

The Most Pressing Crises Facing the EU Today

By THESEUS Seminar for Young Leaders Seminar Participants¹

1. Introduction

The coming into force of the Lisbon Treaty on 1st December of this year is a decisive moment in the evolution of the European Union. The crisis created by the rejection of the European Constitutional Treaty seems to have been resolved. However, there still remain inherent dilemmas in the functioning of the EU which prevent it from addressing some of the most pressing crises confronting it, both internally and externally. Internally, unresolved tensions between the supranational and national levels of governance impede the ability of Union to act as a coherent, transparent, and unified actor. Externally, these tensions inhibit the creation of a credible and legitimate image of the EU as a global leader. This makes it difficult for the general public to understand the nature of the European Union and what it does and can do.

There has been widespread scepticism among EU observers and national media concerning the appointments of Herman van Rompuy and Baroness Ashton to the posts of President of the European Council and High Representative under the Lisbon Treaty. Given the broadly defined legal mandate and political space created for the role of Council President by the Lisbon Treaty, we argue that the new President must assume a proactive role in the mitigation of aforementioned unresolved tensions. He now has the opportunity to press for and facilitate the coordination of Member State and Union interests as a whole. The cohesion that can be achieved by an active and engaged Council President will be crucial in resolving the inter-related crises and challenges that still persist in the aftermath of the Lisbon accession.

Asserting his role under the Treaties will be crucial in providing the EU with the much-needed leadership to tackle the crises that require a coordinated response beyond the level of the Member State. It has been said repeatedly that the Lisbon Treaty is supposed to make institutional coordination easier within the Union. But such increased coordination is wholly dependent upon political will. The newly-created office of Council President is crucial in the development of such a political will. We argue that there are three closely inter-related policy areas that an engaged and active Council President must prioritize. A strong Council President must be instrumental in managing the continuing crisis of legitimacy that could affect the Union as a whole.

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2. Three Policy Areas:

Firstly, we are convinced that priority needs to be placed on **re-establishing the sound financial foundations** of the EU and its Member States by concentrating on sustainable growth, the creation of jobs to ameliorate the unemployment crisis and restoring investor confidence.

Secondly, there is a need urgently to address **security-related problems**. Under this broad rubric, we include energy issues, the unresolved conflicts within the Neighbourhood, and the continuing challenges of the enlargement process and immigration. Specifically, we argue that in the field of energy, there is a need to diversify sources of existing energy and to focus on research towards the creation of renewable energy sources. In the Neighbourhood, the EU needs to develop a better strategy towards unresolved conflicts, whether the conflict in Georgia or the “frozen” conflicts in Moldova or between Armenia and Azerbaijan. On enlargement, we argue that it is imperative that the EU develops a clear and unambiguous strategy for the Union given the number of countries that wish to join. Finally, on immigration, the EU needs to develop a comprehensive strategy to manage immigration which focuses on the protection of human rights within the EU and those countries bordering the Union.

Thirdly, there is the immediate question of the Copenhagen Summit and the shape of the post-Kyoto climate change regime. These issues demands that the EU continues to take the lead on **environmental issues**. Despite the current recession and pressure from other global players, it is imperative that the Copenhagen negotiations not be derailed. The EU position must be based around a high degree of multilateralism and assurances of adequate technology transfer to developing countries.

3. The Financial and Economic Crises:

3.1 Job creation and a Green Future

In the aftermath of the financial and economic crises, unemployment across the Member States has re-emerged as a critical problem. To overcome this, we suggest a substantive commitment to coordinate employment policies. In particular, we propose that a fund be established with the core objective of increasing scientific research in the area of renewable energy sources. The success of this may not only enable continued economic growth and energy stability for future generations, but it will also stimulate new jobs and new industries. This would be an innovative response to the unemployment challenge faced by all Member States which is noticeably absent from the \$1.1 trillion stimulus package advanced by the G20.

3.2 Financial Market Stability

The path to sustainable growth involves stable and secure financial markets, that enjoy the trust and confidence of investors. This allows the savings of individual investors to finance Member State companies, thereby ensuring economic growth, jobs and sustainability.

