



CONFERENCE REPORT TEPSA Pre-Presidency Conference

The Cyprus EU Presidency 2012: Institutional consolidation and responding to new challenges

**University of Cyprus (New Campus)
Nicosia 14-15 June 2012**

The Cypriot Pre-Presidency Conference took place on 14 and 15 June 2012 at the New Campus of the University of Cyprus in Nicosia. It was organised by KIMEDE (Cyprus Institute of Mediterranean European and International Studies), in cooperation with the Erasmus Academic Network LISBOAN, the Trans European Policy Studies Association (TEPSA), the Cypriot Presidency of the Council of the EU, the European Commission Representation in Cyprus and the University of Cyprus.

WELCOME, PRESIDENCY RECOMMENDATIONS AND KEYNOTE ADDRESS: PRIORITIES OF THE CYPRIOT EU PRESIDENCY



The conference was opened by the welcome remarks of Costas MELAKOPIDES, Associate Professor, President of KIMEDE and Kalliopi AGAPIOU JOSEPHIDES, Jean Monnet Professor, University of Cyprus. Jean Paul JACQUÉ, Secretary General of TEPSA, welcomed the participants on behalf of TEPSA. He stressed the importance of the Presidency due to the current situation in the EU. He highlighted the main challenges: economic and social crisis, migration and solidarity.

Followed the Recommendations from members of the TEPSA network to the Cypriot Presidency presented by Hanna OJANEN and Katrin BÖTTGER. The Recommendations focused on five policy areas: the governance of the eurozone, enlargement and European Neighbourhood Policy, external relations, migration and asylum, and the EU and its citizens.¹

The Keynote Address was given by Erato KOSAKOU MARKOULLI, Foreign Minister of the Republic of Cyprus, who started by mentioning that the Cypriot Presidency will work towards a better, more efficient Europe with inclusive growth. The Foreign Minister reminded the objectives of the Lisbon Treaty: strengthening of the European Parliament as co-legislator, establishment of the European External Action Service, appointment of a full-time President of the European Council. Erato KOSAKOU MARKOULLI then stressed the main priorities of the Presidency. The negotiations of the Multi-annual Financial Framework 2014-2020 is important since it will set political priorities. The Presidency will contribute to the realisation of the European Economic Governance and the implementation of the Six Pack. Erato KOSAKOU

¹<http://www.tepsa.eu/download/Recommendations%20to%20the%20Cypriot%20Presidency%20final%20version.pdf>

MARKOULLI emphasized that Europe 2020 Strategy will help to ensure growth and fiscal consolidation. The Presidency will also promote policy for citizens, societal challenges, youth employment, well-being, social cohesion and inclusion and active ageing. It will also aim at improving cross-border cooperation by adopting four legislative proposals on the Common Asylum System by the end of 2012. She insisted that the Presidency will make sure to bring the EU closer to its partners and to ensure that enlargement will remain high in the agenda. She concluded by stressing that the Presidency of the EU is a milestone for Cyprus and will thus do its best to proceed to a successful Presidency.

WORKSHOP I: ECONOMIC AND SOCIAL CRISIS IN THE EU: ECONOMIC GOVERNANCE AND THE WELFARE STATE AFTER LISBON

The workshop was introduced and chaired by Michael SARRIS, Former Minister of Finance of the Republic of Cyprus.

Iain BEGG, Professor at the London School of Economics and TEPSA Board Member, gave a short overview of recent developments regarding the European Union's economic (governance) crisis by outlining the two clashing economic perspectives defining current political discussions: a new focus on growth versus the German vision of austerity. BEGG explicitly mentioned the growth of unemployment, especially among young Europeans, as a matter of European concern. Although the current crisis did not induce more unemployment among European citizens per se, the distribution of unemployment is unequally divided between European member states. Whilst the unemployment rate has risen in several member states, e.g. Spain, other states, e.g. Germany, have not suffered and rather increased overall employment. According to BEGG this often unnoticed disparity should be taken into account when discussing the current economic crisis. Additionally he highlighted several (potential) European economic storm clouds: 1) the situation of Spanish banks and the insecurity of the actual true scale of the banks' "black holes"; 2) the uncertainty of market developments; 3) the current political gridlock on European bonds; 4) the (political) role of the German constitutional court in Karlsruhe and 5) unintended accidents based on political and individual miscalculation.

