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Transatlantic  
Affairs



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**REVIEW OF**  
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REVIEW OF  
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# Introductory Remarks

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## 1. 1. Letter from the Editors-in-Chief

Albana Shehaj and Neveser Koker  
*Editors-in-Chief*

It is with distinct pleasure that we introduce the Spring 2016 issue of the Review of European & Transatlantic Affairs (RETA).

As we prepared this issue for publication, the European continent was undergoing a series of developments that were shaking the very foundations of the European Union. These developments presented significant challenges for the EU's economic, political, and social structure, as well as for its legitimacy and its capacity for supranational governance. Starting with the Euro crisis a few years ago, fundamental political and economic issues have arisen and critically influenced relations amongst EU member states. More recently, the influx of refugees and the collapse of the Dublin rules have challenged Schengen area's border-free nature, exposed radically different structural and normative approaches to immigration among member states, and strained relations among them. The looming possibility of the so-called "Brexit" as well as the structural changes aimed at preventing its occurrence have reminded us of the limits of political cohesion and unity within the EU. Finally, rise of right wing populism across Europe and rejection of fundamental European values by



rightwing governments of Hungary, Poland etc., have brought about a whole host of new ideological and political challenges to the simultaneously liberal-democratic and supranational structure of the EU.

Combined, these events constitute a critical challenge for the European Union and may potentially serve as the catalyst for economic, institutional and legal restructuring of the European continent. They raise theoretical and practical questions about the vigor and legitimacy of the EU. Perhaps most importantly, they cast doubt over the feasibility of the decades old quest towards an “Ever Closer Union.” What are the implications of such developments? Is European integration jeopardized by the revival of identity and border cleavages rooted in the continents’ and the globe’s historical past? Will the EU enfeeble in face of contemporary challenges or can it, true to its foundations, endure such economic, political and cultural strains and strive confidently forward as a united entity?

RETA’s Spring 2016 issue is dedicated to these questions, and in the following pages, you will find policy visions formulated by this year’s *European Student Conference* participants, and the responses they generated, written by esteemed policy makers and scholars. Held at *Yale University* on February 5-6 2016, this year’s ESC brought together students, junior scholars, distinguished professors of European Studies from across the USA and Europe, as well as European Union policy makers and representatives of the European Commission. Its key objective was to develop fresh perspectives on the contemporary challenges to the viability of the European project. Reflecting the diverse academic, professional and policy backgrounds of conference participants, the papers in this issue offer a vast spectrum of perspectives and policy recommendations. Similarly, the experts’ responses challenge familiar assumptions regarding the meaning and consequences of contemporary political developments for the EU. It is our hope that the policy papers and responses included in this issue will serve as a platform in which a discussion of critical implications of current events occurs alongside new and creative perspectives for an increasingly united, confident European continent.

Following the structure of the conference, this issue is divided into five sections, with each section corresponding to a key dimension of contemporary European politics. In the “Economy” section, you will find papers that present strategies for innovation clusters and call for establishing digital literacy classes for owners of small and medium enterprises (SMEs) as a way of enhanc-

ing the potential of the European digital economy. In the “Immigration” section, papers propose establishing a multinational naval force with dual humanitarian and safety-focused objectives, and initiating programs that enhance capacity building and establish support networks amongst groups of former migrants and newcomers. In the “European Identity” section, papers formulate policies that promote religious and cultural tolerance and proposes the employment of the U.N. Refugee Agency’s Integration Evaluation Tool across all EU member states in an effort to measure the progress of immigrant integration across time. In the “Institutions” section, papers offer suggestions for institutional reform, including a proposal for a Eurozone treasury that relies on specific policy tools and with its own revenue to serve as a fiscal transfer mechanism. Finally, in the “Defense” section, you will find papers that discuss the enhancement of Europol’s intelligence capabilities, and the use of qualified majority voting in the decision-making of the Common Security and Defense Policy.

While the global, continental, and national challenges that the European project face today may seem unique and pressing, we hope that this issue of RETA serves as a reminder that a confident Europe which stays true to its ideas of supranationalism, liberal democracy, and human rights remains a viable project. Perhaps more importantly, these challenges offer new and exciting ways to make such a European project even stronger, even more viable.

