Africa. For other third countries he proposed 'some-kind' of membership limited to certain policy fields which would allow them to participate in a more productive way. His final point focused on the different treaty amendment options as set out in the Treaty of Lisbon and he invited to take 'other models' such as a form of 'super qualified majority' in the European Parliament or a kind of a new second chamber into account.

The three presentations were followed by a rich debate with the audience. One of the main topics addressed was the role of United Kingdom in the European Union and whether the British withdrawal of the European Union and its position in the EU is to be classified as 'nearly or really out'. The panel underlined the significance of the UK within the EU and importance of finding alternative ways for member states when they are blocked. On the role of the United Kingdom in the European Union, Wolfgang WESSELS observed that this would mean the loss of a 'countervailing power' in the EU. In the European Coal and Steel Community there was a need to balance the negative effects of a too powerful Germany. The ECSC was successful in addressing this, Wolfgang WESSELS argued.

FRIDAY PRE-PRESIDENCY CONFERENCE

The conference was opened by the welcome remarks of Brendan HALLIGAN, Chairman of the Institute of International and European Affairs (IIEA). Brendan HALLIGAN emphasized that this is the 7th EU Council Presidency held by the Irish since its membership to the EU in 1973. Given that the EU is constantly evolving, each Presidency is different and has its own characteristics. Although national leadership is crucial, it was put forward that the EU is stronger working together with all member states.

Wolfgang WESSELS, Chairman of TEPSA, welcomed the participants on behalf of TEPSA and reminded the first TEPSA Pre-Presidency Conference in Dublin where Honorary Member of the TEPSA Board Jacques Vandamme was present. Wolfgang WESSELS highlighted that the 1970s witnessed innovations such as the creation of the European Council (1974) and the direct election of the European Parliament (1979). The European Union's Council Presidencies both

feature continuity and change. Wolfgang Wessels showed his confidence that the Irish Presidency will continue contributing to the institutional architecture of the EU and to an agreement on the EU budget.

SESSION1: PRIORITIES OF THE IRISH PRESIDENCY

This section was chaired by Dáithí O'CEALLAIGH, Director General of IIEA, who welcomed Ruairi QUINN T.D., Irish Minister for Education and Skills, who gave the opening address. The Minister started emphasizing that the Irish Presidency is committed to work constructively to advance the Union's agenda. The approach of the Presidency will be different given the current climate of crisis dominating Europe, yet the Presidency will continue to address the problems of great concern to citizens and governments across the EU. The crisis has demonstrated that member states are interdependent and that common problems require common solutions, Europe is stronger when it acts together. QUINN reminded that Ireland is grateful for the solidarity showed to enable Ireland's recovery. The Presidency will make sure that progress on the Commission's banking union proposals is enhanced in order to ensure that legislation will prevent a recurrence of past errors. It was stressed that their core aim as Presidency will be to seek ways of supporting sustainable jobs and growth in Europe and of restoring economic stability in the European economy.

The crisis has demonstrated the need for the EU to be more globally competitive. The Presidency aims at taking further action on economic growth and social cohesion, especially thanks to the European Semester. The Minister rose that creating a social union is key together with progressing on the banking union while ensuring social and regional cohesion. The importance of the internal market was voiced as well. The Single Market has been a great achievement delivering enormous benefits for consumers and businesses but needs to follow the market conditions' developments. Investing now in supporting in research, development and innovation sectors is also a key element. The Presidency will therefore place a high priority on making progress on securing agreement on Horizon 2020 and to evolve on the European Research Area. Ruairi QUINN also emphasized the promotion of greater equity of access to higher education to integrate young people in the job market better. Besides, the Irish Presidency is committed to enhance business across the EU and to reduce bureaucracy and administration.

The Presidency will be seeking to effectively implement the European Semester process and to notably ensure through the Annual Growth Survey process that stability and confidence to the financial services sector are restored. Finally another main theme of the Presidency is EU's future Multi-Annual Financial Framework. The Minister reminded that the Presidency will ensure that the budget and necessary implementing legislation are in place to support the Union from 2014.

The Minister also highlighted several major sectoral objectives notably the need to achieve the reform of the Common Agricultural and Common Fisheries Policies and to secure agreement on the seventh Environment Action Plan. In the Foreign Affairs Agenda, the Presidency will work together with the European External Action Service to promote human rights, values and democracy in the world. The Presidency will also attach a strong priority to opening new markets with third countries through Free Trade Agreements, particularly in relation to EU-US trade. In the Enlargement Agenda, support will be provided on the preparation of the Croatian accession to the EU in July 2013. Development Aid and Justice and Home Affairs will remain high on the agenda as well. Ruairi QUINN concluded stating that Ireland will drive the legislative way forward and will run a cost-effective Presidency delivering results. The Irish Presidency will strongly focus on the Community method of the decision-making and on long-lasting deliverables to citizens.

