

## CONFERENCE REPORT

### “The European Order”



---

*Carolin Marx and Janny Schulz<sup>1</sup>*

Germany and Portugal maintain good political relations with each other and share a long tradition of cooperation. The German-Portuguese Expert-meeting "The European Order" organised by the Institut für Europäische Politik (IEP) Berlin and the Instituto Português de Relações Internacionais (IPRI-NOVA) Lisbon contributes to further promote friendship and exchange between the two countries. The aim of the German-Portuguese exchange is to discuss current problems in the economic and social development of both countries in an open dialogue and to find common answers that meet the requirements of European integration. About 35 experts from both countries joined the Expert-meeting between 04.-05. December 2017 in Lisbon to discuss issues such as the reform of the Eurozone and reform initiatives in the Common Security and Defence Policy (CSDP) taking transatlantic and EU-Africa relations into account.

---

<sup>1</sup> Carolin Marx, Research Advisor, Institut für Europäische Politik, Berlin; Janny Schulz, Research Associate, Institut für Europäische Politik, Berlin

### **Facing the current challenges**

In the opening speeches of the Expert-meeting, the speakers addressed the current challenges that the EU is facing. At present, it must deal with both foreign policy uncertainties and domestic conflicts. The most pressing foreign policy challenges today includes the continuing critical situation in Syria, the power vacuum in Libya, jihadism and terrorism, relations with Russia and the US government under Donald Trump. The speakers emphasised that especially in the area of migration, long-term strategies are necessary to enable people to live in secure conditions in their home countries and thus avoid greater migratory movements. In terms of domestic policy, above all, the European Union faces difficult economic challenges including the withdrawal of Great Britain from the EU and additionally, the growing loss of confidence and the increasing scepticism within the European population. The latter is the greatest challenges of all since the foundation of the EU. Nevertheless, the European Union has achieved just as much success over the past six decades. First and foremost, peace within Europe, digital development, respect for human rights, a historic employment peak experienced within the EU, standards for EU-wide consumer protection, and a trade agenda that appeals to international partners. Progress in the area of permanent structured cooperation (Pesco) have also been commended in the opening speeches.

### **Towards an European financial future**

The first panel focused on the reforms as proposed by Paris and Brussels. A strong currency such as the currency of the European Union, the euro, would be able to provide stability in Europe, especially in southern Europe. More stability in southern Europe would also mean greater prosperity in northern Europe. The euro as a single currency could also strengthen cohesion and social stability between the member states. However, in order to prevent new financial crises, member states should agree on economic reforms before 2019, because the European semester and the annual Euro Summit constitute the new framework of it.

The future of the Euro as a common currency was in danger during the financial crisis. And therefore, far-reaching reforms must be considered. Nevertheless, important achievements have also emerged from the crisis. Now Europe has a European Banking Authority (EBA), and therefore the Eurozone is more resilient than ever. Also, the worries from 2016, that after the Brexit referendum further withdrawals from the EU would happen remains unfounded, yet the remaining member states would have to fill the financial gap after the United Kingdom's exit from the Union. 2018 is a year full of important decisions and developments, however, given the lack of a German government following the Bundestag elections in September 2017, this would only hint at a resilient German

position, as the various parties represented divergent positions. Concrete reforms therefore have to wait for the time being, until the German government formation in the middle of 2018 is expected to be completed. However, it is already clear that Germany will remain a strong supporter of the European project and will work closely with its EU partners. Further challenges are awaited with the forthcoming parliamentary elections in Italy in March 2018, as well as in the autumn of 2018, when regional elections in Hesse and Bavaria will be an important test for the stability and popularity of the new founded German government. The spring of 2019 will be marked above all by Brexit, which should not be seen as a hurdle, but rather as an opportunity for greater unity among the remaining member states. The European Parliament elections in May 2019 and the appointment of the new Commissioners in October 2019 will also influence the implementation of reforms.

Paris and Brussels have already made available reform proposals which intend a transformation of the stability mechanisms of the European Monetary Fund (EMF). The experts also mentioned Emmanuel Macron's proposal to form a "core Europe" with more flexible, efficient structures and possible faster changes to treaties, as well as the proposal to create a European Finance Minister and a separate euro area budget. Jean-Claude Juncker's proposals to consolidate the EU by strengthening the unity of the EU-27 and thereby empowering the European Commission are also awaiting a clear response from Berlin. Furthermore, Juncker's reform plans call for stronger support for member states that want to participate not just out of financial self-interest but also out of political sense of responsibility. European integration should be financed by a European budget rather than individual budgets. Decision-making should be more democratically legitimized and involve the European Parliament more. In addition, if necessary, public investment and the banking system should be strengthened, the experts demanded. Long-term unemployment must be avoided for economic and technical reasons. Economic, financial and investment reforms would lead to more resilient governments.

