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REPORT

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Introduction and acknowledgments

On the occasion of the Austrian EU Council Presidency starting on 1 July 2018, the [Trans European Policy Studies Association \(TEPSA\)](#) held its traditional [Pre-Presidency Conference \(PPC\)](#) in Vienna on 7-8 June 2018. The Conference was co-organised and hosted by the Institute Advanced Studies (IHS) and is part of the long-standing tradition of TEPSA’s Pre-Presidency Conferences, which take place twice a year in the capital of the country holding the EU Council Presidency prior to the beginning of its mandate.

The main aim of TEPSA’s PPCs is to bring together academics and researchers from the TEPSA network, policy-makers, media, civil society organisations and the general public in order to discuss the agenda and challenges of the upcoming Council Presidencies. TEPSA’s PPCs represent a major platform for communication and exchange between policy-makers and academia. Prior to the event, TEPSA researchers formulate recommendations to be presented to a high-rank official of the government in a plenary session. Moreover, the conferences actively involve civil society and media actors, who are able to interact with practitioners and academia. Finally, the insights gained during these conferences and seminars directly feed into future research on the EU and into EU policy making. Thanks to their genuinely European and transnational nature and to the involvement of civil society, TEPSA’s Pre-Presidency Conferences actively contribute to shaping a European public sphere.



The Austrian PPC was also an integral part of TEPSA’s [PONT project](#), aimed at providing a bridge connecting young academics and EU practitioners. In this regard, the Vienna PPC saw the participation and active involvement of seven PONT Fellows, namely Maria Balea and Rosalie Clarke (rapporteurs),





Dinand Drankier (speaker and rapporteur), Marianne Grant, Raúl Carbajosa Niehoff, Maryia Hushcha and Magda Stumvoll (participants).

TEPSA would like to thank the Institute for Advanced Studies (IHS) and especially Dr Katrin Auel (Head of Research Group on European Governance and Public Finance) and Ms Sigrid Stemberger (Administrative Manager) for the successful organisation of the conference. A sincere and warm thank you also goes to the financial supporters of the event, namely the [Central European Initiative](#), the [Wissenschaft-Forschung Niederoesterreich](#), the [Austrian Society for European Politics](#), the Oesterreichische Nationalbank, the Austrian [Ministry for Europe, Integration and Foreign Affairs](#), the European Commission's [Erasmus+ Programme](#) and [Europe for Citizens Programme](#) and the [Federal Trust for Education and Research](#).

TEPSA would also like to thank **Maria Balea, Marta Bombelli, Rosalie Clarke, and Dinand Drankier** who authored this conference report.

The opinions expressed in this report are those of the speakers and do not necessarily reflect the positions of TEPSA or TEPSA Member Institutes. Please note that this is a summary and not a verbatim report.





Opening session: priorities of the Austrian Presidency of the Council of the EU and TEPSA Recommendations

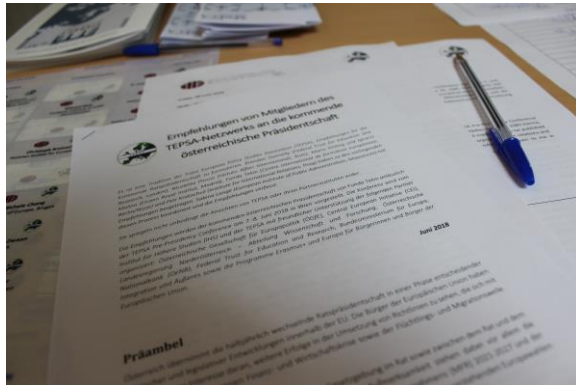


Dr Katrin Auel (Head of Research Group on European Governance and Public Finance, Institute for Advanced Studies), **Prof Franz Fischler** (President of the Board of Trustees of the Institute for Advanced Studies) and **Prof Jaap de Zwaan** (TEPSA Secretary General and Emeritus Professor of European Union Law at the Erasmus University in Rotterdam) officially opened TEPSA's Austrian Pre-Presidency Conference and warmly welcomed all the attendees. Prof de Zwaan underlined

that the role of the Pre-Presidency Conference is to engage the participants in a reflection about the main challenges that the European Union faces and to provoke discussions about the priorities of the incoming Council Presidency. In the case of the Austrian Presidency, those include security, energy, digitalisation, monetary union, the Multiannual Financial Framework, migration and enlargement.

The introduction was followed by a keynote speech by **Alexander Schallenberg** (Director General, Section IV: Coordination, Austrian Federal Government) entitled "A Europe that protects: agenda, goals and key issues of the Austrian Presidency" that provided an overview of the agenda, objectives and key issues of the Austrian Presidency. Mr Schallenberg mentioned that there is a very high degree of expectations regarding the Austrian Presidency. It will be a challenging Presidency, due to very complex dossiers, but also due to the political backdrop that the European Union is dealing with. Moreover, there is a growing tension within the EU, and the sense of togetherness that was an essential point in the beginning of European Integration is fading. That is why the motto of the Austrian Presidency will be "A Europe that protects". The Austrian Presidency aims to focus on security in a broader sense: securing our way of life. If the sense of community, whereby members work together and have a common set of values, rules and ideals will be regained, argued Mr Schallenberg, the aim of the Austrian presidency will be accomplished.





It is a tradition that the TEPSA network formulates recommendations to every incoming EU Council Presidency. On the occasion of the Austrian Pre-Presidency Conference, the [TEPSA recommendations](#) were coordinated by Dr Sabina Lange (European Institute of Public Administration, Maastricht) and authored by Prof Brendan Donnelly (Federal Trust for Education and Research), Dr Nicoletta Pirozzi (Istituto Affari Internazionali), Mario Kölling and Dr Ignacio Molina (Elcano Royal Institute), Dr Funda Tekin (Centre international de formation européenne) and Dr Petr Kratochvíl (Institute for International Relations).

Dr Funda Tekin (TEPSA Board member and Vice-Director at the Centre for Turkey and European Union Studies at the University of Cologne) presented the TEPSA recommendations and handed them over to the representative of the Austrian government. Dr Tekin noted that there are two important negotiations coming up at the EU level: the Multiannual Financial Framework (MFF) 2021-2027 and the Brexit negotiations. Additionally, the public opinion demands the EU to deal with the financial and the migration crises. Therefore, four issues are of primary concern: security, migration, MFF negotiations and Brexit. Given the upcoming European elections in 2019 and the political climate, more emphasis should be put on the trends within individual member states. In the area of security, researchers from the TEPSA network invite the Austrian Presidency to achieve synergies between instruments and sources of funding, and to link training and recruitment activities together. Regarding migration, information exchange and interoperability of existing IT systems need to be improved. Internally, greater solidarity among member states has to be promoted. Finally, the MFF and Brexit are two interrelated topics, as Brexit will generate a gap in the EU budget. Dr Tekin noted that the Austrian Presidency could concentrate on the modernisation of the revenue side of the budget. Concerning the Brexit negotiations, she stressed that the agreement between the United Kingdom and the European Union should also contain a political declaration of the principles that will guide the relations between the two parts in the long term.