After the Keynote Address, Ramūnas VILPISAUSKAS, Director of Institute of International Relations and Political Science Vilnius University, presented the Recommendations from members of the TEPSA network to the Irish Presidency. The recommendations focused on eight policy areas: facilitating economic growth and competitiveness, youth agenda, the EU budgetary framework for 2014-20, advancing infrastructure interconnections, enlargement, European Neighbourhood Policy, external trade, the EU's political future.²

SESSION TWO: ECONOMIC GOVERNANCE AND EMU

Brendan HALLIGAN, Chairman of IIEA, introduced the Minister and three panellists. Michael NOONAN T.D., Irish Minister for Finance, presented the on-going challenges and discussion in the European Union with regard to the economic and Eurozone crisis. Looking back to the last six Irish presidencies the Minister outlined his main conclusions from the recent past and lessons to learn in economic affairs. He stressed that the EU and its member states had a more or less clear division of labour where the Stability and Growth Pact was the main instrument for coordination between the member states, but which was not enforced consistently. Given the weaknesses of the Stability and Growth Pact and the incapability of the structure of the economic and monetary union to prevent large fiscal imbalances between member states, NOONAN clarified the need for reforms.

When it comes to the institutions of the European Union, the Minister argued that it is very difficult to get quick results and that the EU has been criticized quite often for its slow response. Reflecting on the last two years of the crisis, he claimed that quite a lot has been achieved in the last twelve months. One of the examples were the financial sector reform and the reform of the SGP, the six-pack legislation, the EFSF as well as the ESM. In addition to the six-pack, the European Commission proposed the so-called two-pack, draft regulations proposing common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficits. Michael NOONAN further argued that there has been significant work in the Council and the European Parliament, but it still needs to be agreed upon. He expressed his hope that it will be implemented before Ireland takes over the Presidency. The Irish presidency would focus substantially on the European Semester, the Euro plus pact and to get the established systems in place. With all these examples the Minister drew the attention to the fact that Europe has not been floundering. With regard to the next big project, the banking union, Michael NOONAN argued that there are two ways of designing a banking union. One motivation would support the single market and the other version would support the currency. He further pointed out that all of the 6000 banks would be supervised with the legal mandate at the ECB. With some parts decentralized, the supervision and an override facility would be in Frankfurt. Another important issue mentioned was the division of competences and that the functions are to be separated in the field of ECB and banking union. A spill-over effect needs to be avoided, according to Michael NOONAN. Speaking about the members states joining the banking union, he argued that there are different groups. The Minister concluded with the important remark that democratic legitimacy and control are crucial issues which inevitably lead to a more centralized political union, tight or loose.

Guntram WOLFF, Deputy Director of Bruegel, stated that there is a need for federalisation of various EU policies including a stronger federal decision-making authority, more risk sharing and others which would lead inevitably to treaty changes. Referring to the banking union, Guntram WOLFF pointed out that the banking union aims at reducing the correlations between sovereign and financial risk, in short banking risk, and to break the vicious circle between sovereign and banks. He further highlighted that the banking union must be comprehensive involving supervisions, resolution and a common fiscal backstop. A banking union not including

² The recommendations are available at <http://www.tepsa.eu/wp-content/uploads/2012/12/Recommendations-to-the-Irish-Presidency.pdf>

all three elements would risk being unsuccessful. On the single supervisory mechanism based on Article 127 (6) TFEU Guntram WOLFF emphasised that the European Commission's proposal constitutes a major centralized decision-making system undergoing a shift from the national to the federal level. With regard to the distribution of the EA banking sector, WOLFF stated that with the inclusion of the 200 biggest banks of the Eurozone almost 95 % of the assets would be covered. Another crucial remark concerned the fiscal resources. The European Commission's proposal aims at reducing the cost for national tax payers. However, Guntram WOLFF argued, there is an urgent need for a risk-sharing mechanism covering the big fiscal costs. A complete centralisation of all the fiscal costs is an unthinkable scenario which would involve the national taxpayer for a partial and not complete amount of the costs. Guntram WOLFF concluded with the recommendation that 'waiting is very costly' and thus increasing the overall cost and called upon the main actors to strengthen the progress on the political union.