Yet BEGG emphasized that the global economic outlook is rather positive and that a change of the current austerity perspective will also be influenced by the growing pressure on German leadership. However, further risks of economic divergence prevail. In that regard BEGG outlined the likelihood of differentiated European economic governance and pictured a potential clash of two perspectives: "dictatorship of creditors vs. blackmailing by debtors".

Andreja JAKLIČ, Associate Professor at the University of Ljubljana, emphasized the need for European reforms, especially within the new member states. The key challenges these states are facing are 1) a lack of systematic measures; 2) the growing rate of young educated but unemployed people; and 3) the emerging problem of national protectionism. JAKLIČ especially criticized the inefficient anti-crisis measurements taken and the occurring lack of effective competitiveness policy steps.

Yiorgos GLYNOS, Former European Commission Advisor and EKEME Board Member, stressed that European citizens are not efficiently elucidated. The effects and processes of an international economic crisis, affecting the EU, should be explained sufficiently to all the European citizens. In his perspective solidarity is defined by the interaction of discipline and money. He additionally stressed that the problems Greece is currently facing are evident to a couple of other member states as well.

The workshop ended by several remarks and questions raised. The current legitimacy crisis can only be passed by a pan-European consensus on the upcoming policy steps. Several participants agreed that the erosion of human capital constitutes the biggest risk for some member states.

The rising Euroscepticism among the young generation could lead to a lost generation with uncertain impacts for the future of the EU.

WORKSHOP II: FREE MOVEMENT AND MIGRATION: BEYOND THE TREATY OF LISBON

The workshop was introduced and chaired by Eleni MAVROU, Minister of Interior of the Republic of Cyprus. She emphasized the challenging need for a more comprehensive and long term approach within the framework of the Area of Freedom, Security and Justice. The completion of the Common European Asylum System (CEAS) by the end of 2012 has been recalled as the main priority in the field of Home Affairs for the Cypriot Presidency. While requesting more practical cooperation between member states notably with regard to the asylum seekers and refugees' protection, she also stressed the importance of the integration measures aimed at third-country nationals.

Jaap DE ZWAAN, Professor at the Erasmus University Rotterdam and member of the TEPSA board, started by mentioning the latest achievements of the free movement policy which make the significance of the European citizenship more visible. Considering EU asylum policy, a delicate issue, he stressed the necessity for further protection of the refugees and displaced people in view of the completion of the CEAS. He also requested for further implementation of solidarity measures among the EU states by referring to article 80 TFEU but also for further technical and financial assistance towards Mediterranean third countries. In this sense, he highlighted the instruments set up within the mobility partnership in order to manage better the legal and irregular migration flows in cooperation with third-countries. As regards to the Schengen Area, and in view of the recent attempts to re-nationalise the decision-making of internal border controls, DE ZWAAN stressed that this debate has to be dealt at EU political level. By quoting the EU Commissioner Malmström "Migration is an opportunity, not a threat", he underlined the need to drive labour immigration (highly skilled but also lower skilled workers) to ensure our future prosperity and economic growth. Eventually, he stated migration will always be a part of our past, present and future, that will bring opportunities and benefits both cultural and economic.

Stavros TOMBAZOS, Assistant Professor at the University of Cyprus and Adviser to the Minister of Interior on Migration, firstly underlined the non-correlated impacts of the migratory movements on the several sectors of the Cypriot economy (agriculture and construction). According to TOMBAZOS, the ageing Cypriot population represents a demographical threat for the whole system. In this sense, he considered that the arrival of migrants can also be seen as a positive contribution to the recovery of the Cypriot competitiveness and the viability of the social system. Within a context stricken by racism and xenophobia, he also stressed the importance to ensure an effective implementation of the integration fund at the local level especially with regard to language trainings intended to third-country nationals. Eventually, he finished his presentation by emphasizing the necessity to deal with migratory pressure in an integrated way, especially in countries such as Greece which are facing difficulties with its borders management.