Presentation of the TEPSA book on “The Future of Europe – views from the capitals”

Paul Schmidt (Secretary General of the Austrian Society for European Politics) presented the upcoming TEPSA-edited book entitled “The future of Europe – views from the capitals”, with a special focus on the Austrian Chapter. The book was edited by himself together with Prof Michael Kaeding (Chairman of the TEPSA Board and Jean Monnet Professor at the University of Duisburg-Essen) and Prof Johannes Pollak (Rector at Webster University Vienna). The book consists of essays on the future of Europe as seen by the 28 EU member states and other countries (Norway, Iceland, Switzerland and Turkey), and gathers contributions from a great number of TEPSA member institutes.

While these essays make a collection of different stories from different countries, the reader will notice one thing they all have in common: the need for European debate on a national level.



Mr Schmidt then presented in more detail the Austrian chapter of the book. He remarked that in Austria there is a high level of approval towards EU membership, but also a high level of scepticism on EU functioning. Therefore, the mission of Austria during its Presidency should be to improve the functioning of the European Union by supporting reform and building alliances. In the end, Mr Schmidt observed that, if we want to discuss about an effective Presidency of the Council, we must be aware that it is not only about size and economic strength, but also about creative ideas and strategic alliances.





John Pinder commemorative lecture: “The future of European integration and the EU”

Lecturer

Prof Brendan DONNELLY
Federal Trust for Education
and Research

Discussant

Prof Jaap DE ZWAAN
TEPSA Secretary General

During the speaker’s introduction, Brexit was highlighted. **Prof Brendan Donnelly** (Director of the Federal Trust for Education and Research) argued that although John Pinder, a rationalist (federalist), may have “enjoyed” the confusion wrought by the recent UK Referendum, a Brexit is indefensible in the current climate and intrinsically bad. The speaker suggested further that one should watch out for the inevitable total collapse of

negotiations between the European Union and the United Kingdom, and potentially, another referendum on the fate of UK relations with the EU. The discussant was then introduced, and began his speech by sharing knowledge of John Pinder as a student in Bruges, and John Pinder as lecturer – a supportive teacher offering a wealth of opportunities to students.



The presentation of **Prof Jaap de Zwaan** (TEPSA Secretary-General and Emeritus Professor of European Union Law at the Erasmus University in Rotterdam) covered Pinder’s legacy and the potential for future application of his views. This legacy covers issues such as federalism, democracy, rule of law and intensive cooperation in domains of common interest. Pinder’s view of federalism saw the EU project as a tailor-made, bottom-up and voluntary process. The Union certainly reflects some federalist characteristics – though this is not necessarily reflected in its governance structure and in some policy as well. With regard to democracy, in acknowledging that the EU is a democratic system, the problem of legitimacy has been raised and acknowledged as primarily a responsibility of national politicians. Prof de Zwaan argued that citizens need good communication and dialogue about the EU, to help them connect with the Union’s work and feel part of the project. In regard to the rule of law, the discussant mentioned Article 2 (fundamental values) of the EU Treaty. This, it was argued, is where identity is translated for citizens; however, the implementation is an issue. Furthermore, creating a monetary union has given rise to some nasty problems and issues. Apart from that, the EU and the Member States should do much more in the domain of coordination of national economic policies.





Following this discussion, Prof de Zwaan reviewed the (internal and external) threats to EU unity, such as the geopolitical tensions at all our external borders, economic crisis, migration, unemployment, populism, Euroscepticism, and the shrinking respect of rule of law. Though taking a somewhat pessimistic approach, Prof de Zwaan suggested that a focus on soft power and a bottom-up approach would in the end be beneficial. Citing the need for unity regarding security and defence issues, Brexit was referred to

as “negative energy”, an outcome which will satisfy nobody except a self-interested minority in the British Conservative Party. He exclaimed that “we want to keep Brits close to our hearts!”, and suggested that the “Ukrainian model” (DCFTA: free trade “plus”) could be a solution to make progress with Whitehall.

In pondering “what would Pinder think?” at this juncture, Prof de Zwaan suggested that, as a pragmatist and with his military background, Pinder would hope Whitehall would re-evaluate their position. This foray into the mind of John Pinder led the way to an open and lively discussion with the rest of the room.



Session I: Security and border control

SESSION I

chaired by **Dr Katrin AUEL**
Institute for Advanced Studies

> **Dr Nicoletta PIROZZI**
Istituto Affari Internazionali

> **Dr Kristi RAIK**
Estonian Foreign Policy Institute

> **Bernd KÖRNER**
FRONTEX

> **Prof Wolfgang WESSELS**
University of Cologne

Following an introduction by the Chair, **Dr Kristi Raik** (Director of the Estonian Foreign Policy Institute) made two key points: i) the EU needs to continuously work on shared strategic understanding of security issues, which is the most unifying issue area in the EU; and ii) the EU has had a “pendulum swing” approach – in that it was previously more focused on external activity and policy, but has now swung to a more inward-looking and defensive approach. The speaker raised the question of whether the EU had lost the ambition to ‘shape’ the world.

Dr Raik argued that there is a basis for a shared approach on security issues. Citing opinion polls, she suggested that results show that a clear majority of citizens in the EU still see jihadism, and terrorism in general, as a major threat. The Russian threat was also raised as ever present, especially for North-Eastern Europe. Dr Raik highlighted that

Estonia had spent the most per capita on FRONTEX activity, thus far. Further warning, Russia should be seen as a threat to the European security order by all member states. Finally, she noted that the pendulum swing approach to defence was necessary to address long neglected issues, but this approach has created the concern that the EU has become too inward looking.