Kevin O'ROURKE, Chichele Professor of Economic History at the University of Oxford, started his presentation referring to the Greek fabulist Aesop. The moral of the story given by O'ROURKE is that shock absorbers are useful in various circumstances as well as disciplines such as economics and political systems. A similar inflexibility was visible as regards the gold standard of the late 19th century and the 1920s. O'ROURKE argued that the countries recovered more and more after they left the gold standard. After the comparison of the two crises Kevin O'ROURKE presented the urgent need for flexibility in tackling the Eurozone's unemployment. A proper federal banking system and a common fiscal union providing insurance to the member states which will smooth out regional shocks are needed. He emphasised that these legacy problems, both the debt and unemployment, need to be addressed. The joint failures in designing the economic and monetary union would require new solutions, O'ROURKE stated. The myth of a miraculous answer by someone else who will solve the problems needs to be forgotten. On another note, O'ROURKE clarified that there would not be a spill-over between declining wages leading to jobs and employment. One of the inevitable results and problems of the EU is the lack of public support and trust. Kevin O'ROURKE concluded with some policy recommendations including a short term macro-economic response and a long run response encompassing federal elements. The question whether the EU is an oak or a reed was left up to the audience to reflect upon.

Iain BEGG, TEPSA Board member and Professorial Research Fellow at the London School of Economics, focused with his presentation 'a missed opportunity' to address the Eurozone crisis from the perspective of governance reform. He stated that the pooling of national competences at the European level can constitute an added value and mentioned examples such as EU external action and research. On another note he addressed the question of solidarity between the member states and referred to the example of social policy which is a national competence. With regard to the euro area, Iain Begg compared the European Council Conclusions June and October 2012 proposing a fiscal capacity for the euro area. Among the many current constraints Iain BEGG mentioned the discussions about the net balances as principal political contests. With regard to the negotiations on the EU budget which is discussed to be cut, Iain BEGG proposed to adapt a more medium term vision for the EU budget and to raise the EU budget, precisely because the member states are in crisis. The main difficulty is of course to persuade electorates. Referring to political scientist Fritz Scharpf and his joint 'decision-trap' reflecting the assumption that policy-makers only reach the lowest common denominator given political concessions and conditions, Iain BEGG presented a way out of this dilemma. A quasi-federal approach combining stabilisation and solidarity in various ways may be an option. He further invited for some constitutional imagination and presented options such as facilitation of cheaper borrowing by constrained member states as well as a European tax, especially a corporate income tax. Iain BEGG recommended that Europe needs to make hard choices on the mechanisms for the future in its desire for a fiscal or political union. The cleavages between the 27 member states would need to be sorted out. Without European tax payers there is an important element missing in the current discussions. Iain BEGG concluded with a quotation by

Jim Keynes saying that ‘the difficulty lies not so much in developing new ideas as in escaping from old ones’.

SESSION 3: INNOVATION AND THE DIGITAL/ENERGY INTERFACE

Joyce O’CONNOR, Professor and member of IIEA’s Digital Future Group, briefly outlined the aim of the panel Energy and Digital Future and introduced the four speakers, Pat RABBITTE, T.D. (keynote address), Marie DONNELLY, Fintan SLYE and Martin CURLEY.

Pat RABBITTE, T.D., Irish Minister for Communications, Energy and Natural Resources, was the session’s keynote speaker. He highlighted the benefits of the EU’s single market, especially for trade and businesses. He emphasized that during its Presidency, Ireland will especially prioritize the single digital and internal energy market. According to RABBITTE the EU needs to heavily invest in its digital market and related key infrastructure, e.g. a comprehensive, EU-widespread high-speed broadband network or the facilitation of cross-border e-commerce. In that regard Ireland and its extensive broadband network could serve as a role model for other European countries. The Minister further emphasized the Commission’s Digital Agenda for Europe, a Europe 2020 Initiative, which aims to develop a single digital market for the EU. A mid-term report is to be published by the end of 2012, in addition to the Commission’s cyber security strategy focusing on data protection and copyrights issues. Energy and the sustainable supply of its resources remains a key issue for the EU. RABBITTE highlighted that the Irish Presidency will focus on the sustainable production of energy, e.g. biomass and further pursue the objectives of a EU low-carbon economy. Key goals are the adoption of the Commission’s energy efficiency directive and the lasting support of new technologies, e.g. the development of smart grid networks.