Roderick PACE, Professor and Director of the Institute for European Studies in Malta, focused his presentation on the migratory movements in the central Mediterranean (involving mainly Italy, Libya, Malta and Tunisia) and the relations between those countries before and after the Arab's uprisings context. PACE stressed that this delicate balance of international relations in the sub-region have accentuated the increasing internal EU bickering and the unsuitability of EU measures in the field of migration. According to PACE, the self-help approach adopted by Malta finds its limits in handling with the sudden influx of migrants. In response to this situation, PACE presented several actions taken by Malta at the EU level such as European Union's Reallocation Project for Malta (EUREMA) and the European Asylum Support Office (EASO). Turning to multilateral initiatives, he mentioned three types that need to be kept in mind: the "5+5"



dialogue, other EU policies such as the Barcelona Process and the Neighbourhood Policy and inter-parliamentary co-operation. He concluded by stating that the migratory pressure is a topic of internal EU-solidarity which has accentuated the securitization of the issue and now, needs to be managed within a holistic approach.

PLENARY SESSION: WHICH KIND OF SOLIDARITY? AN ANALYSIS OF THE SHARPENED DEBATE ON THE EU IN THE MEMBER STATES

This plenary session was chaired by Jaap DE ZWAAN, Professor at the Erasmus University Rotterdam and TEPSA Board Member. The session started with the statement that the European Union is inspired by the feeling of solidarity.

The floor was first given to Katrin BÖTTGER, Institut für Europäische Politik (IEP) Berlin and TEPSA Board Member. She stated that solidarity has been the prerequisite of European integration. To explore the concept of solidarity one should differentiate between solidarity at the level of the state and at the level of the individual. There is also a conviction that in solidarity a distinction shall be made between those who have caused the situation and those who have



not. It is interesting to focus on the public debate in Germany on the Greek bailout. There is a certain misunderstanding of the measures that have been agreed upon and the impact those measures have on German citizens. The positive effects of the bailout of Greece, like the low interest rates on German bonds, have received less attention in the German media. The myth of German tax payers financing early retirement of Greek workers is false. The Greek individual has not seen any of the solidarity and on the individual level it is

hard to compare how the situation would have been had there been no bailout. The position of Germany is not unique however, but similar positions are held by the Netherlands, Finland and Sweden. BÖTTGER argues that more converging economic policies, more growth and better regulated financial markets are key to a way-out of the crisis. While struggling to overcome the current crises we need to reflect which future the EU is aiming to, which *finalité*?

It was followed by the presentation of Nikos FRANGAKIS, President of the Greek Centre of European Studies and Research (EKEME), who discussed financial solidarity in the light of the Greek crisis. He started his presentation with quotes related to the solidarity principle, notably from the 1950 Schuman Declaration 'Europe will not be created by magic nor on the basis of a general plan, but through concrete achievements that will first create a real solidarity'. He also stressed some provisions of the Treaty and the Charter of Fundamental Rights of the EU which contain the solidarity principle. He pointed out the current bail-out situation in Greece, Portugal, Ireland and that the program pushes for an upfront fiscal consolidation and an almost concurrent competitiveness boost, which, combined with the funding made available to Greece, aspires to deliver a sustainable economy back to the markets. He reminded that the bailouts were based on a recipe of "tax-tax-tax" plus "cut-cut-cut-incomes". He emphasized that when initial decisions to support Greece were being discussed, stereotypes were used during political debates. It was stressed that this is important to fight against stereotypes and not to let solidarity lose its constitutional value.

Lucia MOKRÁ, Deputy Director of IESIR Slovakia and Vice-Dean of the Faculty of Social and Economic Sciences of the Comenius University in Bratislava, presented the concept of solidarity

from the Slovak perspective. The Slovak case is particularly interesting since the government collapsed over a vote on the extension of the European Financial Stability Facility (EFSF). The debate on the solidarity within the eurozone didn't limit itself to the parliament but was a broad public debate within society. The essential question in the debate was whether solidarity has to be regarded as a fundamental principle or a common value. The Liberals perceived solidarity as a concept, and that Slovakia is too poor to support Greece which has a higher GDP. The Social Democrats on the other hand, advocated solidarity should be viewed as a principle or a common value, one of the basic principles of the EU and it should be applied throughout all policy areas. In this sense the principle of solidarity should be taken into account for other policies. Lucia MOKRÁ called for a unified interpretation and application of solidarity across the different EU member states. The solidarity concept should unify not only in the economic project but also in the European political project.