Dr Nicoletta Pirozzi (Head of EU, Politics and Institutions programme at Istituto Affari Internazionali) presented the concept of security as a comprehensive issue. She discussed the global context, citing the critique of the contested EU role, and questioned how this impacts on the security issue. The new US Administration, led by President Donald Trump, is a particularly important concern and will have a significant impact on the EU's security actorness. She underlined that, in the last few years, the EU seemed incapable of projecting a proactive role and took a rather reactive stance – however, recent events have led to a more positive view. For example, the “EU Global Strategy” launched by the High Representative of the Union for Foreign Affairs and Security Policy Federica Mogherini represented a great opportunity for reflection. The EU, as a result, is now committed to further develop its security and defence capabilities – but it is still considered a “military dwarf” in comparison with other actors. Dr Pirozzi cited a lack of Headquarters, financial resources and adequate capabilities among the reasons for lack of credibility. Finally, she cited 2017 as the “year for EU Defence”, highlighting a few initiatives which took place in 2017 as a positive development and advocating for the need to keep the political commitments of Member States and institutions high in this sector.





Following this intervention, **Bernd Körner** (Deputy Executive Director at FRONTEX), shared that he had experienced three Presidencies of the Council as a Minister of Interior in Vienna, and it was very interesting and enlightening to experience it now also from the other side, in his current position. Providing some historical context, he recalled that FRONTEX was founded in 2004 and has its headquarters in Warsaw. Originally the work of the agency in general covered three main



pillars: coordination of measures between Member States, risk analysis, and training. In 2016, in the context of the migration crisis, the agency was transformed into the European Border and Coast Guard and has received a new mandate. This mandate encompasses a wider scope, following the EU integrated border management model. The speaker highlighted that the agency has also increased cooperation with Europol and Interpol as a front line addressing criminal activity such as trafficking. As a first-line filter, FRONTEX is now also massively engaged in the fight against cross-border crime.

Prof Wolfgang Wessels (Director of the Centre for Turkey and EU Studies at the University of Cologne) looked at EU security from 1970s onwards. Highlighting the “problem solving instinct” of member states, the speaker suggested that “limited but real progress” following the Monnet Method may lead step by step to a federation in the future. Prof Wessels argued that this was a learning-by-doing process. Throughout this presentation, Prof Wessels appeared to be trying to encourage a more positive spin on the critique of others – arguing that the PESCO arrangements might be a very first step towards “communitarisation” als in the security and defence area.





Session II: Realising the European Energy Union

SESSION II

chaired by Dr Guido TIEMANN
Institute for Advanced Studies

- > Dr Johannes POLLAK
Webster University Vienna
- > Dr Elina BRUTSCHIN
Webster University Vienna
- > Dinand DRANKIER
PONT Fellow

Prof Johannes Pollak (Rector at Webster University Vienna) started his presentation by highlighting that EU import dependency remains significant nowadays as well as in the next future – the EU being dependent, by 2035, on oil and gas imports for 90% and 80% respectively. He then underlined the decreasing domestic production of energy (e.g. in the North Sea) and the rise of gas demand in the EU. He stressed that in the debate on the Energy Union and greening energy products, there is a tendency to forget that gas is still necessary to carry the safety mechanisms over for the so-called problem of intermittences (where there is no wind nor solar power available). He added that modern gas facilities run gas very quickly and are immediately operational: gas is therefore a “bridge technology” for the EU.

The presentation then addressed the question of imports from extra-EU countries and focused on three main aspects: i) the United Kingdom becoming a net importer of gas; ii) North Africa becoming a problematic partner due to domestic instability, price volatility and decreasing private investments; and iii) Russia being the predominant exporter to the EU as for the volume of imports. Prof Pollak concluded that it is for a pure economic logic that the EU must get gas from Russia. He then moved to the issue of cross-border flows, highlighting that the EU only uses 66% of its pipeline capacity for two main reasons: i) because most of the infrastructure of the Eastern and Southern East corridor is technologically outdated; and ii) because of decreased investments in the Caucasus.



Addressing the topic of the so-called “Project of Common Interest” (GAS PCIS), Prof Pollak recognised that this project takes long to start because of several issues such as the environmental risk represented by the Trans Adriatic Pipeline (TAP) in Southern Italy. He then discussed the contribution of Ukraine to the Energy Union and to energy security. He stressed that the EU needs to use Ukraine’s storage facilities in the West of the country. Prof Pollak concluded his presentation with three recommendations for the Austrian presidency: i) to use storage capacity in Ukraine; ii) to create connected grids in the framework





of the Southern Corridor in Bulgaria and Romania for energy security; and iii) to ensure a prominent focus on the North stream and South stream corridors.



Dr Elina Brutschin (Assistant Professor at Webster University Vienna) talked about realising the European Energy Union. Discussing the main goals of the energy union framework, she stressed that the EU has growing energy security concerns, also due to instable relations with Russia. These concerns were expressed by Donald Tusk to the Financial Times in April 2014, when he called for an Energy Union in the next future.

Dr Brutschin noted however that the idea of an Energy Union is much older and can be traced back to Jacques Delors’ Commission. She then listed the main legislative

measures that contribute to the creation of the Energy Union, which is one of the five main objectives of the European Strategic Agenda and among the top 10 priorities of Jean-Claude Juncker’s Commission.

Dr Brutschin later discussed the completed tasks within the security and internal market dimensions. As for the security dimension, she spoke about the “Repealing Information Exchange Mechanism” – through which the Commission wanted to have an *ex-ante* procedure (although included in a weak form) regarding new intergovernmental agreements with non-EU countries in the field of energy – and the “Repealing the Regulation on Security of Gas Supply” – which for the first time includes a solidarity principle and gives ENTSOG the task of carrying out supply and infrastructure interruption simulations. As for the internal energy market, she spoke about the “Review of the Agency for the Cooperation of Energy Regulators”, and underlined that the related regulation, which should give the agency more powers, is still pending.

She then addressed the major outstanding issues pertaining to the Governance Regulation and the revision of the Gas Directive. As for the Overall Governance Structure, she mentioned the Regulation on the Governance of the Energy Union in which member states will be required to develop Integrated National Energy and Climate Plans that cover the five dimensions of the Energy Union for the period 2021-2030. As for the Gas Directive revision, she stressed that the current directive does not explicitly set out a legal framework for gas pipelines to and from third countries. She concluded that the main point of contention is that internal market rules should become applicable to all gas lines to and from third countries (in the current amendment, to avoid further deadlock, derogations or exemptions are still applicable).