*Albana Shehaj is a doctoral candidate in the Department of Political Science at the University of Michigan. Her research focuses on clientelism, European integration, distributive politics and political methodology. She serves as European Horizons’ Head of Journal and Policy Perspective.*

*Neveser Koker is a doctoral candidate in the Department of Political Science at the University of Michigan. Her research explores the intellectual history of relations between Turkey and France, with a specific focus on how these cross-cultural encounters shaped political membership and belonging. She serves as the co-president of European Horizons’ University of Michigan chapter.*

# 1. 2. Letter from the Vice-President of the European Commission for Budget and Human Resources

Kristalina Georgieva

*Vice-President of the European Commission for Budget and Human Resources*

The world is changing. We all know it - we can see it every day. On the positive side, we see how science improves our lives, with new technologies that make the world more prosperous and interconnected. One billion people have been lifted out of poverty over the last 20 years.

At the same time, the world has become more fragile. It is more prone to shocks, be it economic ones, natural disasters, or conflicts. Across the globe, 125 million people are in need of humanitarian assistance. An estimated 60 million of them are displaced.

The truth is that the political system has not changed as fast as the world it is dealing with. The nation-based political system is showing its limitations and strains in dealing with global challenges, and the different levels of global governance have not managed to solve this conundrum yet. This also applies to the European Union. It is progressing, but it is far from being the finished product.

We have had many successes in the EU: the creation of the single market was followed by the creation of the euro, the Schengen regime, accompanied by successful enlargement rounds. The EU has been a success story in spreading peace and prosperity across our continent.

However, more recently, we have been hit by one crisis after another. It started with the financial crisis, which became an

economic crisis. This had a tremendous impact on a number of countries, most dramatically Greece. Now we are dealing with a serious refugee crisis resulting from conflict and displacement in our neighbourhood. Finally, the same groups that are forcing many to flee to Europe have perpetrated deadly attacks in Brussels, Paris, and elsewhere.

Europe is now facing two existential risks. The first is the refugee crisis, because it is causing more euroscepticism and xenophobia. Anti-EU parties are on the rise again, either already a part of governments, or up in the polls.

The second existential challenge for Europe is to find ways to accommodate different aspirations for integration in one and the same Union. This priority is coming into sharper focus in the light of the British referendum.

In facing these risks and dealing with these multiple crises, we sometimes forget how strong the EU is, what a stable, equitable region it is, with a high quality of life and strong social protection for our citizens. A 'lifestyle superpower,' as the World Bank put it.

Our fundamentals remain strong. We are the largest, most open economy in the world. Investments are up, while unemployment is down. Our Union has lifted up countries, through the process of enlargement, in a way that has no comparison in history.

The European Union now has to pass an important test, showing it can be more political and more focused. On the refugee crisis, we have to solve pressing operational needs, but also make structural changes, such as better securing our external borders, achieving a common approach to asylum, and better integrating refugees.

Above all, we have to focus on economic growth. When our economy is strong, we can handle shocks much better. We have to boost investment and broaden and deepen the single market, including for energy, the digital sector, and for capital. We are also determined to strengthen the Eurozone, finding the right balance with some form of deeper integration that does not affect the place and role of the non-Eurozone members.

In these turbulent times, the EU also needs the US. This is not only about TTIP or other agreements; it is about continuing a strategic alliance that has made us connected in values. We are

most comfortable with each other when dealing with global issues but for that, we need to have consolidated views on global affairs.

I was delighted to attend the European Student Conference held at Yale University in February 2016. This conference brought together 100 undergraduate, graduate, and doctoral students from across the USA and European Universities. They engaged with current and former European policy makers and distinguished professors of European studies on the theme of a ‘more confident Europe.’ This was a great choice, as our biggest vulnerability is erosion of confidence. Unless we regain it, we will not be able to tackle the challenges we face. The students authored several policy papers regarding many of the topics I have just outlined: economic growth, immigration, institutions, identity, and security. Their papers are what you have before you in this Review.

Following the conclusion of the Conference, the students have continued this discussion via engagement in additional platforms and are currently in the process of pursuing several original research projects that explore these topics from a wide range of qualitative and empirical perspectives. I wish them well in this work and thank them for it. Fresh insight and research are the lifeblood of good policy.