Marie DONNELLY, Director of New and Renewable Sources of Energy, Energy Efficiency and Innovation of the European Commission, emphasized the EU’s need to change its energy system and related imports. In 2010 the EU’s member states spent almost € 270 bn on energy imports – capital that could partly remain within the EU, according to DONNELLY. The main energy related targets of the Commission deal with energy efficiency for buildings and a further reduction of CO2 emissions. DONNELLY highlighted that the Commission’s goals could only be achieved by an enhanced cooperation of the member states and the development of an internal energy market.

Fintan SLYE, Chief Executive of EirGrid, outlined Ireland’s path towards a smart and sustainable energy future. According to SLYE Ireland is a European pioneer on renewable energy resources as the country plans to reach a renewable energy use of 40% by 2020, especially from wind energy. Yet, SLYE explicitly stated that the EU’s energy infrastructure needs further investments in research and innovation and a continuous spread of its smart grid network.

Martin CURLEY, Professor, Vice-President of Intel Corporation and Director of Intel Labs Europe was the last speaker of the panel. CURLEY emphasized Intel’s efforts to put forward an innovation agenda, titled Digital Europe, explicitly highlighting the need of innovation networks, also known as cross-organizational networks.

All speakers agreed that enhanced cooperation between the member states is key to the EU’s goal of a more sustainable and efficient energy market.

SESSION 4: THE EU IN THE WORLD

Gunilla HEROLF, TEPSA Board member and Vice-President of the Swedish Institute of War Sciences, chaired the fourth session on the European Union in the World. Dáithí O’CEALLAIGH, Director General of the IIEA, warmly welcomed two outstanding speakers for the last session of

the Pre-Presidency Conference: Maciej POPOSWKI, Deputy Secretary General of the European External Action Service, and Eamon GILMORE TD, Tánaiste and Irish Minister for Foreign Affairs and Trade.

Maciej POPOSWKI first shared his view on the slow and difficult implementation of the Lisbon Treaty in terms of foreign policy considering EU agenda was dominated by the financial crisis. The concept of multilateralism became a reality with the emergence of new strategic partners such as the BRICS, the raise of conflicts in the EU neighbourhood and new threats such as cyber-crime, climate change, competition for natural resources that are dealt through a plethora of international forums such as the UN, IMF, G20, etc. In this sense, the EU has to become a security provider in the realm of its neighbourhood. According to POPOWSKI, it is important to assess EU's comparative advantages in terms of democratic values, budget spent on defense and its commitment to development and humanitarian aid. He stressed the fact that the EU demand and supply in the field of defense is fragmented and at the same time recognizing the role of the CSDP missions for the peace in the world. Considering this situation, POPOSWKI advised to use the comprehensive approach by implementing policy mixed instruments such as the 3D concept ('Diplomacy, Defense and Development'). He concluded by saying that EEAS with its global network of 140 delegations has to be seen as an asset to what member states are doing bilaterally. However, it is important to remain realistic since EEAS is much smaller than the diplomatic services of the member states, it has only three years of work functioning and is subject to a complex internal decision procedures. He recommended the development of a corporate culture in light with the mandatory review of the EEAS in 2013. There was time for questions from the audience which were answered by POPOSWKI.

Before starting his presentation on the key challenges the EU is facing in terms of foreign policy, Eamon GILMORE introduced some words on the agreement that needs to be found on the Multiannual Financial Framework to fund the Union over 2014 – 2020 period that has been discussed during the last European Council Summit. This will be the seventh Irish Presidency but the first in the post-Lisbon era. The Minister stressed the considerable change in the role of the rotating Presidency with regards to foreign policy and its supportive role to the EU High Representative for CFSP. In this context, he outlined the major foreign policy challenges the EU is facing at present such as the problematic situation in Gaza and southern Israel, Syria, Iran, Mali and Democratic Republic of Congo. GILMORE also summed up priority areas of the Irish Presidency agenda such as the shaping of the post-2015 global development framework and the formulation EU positions on enlargement policy. He concluded by mentioning the great honour which was bestowed on the European Union with the awarding to it of the Nobel Peace Prize and the Irish commitment to work to uphold the values which underpin the EU's engagement with the wider world and which have earned it this fitting tribute.

Jean-Paul JACQUÉ, Secretary General of TEPSA, provided the audience with some concluding words on the future challenges of the European Union. He warmly thanked the speakers and the chair for this last session and expressed his gratitude to the IIEA for hosting this successful conference. Dáithí O'CEALLAIGH, Director General of the IIEA, concluded the conference by thanking all speakers and participants.