The presentation by **Dinand Drankier** (TEPSA PONT Fellow) addressed the question of whether (and to what extent) Nord Stream 2 fits into the Energy Union. After having explained the basics of the Energy Union, the European gas market and the Nord Stream 2 pipeline, Mr Drankier analysed the compatibility of the Energy Union objectives, in particular the security, solidarity and trust objective, and the politically contested Nord Stream 2 pipeline connecting Russia and Germany. Mr Drankier started by elaborating on the primary pro arguments: that Nord Stream 2 provides a reliable and affordable supply; it is a market project in line with the EU's preference for a market-based energy system; it adheres to the current legislative framework. He then outlined the main counter-arguments. First, he mentioned the concern that Nord Stream 2 could go against the aim of a diversification of energy supplies; in this regard, he stressed three points. First, that substantive diversification away from Russian gas supplies is impossible in the short- to medium-term. Secondly, that Nord Stream 2 merely alters the transport routes of gas, whereby it is important to stress that Nord Stream 2 is still physically a separate pipeline (hence a different transport means) from Nord Stream 1. Thirdly, Nord Stream 2 is a new state-of-the-art pipeline, that from a technical perspective is more likely to provide a stable supply than some existing East-West gas transit systems. The second counter-argument is that this project affects the energy security of Central and Eastern Europe and that this pipeline could be used as a tool for political leverage by Russia; however, Mr Drankier argued that possible energy security problems in the CEE region are primarily rooted in the limited market integration of the region. A geopolitical view on Russian energy affairs moreover runs the risk of overlooking the commercial considerations in Russia's energy policy. Finally, it is argued that a Russo-German rapprochement may hamper European solidarity and trust; Mr Drankier counterargued that Nord Stream 2 is primarily a commercial cooperation, not a sign of political friendship.



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To conclude, Mr Drankier stated that Nord Stream 2 dovetails reasonably well with the Energy Union objectives. To accommodate some of the concerns raised by the opponents of the pipeline, he provided several recommendations to the EU at large and the Austrian Presidency in particular: i) take a realistic view on diversification and security of supply; ii) factually deconstruct the view of Nord Stream 2 as a Russian “energy weapon”; iii) take the concerns from Eastern European states seriously and establish a multilateral forum between Germany and the CEE region on gas market security and interconnectivity to allow for dialogue, strategy building and cooperation; and iv) promote interconnection, gas storage and renewable energy development within the Energy Union.





Session III: Digital Europe and Communication vis-à-vis less informed audiences

SESSION III

chaired by **Dr Martin DOLEZAL**
Institute for Advanced Studies

> **Prof Maja BUČAR**
University of Ljubljana

> **Dr Robert BRAUN**
Institute for Advanced Studies

> **Mr Peter KUSTOR**
Federal Ministry for Digital and Economic Affairs

Prof Maja Bučar (Professor at the University of Ljubljana) highlighted the importance of digital skills. Showing a map of the European clusters in digital industries, she pointed out that digital industries are unevenly dispersed across the continent, favouring a new divide in our societies: the digital divide. 43% of the EU population have an insufficient level of digital skills, while in 2017 it was estimated that 10% of the EU labour force had no digital skills at all. When it comes to digital society and digital economy, the information on how people are gaining skills is scarce. In conclusion, Prof Bučar stated that the EU plan for the next budget in terms of digital society should focus more on acquiring these kinds of skills.

Dr Robert Braun (Senior Researcher at the Institute for Advanced Studies) explored the problem of digitalisation and communication vis-à-vis less informed audiences in what he called “the era of artificial intelligence” (AI). Dr Braun argued that we are witnessing a transition to the arithmetisation of reasoning, that is to say decisions are increasingly made by AI. As AI will reorder our societies and new social and economic problems will arise the EU needs to politicize its approach to research and innovation (R&I) in AI. The EU approach, Dr Braun explained, to date focuses on a traditional top-down approach dealing with the present socio-ethical problems, not so much with the technosocial challenges of the future. It is missing stakeholder empowerment, engagement and participation – all required to politicize R&I in AI. What is needed, he thinks, is citizen involvement in the foundation of research and innovation, which translates to a more democratic culture of knowledge, science/AI literacy, public participation in research, more inter- and trans-disciplinary research, more spaces of interaction and, last but not least, an ethical awareness of what is going on.



Peter Kustor (Federal Ministry for Digital and Economic Affairs) presented the priorities of the Austrian Council Presidency regarding the Digital Single Market. A series of dossiers have already been adopted





under the previous Presidencies, in fields such as connectivity, e-commerce, media copyright and e-government. The Austrian Presidency will inherit those files which are still open: some of them are in an advanced stage, such as the cybersecurity package, whilst others still need a lot of discussions. Additionally, there are some new dossiers: the taxation package for the digital economy, the EU domain name regulation, and the so called P2B platforms. Moreover, Austria will have the brand new package on the new MFF, the single market, innovation and digital pillar. Mr Kustor then identified some further priorities for the Austrian Presidency: artificial intelligence, block chain, skills, mobility and e-government. These priorities will form part of Council debates and other events. Regarding the digital skills discussed in the previous presentations, Mr Kustor remarked that this topic is a priority also for the Austrian government.





Panel discussion

The Western Balkans: challenges and prospects of further integration

PANEL DISCUSSION

chaired by **Dr Katrin AUEL**
Institute for Advanced Studies

- > **Prof Danijela JACIMOVIC**
University of Montenegro
- > **Lejla RAMIĆ-MESHOVIĆ**
Foreign Policy Initiative Bosnia and Herzegovina
- > **Prof Irena RAJCHINOVSKA PANDEVA**
Ss. Cyril and Methodius University Skopje
- > **Dr Klaus WÖLFER**
Austrian Federal Ministry for Europe, Integration and Foreign Affairs

Prof Danijela Jacimovic (Full Professor at University of Montenegro) noted that over the last 10 years the Western Balkan region has felt left behind by the European Union. The recent re-emergence of Western Balkans' integration on the EU agenda has however been positive for Montenegro. The country is positive about the fact that country merits are taken as the decisive factor in determining whether a country can join the Union. The naming of 2025 by the European Commission as a possible date for Montenegro to join the Union fosters reform and provides arguments against anti-EU political parties in Montenegro as it shows that the EU takes the integration of the Western Balkans seriously. The EU has a competitive advantage over other potential political partners for Montenegro, as alone the EU can provide the necessary impetus and assistance for fostering democracy, human rights and good governance in Montenegro.