The refugee crisis, the tensions around integration, security in our neighbourhood— all these issues have profound implications for the US and for others. What are often perceived as Europe’s problems are generally the world’s problems, global in nature or theme, and a tall order to solve. Everybody has to take their responsibilities. So let us keep working together to ensure a bright common future.

*Kristalina Georgieva is the Vice-President of the European Commission for Budget and Human Resources*

# Democracy and Institutions

## 2. 1. Ensuring the Accountability of the Eurozone Treasury

SUBMITTED BY

Nicholas Bell, Paul Love, Menelaos Markakis,  
Eric Oringer and Kai Stern

### OBSERVATIONS

The Democracy and Institutions Workshop observes the following:

1. Accountability refers to the right of some actors “to hold other actors to a set of standards, to judge whether they have fulfilled their responsibilities in light of these standards, and to impose sanctions if they determine that these responsibilities have not been met.”<sup>1</sup> As with other EU bodies, the Eurozone Treasury should be accountable to Member States and EU/Eurozone institutions.<sup>2</sup>

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<sup>1</sup> Ruth W. Grant and Robert O. Keohane, “Accountability and Abuses of Power in World Politics” *American Political Science Review* 99:1 (2005).

<sup>2</sup> For discussion of the principal-agent relationships in the context of the EU, see Mark Pollack, “Delegation, Agency, and Agenda Setting in the European Community,” *International Organization* 51:1 (1997); and Mark Pollack, “Delegation and Discretion in the European Union,” in *Delegation and Agency in International Organizations*, eds. Darren G. Hawkins, David A. Lake, Daniel L. Nielson, Michael J. Tierney (New York: Cambridge UP, 2006).

2. It is also important that the Eurozone Treasury incorporate citizen preferences into its policies and procedures, since the Treasury will be more directly responsible for the tax receipts of EU citizens than any other body. As Commission President Jean-Claude Juncker said to the European Parliament (EP) Plenary Session on the EMU on 15 December 2015, “This crisis has also been a crisis of legitimacy – at all levels. Economic governance is not about legal rules or numerical percentages. It is about people and it is about political decisions that affect them. It is about political responsibility and political accountability.”<sup>3</sup>
3. Accountability is a process, not a moment. An accountability regime for the Eurozone Treasury must include the opportunity for monitoring and enforcement, not only during decision-making, but also before the start of policy-making and throughout the implementation stage.
  - a. Accountability prior to the start of the decision-making process is important because of the power of agenda setting to influence policy outcomes. A lack of accountability at this stage could yield disproportionate power to institutional actors in policy-making, creating path dependent processes that render monitoring, and compliance mechanisms ineffective later in the process.
  - b. Although accountability mechanisms put in place prior to and during decision-making can secure concordance with standards of conduct in principle, actors must maintain monitoring during and after policy implementation to ensure compliance in practice.
4. The success of the Eurozone Treasury also depends in part on the willingness of Member States to provide accurate and timely information to Treasury officials and to faithfully implement the policies of the Treasury. In this sense, accountability runs two ways: in the traditional sense, with the institution responsible to Member States, but also with the Treasury monitoring the compliance of states.

<sup>3</sup> Available at [http://europa.eu/rapid/press-release\\_SPEECH-15-6328\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-15-6328_en.htm).

## POLICY VISION

The Democracy and Institutions Workshop believes that:

1. The appropriate type and/or degree of accountability is highly contingent upon the legal form, role, and powers of the Eurozone Treasury.<sup>4</sup> In this regard, the Five Presidents' Report explicitly mentions respect for the Stability and Growth Pact (SGP) and "more joint decision-making on fiscal policy."<sup>5</sup> Moreover, the Eurozone Treasury would probably have some control over the proposed "euro area-wide fiscal stabilisation function."<sup>6</sup>
2. As regards institutional design, practicable options include an agency established by means of secondary EU law; an intergovernmental treaty coupled with secondary EU law instruments (see the SRM model); and a Treaty revision, which would result in the creation of another EU institution/body, perhaps again coupled with an intergovernmental treaty (see the European Stability Mechanism model). This paper will proceed on the belief that the institutional framework of the Eurozone Treasury will necessitate the appointment of a Finance Minister within the European Commission at the Vice-President level or higher. Moreover, if the Eurozone Treasury were to assume some of the fiscal responsibilities of Member States, a treaty revision or a treaty concluded outside the formal confines of the Lisbon Treaty would be needed.
3. As regards the role of the EP, the relevant institutional arrangements could replicate the transparency and accountability requirements that are set out in the "six pack" and "two pack" of EU legis-