The integration of European Financial Markets has not reached its full potential because of the absence of a single European securities regulator, with effective supervisory and enforcement powers. To address this, we recommend the creation of a European Securities Regulator that will protect the Financial Markets. This would constitute a valuable addition to any future European Stability Fund and would be instrumental in the implementation of the de Larosière recommendations.

As a quick response to market instability, the Member States consolidated their national banking sectors. In order to secure a co-ordinated exit strategy for all Member States, the ECB has to have a close monitoring role in the ongoing consolidation process of national banking sectors.

4. Security:

4.1 Energy

The vulnerability of the EU and its dependence on energy supplies have been aggravated by the gas crisis with Russia, transit problems between Russia and Ukraine, as well as the instability of oil supplies. To diversify the origins of natural resources and promote research and development in the field of renewable energy we recommend that an emphasis should be placed on researching alternative opportunities to promote environmental protection and ensure a more secure and diversified energy supply.

4.2 Unresolved Crises in the Neighbourhood

There remain unresolved conflicts in the Neighborhood such as Moldova and Transnistria [Transdniestra], the South Caucasus, and unresolved tensions between Armenia and Azerbaijan. We argue that the EU needs to develop a coherent strategy in these regions for crisis prevention and management. The costs of inaction have been made only too clear by the crisis in Georgia.

4.3 Enlargement

The accession of the countries of Central and Eastern Europe can serve as an example for the EU's use of enlargement as an effective policy tool. It promoted democracy and the rule of law and fostered regional peace and security. To maintain these goals, the EU should minimise the ambiguity over the prospects of potential candidate countries by developing a clear enlargement strategy for 2010-2020.

4.4 Illegal Migration

The Union and its Member States must address the continuing crisis of illegal immigration on its Eastern and Southern borders. It can best achieve this by direct EU-level negotiations with bordering states. In these negotiations, they must ensure that human rights are protected.

Despite the financial crisis, the EU must intensify its efforts to achieve its existing development goals.

5. Environmental Issues:

Having established its international leadership in climate change during the Kyoto negotiations, the EU must maintain its leading role in the Copenhagen negotiations. We are therefore convinced that the EU must remain consistent in its external commitments and internal policies. It needs to adopt a coherent approach towards other global players and facilitate agreement on a restructured Kyoto system. This will give an impetus to the European Union to promote further the development of the international carbon market. This will set standards that will constitute the driving force for the EU internal market in the coming decades, and thus, guarantee sustainable economic growth.

Tackling the economic crisis and the environmental crisis simultaneously will pay multiple dividends. Given that energy prices will continue to rise, the best way to tackle both crises is to promote investment in energy efficiency and green jobs.

This approach will enhance the EU policy coherence vis-à-vis other players in the international arena and create trust among them. By finding compromise in the financial burden-sharing mechanisms among the Member States, the Union will maintain its credibility as a global leader, since it will facilitate support, technology transfer, and establish benchmarking mechanisms in developing countries to fight climate change.

6. Conclusion: Leadership and Legitimacy

The Lisbon Treaty has strengthened the institutional framework of the Union but has not solved the problem of effective and efficient decision-making within the EU. This weakens the role of the Union both internally and externally.

Internally, while strengthening the European Parliament and the Commission is in general a positive development, it also invites inter-institutional tensions that weaken the cohesion of the Union. We propose that the President needs to define his role as agenda-setter within the European Council by shaping the debate around the three policy areas that we have identified. We believe this will facilitate the coordination between the European level and the governments of Member States.

On the global level, there is a clear lack of a distinguished division of roles between the President of the European Council and the High Representative. The President supported by the High Representative needs to set priorities for EU policy.

By fulfilling the leadership potential of the office of the President of the European Council, he can promote cohesion internally and facilitate development of the EU as an international strategic actor. We believe that this will generate more engagement on the part of European citizens, and fulfil the expectations that we have of a modern, proactive, and progressive European Union.