Lejla Ramić-Mesihović (Executive Director at the Foreign Policy Initiative Bosnia and Herzegovina) underlined that Bosnia-Herzegovina is not a frontrunner in the process of political reform and consequently also in the process of becoming a member of the EU. Ms Ramić-Mesihović observed that the Dayton Accords

have frictions with the EU integration process. The Dayton Accords have cemented the current power structures in Bosnia-Herzegovina and have led to a frozen conflict between various population groups in Bosnia-Herzegovina's fragmented society. In the past, the international community has had a tendency to only work with selected political parties in the country, which diminished the level of support for international initiatives. In Ms Ramić-Mesihović's opinion, political reform in Bosnia-Herzegovina can only take place after the implementation of constitutional and legal reforms that will bring the current Dayton-infused power structures down. The EU can play a role in promoting these reforms. Although support for EU integration is high in Bosnia-Herzegovina, it should not be taken for granted. Tangible incentives and rewards could boost public support for EU membership in the country.

Prof Irena Rajchinovska Pandeva (Associate Professor at the Faculty of Law Iustinianus Primus, Ss. Cyril and Methodius University Skopje) elaborated on the fact that EU integration has always been a cornerstone of the policies of successive Macedonian governments. For the Macedonian society, EU integration is seen





as the finalisation of the transition towards political democracy and economic progress. Recent political backslides have however resulted in the Former Yugoslav Republic Macedonia (FYROM) losing its position as frontrunner in the process of political reform and EU integration. Popular support for EU integration has always been high in FYROM, but the potential membership in the EU has been strongly affected by the name dispute. Recent polls show that if membership in the EU were to be related to the change of the constitutional name, the majority of the population would be against EU membership. Still, the country's biggest challenge is in meeting the political criteria for EU membership.

Dr Klaus Wölfer (Head of Department for Southeast Europe and EU Enlargement – Austrian Federal Ministry for Europe, Integration and Foreign Affairs) noted that the Western Balkans have slipped off the political radar of the EU after 9/11. The migration situation and the increased interest of other actors in the region have recently provided the EU with compelling arguments to pay more attention to the region again.



Dr Wölfer was cautious about taking 2025 as membership date too literally. He saw an analogy with Poland et al., which, although in the early stages of reform, were told that 2000 was a possible accession date. Although Poland did not become a member in 2000, the setting of a provisional date did provide orientation and impetus for reforms. Dr Wölfer highlighted three large issues in the Western Balkans that will facilitate EU enlargement efforts in the region, once they are resolved: i) the Macedonian name issue, ii) the necessity of normalisation of the relations between Serbia and Kosovo; and iii) the necessity to create a feeling of common

citizenship in Bosnia-Herzegovina to bridge the cleavages between different parts of society. For Austria, he concluded, the integration of the Western Balkans – or rather of the entire Southeast Europe, as he preferred to term it - into the EU is also an issue of self-interest: Austria wishes the zone of peace and prosperity in its neighbourhood extended to the south-east. Moreover, Austria has strong people-to-people, historic and cultural links to the region.





Session IV: (Re-)Developing the European Monetary Union

SESSION IV

chaired by Prof Juha JOKELA
Finnish Institute of International Affairs

> Prof Ramunas VILPIŠAUSKAS
Vilnius University

> Dr Doris RITZBERGER-GRÜNWARD
Austrian National Bank

Prof Ramunas Vilpišauskas (Director of the Institute of International Relations at Vilnius University) started by reiterating the main ideas behind the Economic and Monetary Union (EMU): i) micro-economic efficiency through one currency for one market; ii) macro-economic efficiency given increased price stability; and iii) equity between regions since also least-favoured regions had a real possibility for rapid catch-up with the economic leaders in the EU. The Euro zone crisis has however shown that the EMU has not led to a significant convergence in terms of competitiveness of its members. Prof Vilpišauskas noted that different accounts of the Euro zone

crisis exist. The four main accounts emphasise respectively: i) the role of economic divergence and different levels of economic competitiveness in the EU; ii) the problem of excessive government spending in many EU member states; iii) the non-observance of EU fiscal norms by some member states; and iv) the incomplete state of the EMU given the absence of a central redistribution mechanism.

Although the crisis triggered economic reforms in Southern Europe, real economic convergence between the Southern and Northern member states is still limited. Completing the EMU through institutional reform and establishing elaborate risk sharing and stabilisation mechanisms is moreover a politically salient issue. Ideas such the establishment of a European Minister for Economy and Finance or the realisation of a European Monetary Fund are circulating, but are politically contested.



With regard to measures aimed at solving the root causes of the Euro zone crisis, Prof Vilpišauskas noted that measures can be taken along two main axes: supranational/national and market-based/interventionist. The EU's current approach involves measures along the four dimensions of both axes and thus lacks coherence and consistency. Prof Vilpišauskas argued that the EU is muddling through the crisis without a clear vision on where to go and how to solve the structural problems of the EMU.

By way of conclusion, Prof Vilpišauskas noted that political consensus is limited to incremental development of the Banking Union, the European Stability Mechanism reform, a modest new Multiannual





Financial Framework and linking EU structural funding to economic reform progress. National political limits, especially domestic politics, constrain ambitious EU decision-making. Differentiated integration within the Euro zone will for example be difficult given, *inter alia*, Germany's preference for an inclusive process and unwillingness of many EU members, in particular those which are not part of the Euro zone, to remain outside the new initiatives, risking being politically marginalised.

Dr Doris Ritzberger-Grünwald (Director of the Economic Analysis Department at the Austrian National Bank) observed that macro-economic thinking has evolved over time, with conceptual ideas such as the long-run neutrality of money and the time inconsistency of policy decisions becoming mainstream. Moreover, currency value-based policy regimes such as the gold standard, Bretton Woods and exchange rate pegs were found to result in high and volatile inflation rates and financial crises. Consequently, at the end of the 20th century, many central banks moved towards inflation targeting mandates. Since then, low and stable inflation rates have been seen as monetary policy's best contribution to the stability of inflation and growth.

Most inflation-targeting frameworks provide central banks with some leeway in responding to shocks, as most of them go for a medium-term horizon, which allows central banks time to find a balance between inflation and output variability. As such, medium-term horizons ensure that central banks do not have to resort to aggressive and volatile monetary policies that could be detrimental to welfare. Still, there is an ongoing debate among academics and policymakers on how to tackle the new challenges, such as the challenges arising from the weakened inflation response to the domestic output gap, which is likely to reflect increasing globalisation and digitalisation, or the challenges arising from the decrease in the natural real interest rate. Proposals are manifold and range from changing the value of the inflation target to switching to a price-level target or a nominal GDP target, or setting a point target with bands or a target interval instead of a point target.