The three presentations led to a lively debate on the criteria and limitations of solidarity between member states. Does solidarity only apply when the country in question was not responsible for its crisis or do you also accept solidarity if there is a responsibility for the occurred situation? This leads to the moral hazard argument. According to some the establishment of the euro already implied a common destiny and questioning the limits of solidarity is now too late. It was also discussed if solidarity in the EU treaties and jurisprudence is defined as a legal concept or moral principle. TEPSA's Secretary General, Jean Paul JACQUÉ, agreed to explore that question in his editorial of the TEPSA Newsletter in June.²

PLENARY SESSION: CYPRUS AND EU ENLARGEMENT POLICY: THE AGENDA

This session discussed the role the Cypriot Presidency aims to play on EU enlargement policy and was chaired by Maria HADJIPAVLOU, Associate Professor of the University of Cyprus. Cyprus assumes the rotating presidency of the Council of the EU in a tense atmosphere with Turkey, an EU candidate country that doesn't recognise Cyprus and has occupied the northern part of the island since 1974. Turkey stated that it will boycott the Cyprus presidency, or freeze relations with the EU. Tamás SZIGETVÁRI, gave a brief overview of EU's enlargement history. He perceives the EU enlargement policy as a political process and remarks that especially disputes between a candidate country and an EU member states can slowdown the negotiations. Croatia's EU Accession Treaty was signed on 9 December 2011 and the Commission has drawn certain lessons from the process of negotiations with Croatia. These lessons learned will nonetheless not mean that the negotiation process for other (potential) candidate countries of the Western Balkans is expected to be much easier. SZIGETVÁRI notices three different types of problems in the region: economic, political and identity. In his perspective the most promising candidate country is Iceland.

As an expert on EU-Turkey relations, SZIGETVÁRI continues on Turkey as a candidate country. Turkey has had a long association with the EU (and before EEC). While Turkey has been a candidate country since 1999, the accession negotiations had reached a stagnation in recent years. EU Enlargement Commissioner Fühle has recently tried to create a new momentum by launching the "Positive Agenda". However a Turkish boycott of the Cypriot Presidency will create a problem. Since Turkish first association with the EU (then EEC), the Turkish position in the region and the world has changed significantly. The Arab uprisings have made Turkey more popular by the North African and Arab countries. Turkey has also actively improved its relations with Balkan countries. This increases the potential of Turkey to act as a natural intermediary or bridge between West and East. SZIGETVÁRI concludes by noting that the dependency of Turkey versus the EU is decreasing, negotiations will take place on more equal terms. It remains however a question for the EU how to deal pragmatically with this more self confident Turkey.

² <http://www.tepsa.eu/tepsa-newsletter-editorial-about-solidarity/>

Costas MELAKOPIDES, President of KIMEDE and Associate Professor (ret.), explored the position of Cyprus towards EU Enlargement Policy. In general EU enlargement is seen by Nicosia as a reunification of the continent. Looking at the current (potential) candidate countries the Cypriot position is one of wholehearted and unconditional support or wholehearted and conditional support. For Croatia, accession has priority. The negotiations with Iceland are supported wholehearted and unconditionally. Kosovo is not recognised by five EU member states, including Cyprus. Cyprus will however take a big step by starting contractual relations with the entity. Nicosia's stance on the accession potential of Turkey is summarised by MELAKOPIDES as wholehearted but conditional support. This stems from the logic that it would be better for Cyprus to have Turkey inside the EU, complying with EU rules and values. In his view Cyprus shows a clear willingness to solve the problem with Turkey, and is supported in its approach by the EU. MELAKOPIDES continues with a historical overview of the relations between Cyprus and Turkey. He concludes by stating it is now time for innovative use of sticks and underlines the importance of the next Cypriot presidential elections in February 2013 in this regard.