4 See among many others J Bibow, 'Making the Euro Viable: The Euro Treasury Plan' (2015) Levy Economics Institute of Bard College Working Paper 842/2015 <http://www.levyinstitute.org/publications/making-the-euro-viable-the-euro-treasury-plan>; A Duff, *The Protocol of Frankfurt: A New Treaty for the Eurozone* (European Policy Centre 2016); E Macron and S Gabriel, 'Europe Cannot Wait Any Longer: France and Germany Must Drive Ahead' (The Guardian, 3 June 2015) <http://www.theguardian.com/commentisfree/2015/jun/03/europe-france-germany-eu-eurozone-future-integrate>; M Poiars Maduro, 'A New Governance for the European Union and the Euro: Democracy and Justice' (2012) RSCAS Policy Paper 11/2012 [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2180248](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2180248); C Odendahl, 'We Don't Need No Federation: What a Devolved Eurozone Should Look Like' (Centre for European Reform, 3 December 2015) <http://www.cer.org.uk/publications/archive/report/2015/we-dont-need-no-federation-what-devolved-eurozone-should-look>; V Schmidt, 'Changing the Policies, Politics, and Processes of the Eurozone in Crisis: Will This Time Be Different?' in D Natali and B Varhercke (eds), *Social Policy in the European Union: State of Play 2015* (ETUI, OSE, 2015) 33-64.

5 J-C Juncker in close cooperation with D Tusk, J Dijsselbloem, M Draghi and M Schulz, 'Completing Europe's Economic and Monetary Union' [http://ec.europa.eu/priorities/economic-monetary-union/docs/5-presidents-report\\_en.pdf](http://ec.europa.eu/priorities/economic-monetary-union/docs/5-presidents-report_en.pdf), 18.

6 Ibid 14.



lation and in the Single Supervisory Mechanism (SSM) and Single Resolution Mechanism (SRM) Regulations.

- a. First, the Treasury should present reports on the performance of its tasks in public to the EP. Second, the Finance Minister should regularly testify (in person or in writing) before the competent committees of the EP. Third, upon request, the Finance Minister should confidentially confer with the Chair and Vice-Chairs of the competent committees of the EP when required for the exercise of the Parliament's powers under the TFEU. Fourth, the Eurozone Treasury should be obligated to cooperate with the EP during any investigations carried out pursuant to Article 226 TFEU.
  - b. As the Finance Minister will be also a Vice-President (or higher) within the Commission, the processes for their appointment and removal will be the same as for the other Commissioners.
3. The EP should approve revenue policies (including taxation), bond issues, and spending priorities for the Eurozone Treasury as part of the EU's regular budgetary cycle. Pursuant to Article 287 TFEU, the Court of Auditors would examine whether all revenue has been received and all expenditure incurred in a lawful and regular manner and whether the financial management has been sound.
  4. Eurozone national parliaments should be accorded a role in holding the Finance Minister accountable. The Eurozone Treasury should forward the report on the performance of its tasks to the national parliaments. These parliaments should be granted the power to address to the Treasury their reasoned observations on that report. They should further be able to submit observations or questions to the Treasury and to expect written replies. Furthermore, the national parliament of the Eurozone Member State should be granted the power to invite the Finance Minister to participate in an exchange of views.<sup>7</sup>
  5. The consultation of civil society (through Your Voice in Europe; Citizens' Dialogues; a revamped Tripartite Social Summit and Mac-

<sup>7</sup> It should further be noted that there would be ample scope for synergies between the European and national parliaments in this area. These could materialize through an inter-parliamentary conference of the likes of the Article 13 TSCG conference.