In the second half of her presentation, Dr Ritzberger-Grünwald focused on the European Capital Markets Union. This policy project is aimed at strengthening non bank-based forms of corporate finance and removing barriers to transnational capital flows within the EU. Dr Ritzberger-Grünwald pointed out that this development seems promising especially for Austria, where bank lending continues to account for the majority of investment funding. However, although more diverse funding channels might strengthen the stability of corporate financing, the project also runs the risk of shifting credit risks from banks to less regulated finance institutions.



Session V: Multiannual Financial Framework and Budget

SESSION V

chaired by **Dr Katrin AUER**
Institute for Advanced Studies

- > **Dr Andrea ITZLINGER**
Austrian Federal Chancellery
- > **Dr Jakša PULJIZ**
Institute for Development and International Relations
- > **Prof Martin KOCHER**
Institute for Advanced Studies and University of Vienna

Dr Andrea Itzlinger (Austrian Federal Chancellery) discussed the Multiannual Financial Framework (MFF) in the context of the Austrian Presidency. She first detailed what is in the new MFF: single market, digital and innovation, cohesion, environment, migration and border management, security and defence, neighbourhood, and public administration. The MFF regulation lays down annual amounts, also known as ceilings. In total there will be about 30 programmes. Given the fact that the European Parliament has co-decision powers, in order to make sure that the programme starts in January 2021, all procedures must be concluded until then. Dr Itzlinger also identified the main issues for the upcoming negotiations: MFF volume and the resources allocated for the cohesion policy are issues on which it will be difficult to find consensus among the member states. Finally, Dr Itzlinger noted that an agreement before the next European Parliament elections would be desirable.

Dr Jakša Puljiz (Head of Department for European Integration at the Institute for Development and International Relations) made a comparison between the previous MFF and the present one. While the negotiations for the previous MFF lasted 20 months, the expectations are that this time it will be done more quickly. However, Brexit and other recent challenges make direct comparison more difficult. The share of the MFF in GNI is increasing to 1.11%. The new political priorities are defence, border control, digitalisation, migration, and climate change. It can be expected that more money will be allocated to these fields, while the spending on Cohesion Policy and Common Agricultural Policy will be reduced. The new priorities are mainly funded through reallocation from other programmes. Key messages of the new MFF are: i) rule of law as a condition for financing; ii) more care for achieving higher effectiveness of structural reforms; and iii) more flexibility for shifting resources. Dr Puljiz concluded that the European Commission’s proposal is a balanced one, but the financial figures will have to be more clearly explained, and





that it seems that among the member states there is a greater understanding of the fact that a stronger EU needs more contributions.

Prof Martin Kocher (Scientific Director at the Institute for Advanced Studies and Professor at the University of Vienna) proposed a shift in the debate on the fiscal policy in the EU from the distribution of burdens to common objectives. The budget capacity in the EU is small. The largest fraction of it is still allocated to agriculture and cohesion. There should be a ranking that would allow the arrangement of certain policies more on EU level or on national level: there are policies, such as defence and migration, that should be organised at EU level, and other policies, like agriculture or tertiary education, that would be more efficient if organised mainly at the national level. Regarding the sources of funding, Prof Kocher noted that the European Commission’s proposal implies the modernisation of existing own resources but also the creation of new own resources: common consolidated corporate tax base, emission trading system, tax on plastic packaging waste and other revenues. Some of the new resources are controversial. Additionally, there should be a more general discussion about what should be done at the national level. In conclusion, Prof Kocher remarked that the focus should be much less on “*juste retour*” and much more on the European added value, much less on distribution of burdens, and more on objectives to be attained.



Session VI: Migration Policy

SESSION VI

chaired by **Prof Jaap DE ZWAAN**
TEPSA Secretary General

> **Dr Ilke TOYGÜR**
Elcano Royal Institute

> **Thomas MÜHLHANS**
Federal Ministry of Interior

Prof Jaap de Zwaan (TEPSA Secretary General and Emeritus Professor of European Union Law at the Erasmus University in Rotterdam) opened the session by underlining that we should call migration an “issue”, instead of a “crisis” – thus noting the importance of the decrease of numbers since 2015-2016. He stated that migration is a multidimensional problem, which arguably started with the Syrian War hostilities, and outlined its various facets, for example:

- Conflicts in the countries of origin;
- Protection of the EU’s external borders;
- Combat of international crime (smuggling);
- Processing and assessment of the migrants’ applications for international protection;
- Conditions of reception in the EU (housing, food, social and medical care, education, access to the labour market);
- The legal migration approach;
- Combat of illegal migration.

This introduction led to a general and intensive discussion, *inter alia* about the EU-Turkey arrangement (Spring 2016) with regard to the issue of resettlement.

This introduction was followed by a presentation by **Dr Ilke Toygür** (Analyst at Elcano Royal Institute of International Relations) on the Turkey-EU statement. She began by asserting that Turkey has the largest refugee population (over 3.5 million), and stating that the most important reality to note is that the EU is trying to externalise the management of the migration issue to third countries. Inequalities and unfair globalisation effects have not helped, in the context of Turkey. The speaker noted that the EU financial contribution to Turkey, with regard to the refugee issue, has been relatively minor, in comparison to the need. She then focused on the issue of framing migration as a crisis and on the lexical distinctions between refugee, migrant, and tourist. Tying refugees to terrorism, she argued, is very





problematic and feeds nationalist/populist fervour. The speaker thus wondered if it is possible to frame the migration issue more positively via a (top-down, EU) campaign regarding refugees.

Thomas Mühlhans (Acting Head of Department, National, European and International Migration Strategies at the Austrian Ministry of Interior) discussed challenges and perspectives for the Austrian Presidency with regard to migration. To begin with, he reviewed different forms of migration: legal, irregular, and asylum. He noted that these are often mixed in discussions on this issue, and that often the legal form of migration takes a back-seat to discussion of the other forms. Mr Mühlhans noted that people pay a great amount of money to come to Austria for economic reasons – underlining the use by



traffickers of idealised pictures of the West. The speaker suggested that there is a need for a new migration approach or narrative. There is also a need to review the issue holistically, incorporating all points in the migration process. He insisted that we must distinguish between the different forms of migration. At the EU level, there must be a focus on the protection of external borders. Mr Mühlhans suggested that the FRONTEX mandate needs to be widened and resources should be increased. Further,

he suggested cooperation with third countries should be improved. Finally, the speaker ended by briefly reviewing the priorities of the Austrian Presidency in the field of migration.