PLENARY SESSION: EU's EXTERNAL RELATIONS AND DIPLOMACY: MORE EFFECTIVE AFTER THE TREATY OF LISBON?

This plenary session was chaired by Gianni BONVICINI from the Istituto Affari Internazionali Rome and TEPSA Boarder Member. BONVICINI questioned the role of the rotating presidency regarding European foreign and security policy after the introduction of the Treaty of Lisbon. In his opinion the member state in charge should support the High Representative and in cooperation with the EEAS develop a far-sighted European security strategy and launch consequent long term proposals.

Pirkka TAPIOLA, the session's keynote speaker and Senior Advisor at the Strategic Planning Division of the European External Action Service (EEAS), elaborated on the achievements and challenges of the EEAS in its first year. While still structurally building the EEAS, the body and its decision makers had to rapidly respond to the developments in the Arab world. Nevertheless, the EEAS has worked on all priorities, as set by the High Representative Ashton at the establishment of the service. TAPIOLA underlines relative successes like the case



of Iran, where the EU represents the international community as negotiator. He outlines the Trans-Atlantic partnership between the EU and the United States and the Trans-European partnership between the EU and the Russian Federation as pivotal for the future European foreign policy. The EU-US partnership is characterised by continuous coordination efforts, joint agendas and initiatives, often also of informal nature. The foreign policy dialogue with the Russian Federation is also intense, especially when counting the number of formal encounters. In the different partnerships there is a shift visible from a partners driven approach to an agenda driven approach.

In EU's neighbourhood, the closer we get to the borders to the EU, the more values and interests of the EU coincide. The implementation of values in its neighbourhood can be seen as the EU's best security guarantee. In his final remarks the Senior Advisor stressed the fact that the EU is not a geopolitical global actor. Hence in its relationship with other global partners, neighbours and regions the EU focuses its policy on a win-win solution for both sides.

Gunilla HEROLF, Senior Research at SIPRI Stockholm and TEPSA Board Member, mentioned that many (bigger) member states are still reluctant towards a coherent EU foreign policy under the umbrella of the EEAS. Yet especially smaller member states need bigger alliances. In that regard HEROLF emphasized that the High Representative had set high ambitions, while one can wonder if given the size and competences these ambitions are attainable. Achieving EU wide ambitions are jeopardized in those areas where the goals of the EU are not consistent with its own policies (e.g. CAP, development aid, protectionism). In her perspective two factors hamper the EEAS' current position: 1) overlapping competences between the different EU institutions and 2) the final decision-making by the EU's foreign ministers, which decisively limits the role of the High Representative. The High Representative should be given strategic priorities by the ministers of foreign affairs of the EU member states. That would make her mission more achievable.

Viljar VEEBEL, Lecturer of International Relations at Tartu University, sees a global demand for more European participation, either in the EU framework or others like European involvement in NATO. While the traditional wisdom is that the EU is an economic superpower and political dwarf, the current eurozone crisis and demand for EU action on the global scale seems to point to a possible reversal of this assertion. Yet he criticized the current lack of strategic thinking in the EU's policy approaches. If EU foreign policy responses are too hasty and ad hoc ('fire fighting') principles may be lost in the process. Coming back to the question in the title of the panel, VEEBEL asserted that we have expected more effectiveness, but some member states hamper this process. A wider strategy and new tools are needed in the EU foreign policy field, and all support the Cypriot Presidency can give in establishing this.

CLOSING PLENARY SESSION: REFLECTIONS ON LISBON INNOVATIONS AND THE ROLE OF THE EUROPEAN COUNCIL

Andreas MAVROYIANNIS, Ambassador and Deputy Minister to the President for European Affairs, gave a speech on the innovations of the Lisbon Treaty and its effects on the role and work of the Council Presidency. The increased powers of the European Parliament were the most significant in his view. There is a need for the Council and its Presidency to go beyond agreement merely on co-decision issues, there is also a need for a mutual understanding of the EU on other issues. The Cyprus Presidency is looking forward to intensive quantitative and qualitative cooperation with the EP. Due to the creation of the position of a Permanent President of the European Council, the Presidency also has a modified role within the Council working on further improving the cooperation between the General Affairs Council and the European Council. The General Secretariat of the Council now has to work both for the Council Presidency as well as the President of the European Council, which requires a balanced division in time. MAVROYIANNIS also highlighted the role of the Presidency in the sectoral council formations, to act as an honest broker both inside the Council and in the negotiations with the EP. The overarching theme of the Cyprus Presidency is 'Towards a better Europe', thus more relevant to its citizens and the world.