roeconomic Dialogue; and interest representation at the EP) would be crucial.<sup>8</sup> In particular, we would encourage the use of innovative technologies to reach citizens across the Eurozone.<sup>9</sup>

6. The recently proposed European Fiscal Board<sup>10</sup> could serve as a “board of trustees” for the Eurozone Treasury. Accordingly, its role and composition would be rather important, and the Fiscal Board should itself be accountable to the other EU institutions. Drawing on its expertise, the European Fiscal Board would provide guidance on the appropriate fiscal stance at national and Eurozone levels.<sup>11</sup> The Eurozone Treasury should be subject to a “comply-or-explain” rule with regard to the opinions issued by the European Fiscal Board.
7. According to the Treaty schema, the decisions made by the Eurozone Treasury would be subject to review by the Court of Justice of the EU (CJEU). Moreover, the EU Charter of Fundamental Rights would apply to the activities of the Treasury.

## PARTICIPANTS’ STRATEGY:

The participants of the Democracy and Institutions Workshop, in order to realize their vision, intend to:

1. This policy paper explores an issue that is in relative terms under-theorized, and whose normative and practical implications are under-explored. We intend as scholars to pursue more research on the themes adumbrated above. Moreover, we need to help shift public opinion in favour of “more Europe.” To do so, one needs to be open about the limits of national sovereignty in the 21st century and to have an honest and transparent debate about the reasons why a greater degree of common decision-making on fiscal policy is needed. Given the scale and effects of the proposed body, its objectives are better achieved at the EU level, which best serves EU citizens.

<sup>8</sup> Five Presidents’ Report (n 5) 22.

<sup>9</sup> See Smith, Graham, *Democratic Innovations: Designing Institutions for Citizen Participation* (Cambridge: Cambridge UP, 2009).

<sup>10</sup> *Ibid* 14, 23.

<sup>11</sup> *Ibid* 23.

## 2. 2. The Budget of a Eurozone Treasury

SUBMITTED BY

Paul Dermine, Madeline Guillen  
and Mollye Shacklette

### OBSERVATIONS

The Democracy and Institutions Workshop observes the following:

1. A main problem of fiscal policy making in the euro area, undermining budgetary discipline, and the workings of the Stability and Growth Pact, is the lack of efficient fiscal governance in a number of member countries.
2. Looking at the history of federal fiscal unions, regional fiscal units can have considerable revenue and expenditure independence within a system of no-bailouts by the central government.<sup>1</sup> This is clearly the case in the euro area, where tax and spending decisions rest with the national governments of the Member States.
3. The establishment of a Eurozone Treasury as a transfer union could help mitigate the disastrous effects of country-specific financial crises, which then envelop the euro area as a whole.
4. The issuing of bonds by the proposed Eurozone Treasury could make an important contribution to financial stability by weakening the links between banks and their respective national sovereign (breaking the “doom loop”) and by increasing the supply of safe assets.<sup>2</sup> A viable and effective Treasury would also take on the role of taxing member countries to provide additional revenue.

<sup>1</sup> Michael D. Bordo, Agnieszka Markiewicz, and Lars Jonung, “A Fiscal Union for the Euro: Some Lessons from History,” Working Paper 17380 (National Bureau of Economic Research, 2011), <http://www.nber.org/papers/w17380> (accessed January 11, 2016).

<sup>2</sup> Stijn Claessens, Ashoka Mody, and Shahin Vallee, “Paths to Eurobonds,” Working Paper 12/172 (International Monetary Fund, 2012), <https://www.imf.org/external/pubs/cat/longres.aspx?sk=26034.0> (accessed January 12, 2016).

5. The various Eurobond proposals for partial or complete sovereign debt mutualization mainly aim at securing market access for weaker Member States at reduced borrowing costs, falling in line with transfer unions.