In the future, the questions about the functions and structure of the Eurozone budget and the European Monetary Fund (EMF), as well as the competences and legal bases for the establishment of a European Finance Minister should be clarified. Similarly, the risks and opportunities of a European Banking Union should be analysed. Portugal could serve as a reference model, as the country has proven that it is possible to emerge and strengthened even from difficult times. 80% of the Portuguese population is pro-European, despite the hard financial cuts. Nevertheless, it must be remembered that EU citizens in the past felt that their interests had to lag behind those of banks. This must be reconsidered for the coming years, and the concrete benefits to citizens must be made clear. Furthermore all member states should show solidarity on the issue of migration, a topic which Europe will continue to face in the future.

### **Overcoming security threats on an European level**

At the beginning of the second panel discussion, the current biggest challenges were outlined by various experts. In particular, external threats such as developments following Donald Trump's election as US President, political developments in Russia and Ukraine, Libya and Syria, Kim Jong-un's anti-European behaviour against the European Union, the political situation in Iran, as well as terrorism and international migration must be taken into highlighted. Also, European issues such as the development of the Common Security and Defence Policy (CSDP), the insufficiently developed border security policy, and the upcoming changes in the balance of power due to the Brexit were raised. Although the EU is mainly an inward policy to promote prosperity and peace in its member states, it also needs to look outward to maintain it. Overlaps between internal and external EU affair have to be watched, especially in the areas of external borders management and terrorism. Due to the complex security situation outside the European Union, it should now prove its role as a guarantor of international order and stability, as a peacekeeper and de-escalating force.

Portugal wants to maintain its balance between the continental and Atlantic partnerships. It still relies on the Atlantic dimension in the defence field and at the same time has a globally wide armed force. Portugal's initial reluctance to sign up for Pesco can be explained by the Portuguese experience of the financial crisis, which would make Portugal take more time to consider the advantages and disadvantages of decisions. However, the confidence of Portugal and the Portuguese citizens in a CSDP is strong. Furthermore, Portugal's lower financial participation in Pesco was compared to the financial participation of Spain and Italy. The Portuguese experts stated that while Portugal may have a stable but comparatively low gross domestic product, it has no significant defence industry. Therefore, it would be mainly other member states, such as France, Germany, Spain and Italy, who would have to play Britain's role in defence policy, while Portugal, with a smaller budget, would participate in Pesco. Experts underlined that financial support from the Commission for the development of prototypes and defence equipment, which would be deployed inside and outside Europe is crucial.

Over the past 12 months, much progress has been made within the CSDP. The progress included the establishment of the European Union Military Staff (EUMS) headquarters in Brussels, of the European Defence Fund and an annual report on the defence situation within the member states. The most important development of the CSDP in recent years is Pesco, which already includes 15 projects. The European Union could become more involved in civilian missions through Pesco and gain strategic autonomy if the CSDP is no longer just an issue for NATO or transatlantic relations. Pesco as a long-term legal and political framework improves the military capabilities on the one

hand, but on the other hand demands that financial liabilities be observed by the parties involved. Many of the countries involved in Pesco would have a great interest in developing the CSDP, and would like to work more closely together in research and development and in the procurement of military equipment. The experts felt that this might be less due to the political will to defend a defence union, but rather to industrial interests behind it. The different points of view between Germany, the European Commission and France, which up to now dominated Pesco, were also mentioned. While Germany and the European Commission are seeking to include the biggest number of member states, France would rather focus on the effectiveness of cooperation.

In addition, the experts discussed the role of the CSDP for European citizens. In 2013, following the European financial crisis, the CSDP was again more in the focus of the citizens. While during the financial crisis the economic situation and unemployment in the EU were discussed by the public, today the deteriorated security situation in Europe and terrorism are in the public focus. The European Union must also show more proximity to citizens in order to counteract another loss of legitimacy and the rise of Euroscepticism. In this context, Pesco should not become a so-called buzzword in the discourse, to which's content citizens might have little reference.

### **European and African perspectives on shared issues differ**

The last panel of the expert meeting dealt with relations between the European Union and the African continent. Portugal is a driving force in bringing African issues into the EU. Africa has played an important role in Portugal's political agenda since the democratisation of Portugal, partly because Africa was Portugal's second most important trading partner until 2016. Portugal's role in Europe is that of a "geographical bridge to Africa". It resembles a mediator between different points of view of the two continents and contributes to mutual understanding and an approach at eye level.