Concluding remarks



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In his concluding remarks, **Prof Michael Kaeding** (Chairman of the TEPSA Board and Jean Monnet Professor at the University of Duisburg-Essen) warmly thanked the organisers and the team who developed the content of the conference. Additionally, he thanked the participants for their active involvement. Prof Kaeding acknowledged that he is glad to see so many members of TEPSA, also new associate members, and reassured that TEPSA will think internally how to further involve its members in its future activities. He then identified the next important topics for the future, such as the European Parliament elections in 2019, and remarked that it is essential to reflect on EU elections from the perspective of the member states, but also to know how Brussels works and how it changes.

Prof Kaeding further thanked the sponsors that contributed to the success of the Pre-Presidency Conference, namely the Central European Initiative, Wissenschaft-Forschung Niederoesterreich, the Austrian Society for European Politics, Oesterreichische Nationalbank, the Ministry for Europe, Integration and Foreign Affairs, the European Commission's Erasmus+ Programme and Europe for Citizens Programme, and the Federal Trust for Education and Research.

Finally, he announced that the next Pre-Presidency Conference will take place in Bucharest, Romania, ahead of the beginning of the Romanian Council Presidency.





Annex I: Pre-Presidency Conference Vienna Programme

Vienna EU Pre-Presidency Conference

June 7 – June 8, 2018

Institute for Advanced Studies

Josefstädter Straße 39, 1080 Vienna

Thursday, 07 June 2018

- 11.00 – 12.45** Registration and Lunch/Coffee - Foyer in front of the lecture hall
- 12.45 – 13.15** **Welcome Addresses** by
Lecture Hall Prof Jaap de Zwaan, *TEPSA Secretary General*
Dr Franz Fischler, *President Forum Alpbach, President Board of Trustees IHS*
- 13.15 – 14.30** **Opening Session**
Lecture Hall 'A Europe That Protects - Agenda, Goals and Key Issues of the Austrian Presidency'
Keynote by Mag Alexander Schallenberg, *Director General, Austrian Federal Government, Section IV: Coordination (EU)*
Introduction: Prof Michael Kaeding, *Chairman of the TEPSA board*
Presentation of TEPSA Recommendations, Dr Funda Tekin, *CIFE*
- 14.30 – 14.45** Coffee - Foyer in front of the lecture hall
- 14.45 – 15.00** Presentation of TEPSA book "The Future of Europe – Views from the Capitals", Austrian
Lecture Hall Chapter, Mag Paul Schmidt, *ÖGfE*
- 15.00 – 16.00** **John Pinder Commemorative Lecture**
Lecture Hall 'The Future of European Integration and the EU'
Speaker: Prof Brendan Donnelly, *The Federal Trust for Education & Research*
Discussant: Prof Jaap de Zwaan, *TEPSA Secretary-General*
- 16.00 – 16.30** Coffee - Foyer in front of the lecture hall

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16.30 – 18.00 Parallel Sessions

Lecture Hall: Session I: Security and Border Control

Dr Nicoletta Pirozzi, *Istituto Affari Internazionali Rome*

Dr Kristi Raik, *Estonian Foreign Policy Institute*

Prof Wolfgang Wessels, *Centre for Turkey and EU Studies, University of Cologne*

Berndt Körner, LL.M, *Deputy Executive Director FRONTEX*

Room 101: Session II: Realising the European Energy Union

Dr Elina Brutschin, *Webster University Vienna*

Prof Johannes Pollak, *Webster University Vienna*

Dinand Drankier, LL.M, *Pont fellow*

**Room 201: Session III: Digital Europe and
Communication vis-a-vis less informed audiences**

Dr Maja Bučar, *University of Ljubljana*

Dr Robert Braun, *Institute for Advanced Studies Vienna, IHS*

Mag Peter Kustor, *Federal Ministry for Digital and Economic Affairs*

18.00 – 19.30

Lecture Hall

TEPSA General Assembly

20.00

Conference Dinner at the Austrian National Bank

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Friday, 08 June 2018

09.00 – 09.30

Coffee - Foyer in front of the lecture hall

09.30 – 11.00

Lecture Hall

Panel discussion:

The Western Balkans: Challenges and Prospects of Further Integration

Panel Participants:

Prof Danijela Jacimovic, *University of Montenegro*

Lejla Ramić-Mesihović, MA, *Foreign Policy Initiative Bosnia-Herzegovina*

Dr Irena Rajčinovska Pandeva, *Ss. Cyril and Methodius University Skopje*

Dr Klaus Wölfer, *Federal Ministry for Europe, Integration and Foreign Affairs*

Moderation: Dr Katrin Auel, *Institute for Advanced Studies IHS*

11.00 – 11.30

Coffee - Foyer in front of the lecture hall





11.30 – 13.00 **Parallel Sessions**

Room 101: Session IV: (Re-)Developing the European Monetary Union

Prof Ramunas Vilpišauskas, *Vilnius University*

Dr Doris Ritzberger-Grünwald, *Austrian National Bank*

Room 201: Session V: Multiannual Financial Framework and Budget

Dr Jakša Puljiz, *Institute for Development and International Relations, Zagreb*

Prof Martin Kocher, *Institute for Advanced Studies and University of Vienna*

Dr Andrea Itzlinger, *Austrian Federal Chancellery*

Lecture Hall: Session VI: Migration Policy

Dr Ilke Toygür, *Elcano Royal Institute Madrid*

Prof Christoph Reinprecht, *University of Vienna*

Mag Thomas Mühlhans, *Federal Ministry of Internal Affairs*

13.00 – 13.30 **Concluding Remarks by**

Lecture Hall

Prof Michael Kaeding, *Chairman of the TEPSA board*

13.30 – 14.30

Lunch - Foyer in front of the lecture hall





Annex II: Recommendations from members of the TEPSA network to the incoming Austrian Presidency

The Trans European Policy Studies Association (TEPSA) has a tradition of formulating recommendations to the incoming Council Presidency. Brendan Donnelly (Federal Trust for Education and Research, London), Nicoletta Pirozzi (Istituto Affari Internazionali, Rome), Mario Kölling and Ignacio Molina (Elcano Royal Institute, Madrid), Funda Tekin (Centre international de formation européenne, Berlin/Nice) and Petr Kratochvíl (Institute for International Relations, Prague) contributed to the recommendations. Sabina Lange (European Institute of Public Administration, Maastricht) coordinated the process and composed the recommendations.

They do not necessarily represent the views of TEPSA or its member institutes.