## POLICY VISION

The Democracy and Institutions Workshop believes that:

1. The Eurozone Treasury's spending will mainly consist on the one hand, of emergency funding allocated to Member States facing punctual asymmetric shocks, and on the other hand, of long-term investment spending.
2. The Eurozone Treasury's budget should be primarily financed by:
  - a. An original set of Member States' contributions, proportional to their share in the Eurozone global GDP.
  - b. Funds raised by the Treasury on capital markets, through the issuance of short-term Eurobills and long-term Eurobonds.
3. Member State governments would agree on the initial volume of common area-wide public investment spending and on the annual growth rate thereafter. The contribution will be calculated based on their national GDP, and its share in the Eurozone global GDP (0.5 to 1% share).
4. In line with the EU's subsidiary principle, the power to tax will serve the purpose to obtain revenues to service the interest on the debt, to provide revenues for the Treasury, and to keep the debt ratio stable at its target level. The shares of tax revenues raised would also be based on the Member States' share in the Eurozone's global GDP. The Treasury would thus be entrusted with direct taxing authority and would be independent from revenues obtained through taxation for the EU budget.
  - a. Member States should see their tax contributions increase over time as their debt service on national public debt declines, resulting in an overall stimulatory effect on sustainable national primary budgets.

- b. Obtaining public support for direct European-level taxation will be a necessary challenge to overcome in implementing this policy vision.
5. The issuing of bonds will be a role of the Treasury in such proposed forms like “Red-Blue bonds,” European Safe Bonds, or another proposed structure. This will create a complementary source of safe assets. Scholars and policymakers have provided proposals for the use of bonds in contributing to the financial stability of the Eurozone.<sup>3</sup> Some of these proposals include:
  - a. “Blue-Red bonds” (Delpla and Von Weizsäcker, May 2010), which involve the mutualization of the debt of each member state equal to 60% of GDP, Blue bonds—and the remainder—Red bonds, still to be issued on a national basis.
  - b. European Safe Bonds or ESBies (Euro-nomics Group, October 2011). This system would use financial engineering to create a form of common safe debt by pooling and tranching a balanced portfolio of eurozone sovereign debts. The ESBies would be the senior tranche, and The European Junior Bonds (EJB) would serve as the junior tranche of this structure. Because the core of the proposal requires no sovereign guarantees, it would face limited hurdles to implementation, yet could also be easily reversed.
6. Emergency spending to counter asymmetric shocks will be covered by short-term Eurobills issued by national banks. For more on this strategy, see the ‘Policy Tools of a Eurozone Treasury’ policy paper of the *Democracy and Institutions* workshop.
7. While direct taxation and the issuance of Eurobonds would provide the most significant portion of revenues for the Treasury, other sources of revenue must be considered.
  - a. First, a revival of the Financial Transactions Tax (FTT) is being envisaged (the deadline is currently for June 2016).
    - i. Depending on the financial transaction, the lowest FTT rate would range between 0.01% and 0.1%

<sup>3</sup> Classens, Mody, and Vallee, “Paths to Eurobonds.”

- ii. As the Commission originally proposed,<sup>4</sup> the concept aims at the harmonization of legislation concerning indirect taxation on financial transactions, applying to financial institutions, funds, and asset managers that carry out taxable financial transactions or engage in proprietary trading and would not apply to retail investors, pensioners, or SMEs.
  - iii. From a taxation point of view, this proposal would level the playing field, allowing financial institutions to share the treasury revenue burden alongside Eurozone Member States.
- b. Second, the proportion of a Value Added Tax (VAT) levied in each Eurozone Member State could potentially be increased.
- i. Currently, EU Member States apply standard rates ranging between 15% (the minimum rate) and 27%.
  - ii. Several options should be considered to raise revenues through VAT, from harmonizing the standard rate to increasing the VAT in those Eurozone Member States that fall in the lower range.

## PARTICIPANTS' STRATEGY

The participants of the Democracy and Institutions Workshop, in order to realize their vision, intend to pursue the following:

1. Promotion of the Eurozone Treasury as a fiscal union funded with treasury securities and recognition of the duties of taxation, issuing bonds, and allocation of investment grants.
2. Advocacy for the Treasury by Europeans and other concerned citizens as a means of protecting and insulating the euro area from future economic crises and recessions.

<sup>4</sup> COM (2013) 71 final. [http://ec.europa.eu/taxation\\_customs/resources/documents/taxation/com\\_2013\\_71\\_en](http://ec.europa.eu/taxation_customs/resources/documents/taxation/com_2013_71_en).