After a Q&A with the Minister as well as the representative of EEAS, the floor was given to Jan POSPISIL, Senior Fellow of the Austrian Institute for International Affairs. He praised the downward adjustment in the level of ambition of the EU on the global stage. Becoming the most important global player is no longer the goal of EU foreign policy. Looking back to the process of EU integration and the Lisbon Treaty, he remarks the integration theories have been too optimistic and didn't sufficiently take into account the pitfalls of integration. Focusing on the innovation of the Treaty of Lisbon he states that this treaty is a smaller step than expected, but still can be seen as a great success.

Brendan DONNELLY, Director of the Federal Trust, agrees with the assertion that the Lisbon Treaty is only a small step but questions whether or not it will be a success. The innovations of the Lisbon Treaty can in his view better be called the pretence of innovation. The leap of powers



of the European Parliament was greater with the Amsterdam Treaty than the Lisbon Treaty. The increased role of national parliaments will have little substance to it as well. DONNELLY disagrees with those asserting that the Treaty of Lisbon has increased the potential of foreign policy coordination. Not so much the potential has increased, the Lisbon Treaty rather increased the chances of realising this potential. The Ministries of Foreign Affairs of the different member states demonstrate that what they want is better coordinated national policies, not a European foreign policy. As for the role of the President of the European Council, DONNELLY sees the functioning of the current President as helpful. And concludes that while the function is designed as more of a facilitating role than political leadership, the innovation of a permanent President led to slightly more coherent actions than we would otherwise have had.

Costas MELAKOPIDES and Kalliopi AGAPIOU JOSEPHIDES, co-chairing this closing session, give the floor to Wolfgang WESSELS, Chairperson of TEPSA and Jean Monnet Professor at the



University of Cologne. There is a clear added value of holding a TEPSA Pre-Presidency Conference in the country that will hold the Council Presidency in a few weeks and learning about the cultural, geographical and historical situation of that member state. This is even more pivotal in Cyprus, as a divided island. He reminds the audience that this is not a unique case in European history: Germany was a divided country before its reunification in 1990; and Algeria was also part of France when the European Economic Community was created. As

currently in the case with Cyprus, the other member states showed solidarity to Germany in the process of overcoming its division, but mostly in legal positions, not going much beyond.

WESSELS also reflects on the institutional consolidation that was discussed during this closing session, and in the earlier sessions. While the title of the conference includes 'responding to new challenges', he mostly sees the reoccurrence of old challenges. Listing to the TEPSA Presidency Recommendations and the Priorities as laid out by the Cypriot Minister of Foreign Affairs, WESSELS observes the EU has a genuine state like agenda, encompassing all policy areas. Even though much attention is focused on the economic crisis, in other policy areas it seems to be business as usual. The Cyprus Presidency has many challenges ahead. The perceived zero-sum games of the MFF negotiations, where this Presidency is expected to work towards a package deal. For the eurocrisis it is positive to have again a Presidency that is part of the eurozone, but the economic situation in Cyprus may make hamper the possibilities for Cyprus to take a leadership role in this area. There is also a need for improved linkages between the eurozone and other member states, the Presidency has a major role to play in this respect. For the successful functioning of the External Action Service more support of the member states is needed. While some have argued not to judge the EEAS on its first year, applying the concept of 'path dependency' (if it doesn't work at the beginning, it will never really work) would lead to more pessimistic forecasts. Looking at the position of the EU in the world, WESSELS concludes by saying that there will be crises ahead, but which ones and where? The Presidency is advised to be modest about their plans while setting priorities and to be prepared to reset them along the way. Finally a word of gratitude is spoken to the organisers of the conference: Costas MELAKOPIDES, Kalliopi AGAPIOU JOSEPHIDES and Andreas KIRLAPPOS.