The recommendations will be presented to the incoming Austrian Presidency by Funda Tekin on the occasion of the TEPSA Pre-Presidency Conference on 7-8 June 2018 in Vienna. The conference is organised by the Institute for Advance Studies (IHS) and TEPSA, with the support of: the Central European Initiative (CEI), the government of Lower Austria (Wissenschaft – Forschung Niederösterreich), the Austrian Society for European Politics (ÖGfE), the Austrian National Bank (ÖNB), the Federal Trust for Education and Research, the Austrian Ministry for Europe, Integration and Foreign Affairs and the Erasmus+ and Europe for Citizens programmes of the European Union.

June 2018

Preamble

Austria will take over the six-month rotating Presidency of the Council, at a time of critical political and legislative developments within the European Union. Citizens of the EU are tuned into tracking implementations of policies dealing with the consequences of the past financial and economic crisis, as well as the recent refugee and migration wave.

The Austrian Presidency will be marked by intense legislative activity in the Council and between the Council and the European Parliament. Key areas of focus are the narrowing of positions in the Multiannual Financial Framework (MFF) 2021-2027 and finalising the Brexit negotiations. All of this is to be conducted within a climate of heightened political exposure and sensitivities, in light of the upcoming European election in 2019.

The Austrian Presidency will conclude the 18-month programme of the Estonian, Bulgarian and Austrian Presidencies, which is focused on common solutions for a common future and ultimately on meeting the expectations of citizens. The priorities for the Austrian Presidency strongly reflect these principles. The 2018 agenda further reinforces the need for common solutions, in particular when it comes to the MFF and Brexit negotiations. There is an absolute need to deliver solutions on these issues and others, most notably with regard to the management of refugee flows and migration.

Therefore, this is why our recommendations concentrate broadly on the areas of security, migration, the MFF and Brexit negotiations, taking into account the role of the rotating Presidency in the EU and the timing of the presentation of these recommendations.





Security

In the area of defence, the greatest challenge in 2018 lies with the Member States. They will have to maintain an adequate level of political engagement so that the commitment assumed under PESCO in November 2017 (a continuous increase in the ability to plan, invest and operate together) will be respected. In this regard, major efforts in the Council led by the Austrian Presidency should in particular be devoted to connect the implementation of PESCO with national and European planning processes. Specifically, the newly revised Capability Development Plan must be the basis of the Coordinated Annual Review on Defence (CARD) with synergies developed between the Permanent Structured Cooperation (PESCO) projects and the new European Defence Fund.

In the civilian field, a Civilian Capabilities Development Plan is being established, with a view to adopt a Compact for Civilian CSDP (Common Security and Defence Policy) during 2018. The Compact will permit civilian CSDP to be adapted to the current security challenges including: organised crime, border management, terrorism and radicalisation, irregular migration, maritime security, hybrid threats and cyber security. The Austrian Presidency is well placed to promote efforts to achieve greater synergies between different instruments and sources of funding, as well as to establish a stronger link between training and recruitment, establishing shared training requirements. Within this context, appropriate incentives, such as financial support and promotion of career paths, should be offered to Member States and individual experts.

Migration

The Austrian Presidency is committed to keeping migration management high on the EU agenda. It is of particular importance that the Presidency coordinate efforts for a comprehensive management of migration. In this respect, third country cooperation for the management of migration flows (including cooperation on return and readmission) should be promoted in line with the priorities of the New Partnership Framework, focusing on the prevention of illegal border crossings together with support to persons in need of protection outside the EU. At the same time, efforts to improve border control would profit from information exchange and interoperability of existing IT systems. Furthermore, a coherent and effective approach to migration cannot overlook internal aspects and the need to promote greater solidarity among Member States, including the implementation of EU-wide quotas. Finally, security aspects should be balanced with the commitment to Sustainable Development Goals and within a human rights framework.

The negotiation of the Multiannual Financial Framework (MFF) 2021-2027

Given the sensitivity of budgetary matters and the polarised positions within the EU Council, the MFF negotiations constitute a major challenge for any rotating Presidency. Further to that, the MFF 2021-2027 negotiations are facing additional challenges. Considering the hole that Brexit will leave in the budget, and the (still minor) structural adaptations suggested by the European Commission in its proposal, the neutrality of the Presidency is particularly called upon.





After the first discussion and analysis of the proposal submitted by the Commission during the Bulgarian Presidency, the Austrian Presidency should ensure a swift and effective management of the early stages in the negotiation process with a view to narrowing the gap between the Commission's proposal and Member States' positions on key issues. The European Parliament should be regularly informed about the course of negotiations and its members should be invited to the informal meetings of the Council on the MFF. This is of utmost importance if the Austrian Presidency aims at reaching the agreement on the next MFF still within the current legislative period.

The Commission proposal for the MFF 2021-2027 is a pragmatic starting point for the negotiations. Taking into account the growing common challenges of the EU, in particular the management of refugee flows and migration, border control, external action and security and defence, the commitment appropriations should not be reduced. Ultimately, the focus of the negotiations should be based on programmes delivering European added value (including in particular, well-funded spending programmes aimed at the integration of migrants within the future Cohesion policy).

The first proposal of the Commission links the post-2020 spending with respect for the rule of law and EU values. However, no clear criteria currently exist on how the budget can be used to leverage progress in these matters. The Austrian Presidency should chair a debate evolving from reducing financial support to the recalcitrant laggards towards adopting positive incentives for those countries above the benchmark.

Since the Austrian government is opposed to the increase in national contributions, the Presidency could concentrate on the modernisation of the revenue side of the budget rather than on the spending side. The new Own Resources proposal by the Commission could contribute to finance the new priorities as well as have regulatory effects.

Brexit negotiations

The Austrian Presidency should aim for an agreement between the United Kingdom and the European Union regarding British withdrawal from the Union to be adopted at the European Council in October 2018. This agreement should respect the negotiating mandates of the European Council and reflect the expectations of the European Parliament, which will be invited to ratify the agreement. Most of the agreement should concern itself with the detailed organisation of Brexit, in which the rights and expectations of the UK's land neighbour, the Republic of Ireland, are of particular importance.

The interests of both the UK and the EU will be served by the inclusion in the agreement of a "standstill phase" until the end of 2020. In addition to its more detailed provisions the agreement should also contain a political declaration of the principles that will govern relations between the UK and the Union in the long term. This declaration should make unambiguously clear the difference between the UK's present position as a member of the EU and the less favourable arrangements it must expect as a third country. It should stress that the Union's commitment to the integrity of its own legal order is not a matter susceptible of negotiation or compromise in future dealings with the UK.