## 2.3.1. The Role and Competences of a Eurozone Treasury

SUBMITTED BY

Jonathan Beck, Sean Bray,  
Yann Koby and Jinchen Zou

### OBSERVATIONS

The Democracy and Institutions Workshop observes the following:

1. Weak economic growth and high unemployment – some structural, some cyclical – is one of the most pressing challenges facing the Eurozone. Weak economic growth threatens Eurozone stability, decreasing the soft power of EU institutions and increasing the potential for animosity between different European regions, in particular between North and South.
2. There is a lack of confidence in the Euro due to concerns over the structural balance of payments and minimal coordination of fiscal and monetary policy within the European Single Market. In order to alleviate these structural issues and to solidify the Euro as a complete currency, a federal fiscal union is required.
3. In the Five Presidents' Report, it is stated that, 'all mature Monetary Unions have put in place a common macroeconomic stabilisation function to better deal with shocks that cannot be managed at the national level alone.' The report emphasizes that the function, 'should improve the cushioning of large macroeconomic shocks and thereby make EMU overall more resilient.'<sup>1</sup> We propose the development of a Eurozone Treasury, which will serve the purposes of short-term macroeconomic management necessary in a union built on inter-linkages and interdependence between Member State economies. Indeed, one of the most significant shortcomings

<sup>1</sup> Juncker, J-C; Tusk, D; Dijsselbloem, J; Draghi, M; and Schulz, Martin; 'The Five Presidents' Report: Completing Europe's Economic and Monetary Union,' *European Commission* (June, 2015), p. 14, p. 22.

of EU fiscal policy competence in the recent Eurozone crisis was the lack of a fiscal transfer union.

4. An ideal federal fiscal union would work to diversify Member States' economies through long-term investment schemes, to mitigate output fluctuations by short-term fiscal transfers, to keep European employment at its full potential, and to bring down long-term borrowing costs of sovereigns. The EU Treasury's fiscal transfer capacities should not be considered redistributive, but rather as investments benefitting all Eurozone members.

## POLICY VISION

The Democracy and Institutions Workshop believes that:

1. Whereas the European Central Bank is an independent body responsible for long-term management of monetary policy, we envision a democratically accountable Treasury that will manage Eurozone fiscal policy. Given the way that idiosyncratic shocks (e.g. regional) can have profound effects on other regional or national economies, some parts of fiscal policy are best dealt with at the EU level. Furthermore, in order that monetary policy is optimally effective, fiscal policy must also be coordinated.<sup>2</sup>
2. In determining the division of fiscal policy competences between the EU and Member State levels, we rely on the concept of an externality. Part of macroeconomic fiscal policy should be handled at the EU level because the economies of the Eurozone are heavily interlinked: depressions in one country can weaken the stability of another. Insights from optimum currency area theory, in combination with fiscal federalism scholarship, offer guidance for integrating fiscal policy more fully at the EU-level to offset negative externalities.<sup>3</sup> In particular, disproportionate crises (e.g. unem-

<sup>2</sup> On the importance of fiscal policy institutions to effective monetary policy, see Kaplan, G., Moll, B., and Violante, Giovanni, 'Monetary Policy According to HANK\*', Working Paper (January 12, 2016), available at [[http://scholar.princeton.edu/sites/default/files/gkaplan/files/kaplan\\_moll\\_violante\\_wp\\_jan2016.pdf](http://scholar.princeton.edu/sites/default/files/gkaplan/files/kaplan_moll_violante_wp_jan2016.pdf)], accessed February 6, 2016.

<sup>3</sup> On optimum currency area theory, see: Mundell, Robert, 'A Theory of Optimum Currency Areas,' *The American Economic Review*, 51:4 (September 1961), pp. 657-665. As applied to the EU, see, Eichengreen, Barry, 'Is Europe an Optimum Currency Area?' NBER Working Paper No. 3579 (Jan 1991), available online at [<http://www.nber.org/papers/w3579>], accessed February 6, 2016.



ployment, debt) in an OCA should be offset, in theory, by inflation in surplus countries. However, we believe that the ECB's independent role in setting EU-wide inflation targets should remain in place. Rather, the Eurozone Treasury will take charge of fiscal transfers to private businesses and citizens.