From a European perspective, the relevance of Africa to the EU should be highlighted, especially in terms of resources, market and security. The security issue deals mostly with the security of EU citizens in Africa. Moreover, Africa is very important for historical reasons, as well as global challenges such as climate change, therefore in that domain cooperation with African partners is essential. Likewise, governments are currently in the global competition of political systems. According to panellists, China's involvement in Africa is a soft-power and it should not be underestimated by the EU. Nevertheless, China's influence is rather low compared to that of the EU, and the European Union remains the most important humanitarian partner. Europe was encouraged to rethink and emphasise and defend its reputation as a values-based and constitutional society rather than focusing on investment. From an African perspective, Europe

would still be perceived as the most important reference for the rule of law and democracy. Also, the migration issue is not the focus of EU-Africa relations, however from an EU perspective it should be the case, and this discrepancy leads to discussions between the EU and the African Union. Within the European Union, too, coping with migration movements creates a strong diversity and fragmentation of external border management and the CSDP. At present, migration issues as well as trade are based on bilateral agreements. However, there is still a lack of a European and, above all, a cooperative approach. These agreements need to be revised and an institutional framework should be created between African and European partners, through a cooperative rather than a confrontational approach. Existing institutions would have to be revised and pragmatically used. In addition, an institutional framework is needed to create trust and appreciation and to bring the expectations of each other to a realistic level. In the field of security, the experts emphasised the African Peace and Security Architecture (APSA), which is the best existing instrument in the EU-Africa partnership. However, it lacks rules and predictability. At this point, the capabilities of existing instruments should be discussed and reformed. Similarly, the role of diasporas and their impact on their countries of origin should be given more attention in the research field. The panellists demanded that a joint EU-Africa strategy with binding contacts on both sides shall be found as soon as possible. Experts called the unpopularity of "good governance" and the instability of some states, plus the unwillingness to participate in civil society as problematic for further close cooperation.

The experts use the panel as an opportunity to reflect on the EU-Africa summit that took place in November 2017 in Abidjan. This was a premiere in two ways: it was the first summit between the EU and the African Union (AU), and it was the first meeting that took place in a Sub-Saharan country. The high number of participants from high government circles showed great interest on both sides and closer cooperation between the EU, the AU and the United Nations was the focus of the summit. The reception of the summit meeting in the European media, which criticised the limited achievements and the low level of EU-AU relations, was addressed and attributed to the difficulties caused by very different participating States. Against this background, the summit seems less disappointing than marked by continuity, according to the experts. The summit mostly addressed migration and sexual reproductive health issues, the latter being aspects of demographic growth and indirectly linked to migration. Other challenges include the control of demographic change, job creation and the lack of inclusiveness in society, as well as human rights.

The third panel also highlighted African perspectives on African-European issues that are currently frustrating and at a historically bad level. The situation in Libya caused great disappointment with EU behaviour on the African side. European and African states should recognise their shared responsibility. Furthermore, previous structures are no longer functional in regard of the current and

future problems. Hybrid projects and new ways of leadership and personal responsibility should be initiated, and donor-recipient relationships reconsidered. Traditional partners like South Africa have received less attention from the European Union in recent years. The previous EU Africa strategy would be seen by the African side as a "dialogue of the deaf", which did not manage to dissolve previous donor-recipient relationships. Likewise, China, Turkey and Russia have added other political actors as alternatives to the European Union, leaving some African countries, such as South Africa, with room for negotiation in some areas. Also in the area of migration, a trade atmosphere has emerged in which regimes such as Chad, Niger and Mali have sought to strengthen their position and use their role as transit countries for a "deal" similar to the EU-Turkey agreement. It also addressed the increased sums of money that would flow into the security development of countries in the Sahel, West Africa and Horn of Africa regions, which would be cut short elsewhere. The question of whether such investments are long-term solutions or ad hoc reactions has been raised. The experts, however, agreed that investments could only partially solve current challenges on the African continent. Important for the future are qualitative substantive cooperation, the empowerment of small and medium-sized enterprises, the creation of jobs and the strengthening of the civil society.

### **Lessons from the recent years**

Two important aspects the German-Portuguese Expert-meeting made clear: first, the current and future challenges could only be tackled through joint solidarity and further investment in a united Europe, on the other hand, and second there is no doubt that Portugal has recovered from the deep cuts caused by the financial crisis. The Portuguese position of bringing Northern and Southern Europe closer together deserves greater attention in the inner-European discourse. Germany and Portugal have a very close partnership and pursued very similar approaches to Europe, and together they wanted to be more involved in shaping the European order and relations between the EU and Africa. Once again, the expert meeting showed that more attention has to be paid to African voices and that more of Europe's own channels have to be endeavoured to find a holistic European approach. The participants welcomed the holding of the expert meeting, which is an important platform for the in-depth dialogue between Germany and Portugal. Cohesion and solidarity are the key words to prepare Europe for the challenges of the future and to strengthen the EU. The dialogue between the countries must not break off, which is why we are all the more pleased to be able to jointly organise the upcoming German-Portuguese Forum in autumn 2018. A particular focus will be placed on digitisation and small and medium-sized enterprises, as well as the situation in the MENA (Middle East and North Africa) region.