3. An EU Treasury will have the competence of fiscal transfers, an investment fund, the ability to incentivize structural reforms at the national level, bond sales, revenue collection, and oversight of Treasury targets and revenue collection. Each of these competences is designed to fulfill the requirements highlighted in the observations section above. Other papers within the *Democracy and Institutions* workshop determine the specific shape that each of these competences will take.
4. The role of the Treasury is modelled, in part, on the functions of treasuries in other fiscal federal unions, such as the United States and Germany. We envision an EU Minister of Finance at the head of this new body. Much as national-level finance ministers are political appointees of their governments in national polities, we imagine a politically accountable European Minister who exercises the executive functions of fiscal policy under the European Commission. The details of the selection and accountability of the Minister are discussed in a later workshop paper. Much as in other fiscal federal unions, the Treasury will, for the most part, be a manager for Eurozone level revenue and spending, working in partnership with Member States.
5. The areas that should be addressed by the Treasury are divided into spending and revenue competences. The spending remit of a Eurozone Treasury should encompass:
  - a. Structural management policies, including:
    - i. Large investments in infrastructure, education, and research. As already recognized in the current EU budget, some investments are more efficient when pooled at the Eurozone level. These investments, which could include regional convergence objectives, should go further than those contained within the current EU Budget.<sup>4</sup>

<sup>4</sup> Historically, the EU share of the budget dedicated to Agriculture policy has been close to 50%, though this share approaches 40% in the latest plans. We believe that this share is too large and justified mainly for reasons of political economy; long-term investments in education, research and infrastructure should see an increased share of this budget over time.

- ii. Labor markets. The labor market, in particular has not been as flexible as an optimum currency area would require.<sup>5</sup> The Eurozone Treasury should be involved, in coordination with other EU bodies, in addressing barriers to labor mobility, such as language and relocation. For example, a Eurozone Treasury might periodically introduce programs to support the relocation of displaced labor after economic crisis.
- b. Cyclical, short-term management policies:
    - i. The Treasury would be in charge of coordinating fiscal policies in a manner that helps to mitigate business cycle fluctuations and maintain full employment. It will encourage the synchronization of fiscal stimulus with monetary stimulus to maximize their dual effectiveness.
    - ii. Financial and debt crises management would address current problems stemming from overriding uncertainty and the challenges of unanimity decision rules, as well as non-application of Eurozone fiscal regulations.<sup>6</sup>
    - iii. For each of these, fiscal transfers will adamantly not be permitted for closing Member State budgetary gaps. When Member States do not meet agreed upon targets (revenue collection, debt, inflation, etc.), the Eurozone Treasury will have the capacity to penalize (e.g. financially) for these violations in order to compel stricter enforcement.
6. While the Treasury's "role and competences" are largely determined by spending activities, we must also consider the issue of revenue. The key implementation question is how to limit reliance on the financial contributions of Member States. Other policy papers within the *Democracy and Institutions* workshop address these budget concerns, including the potential use of Eurobonds/Eurobills and direct taxation options.<sup>7</sup>

5 See "On the move," *The Economist* (January 13, 2014), available online [<http://www.economist.com/blogs/free-exchange/2014/01/european-labour-mobility>], accessed January 31, 2016. The Economist notes that "Europe is still a stay-at-home place compared with America [...] only 0.2% of Europeans had migrated since a year before," in 2011, for example.

6 On enforcement mechanisms in general, see Koremenos, B., Lipson, C., and Duncan Snidal, 'The Rational Design of International Institutions', *International Organization*, 55:4 (Autumn 2001), pp. 761-799.

7 See Dermine, P., Guillen, M., and Mollye Shacklette, 'Policy Paper: The Budget of a Eurozone Treasury,' European Students' Conference 2016, presented at Yale University (February 2016).

## PARTICIPANTS' STRATEGY

The participants of the Democracy and Institutions Workshop, in order to realize their vision, intend to:

1. Continue to write policy papers, news articles, and journal entries on the topic and our vision for the EU fiscal union in order to encourage EU citizens, politicians, media outlets, and others to understand the benefits of a more integrated fiscal federal union.
2. We will work with likeminded lobbying groups to further our policy visions, with the aid of European Horizons.

## 2. 3. 2. Response

### to 2. 3. 1. The Role and Competences of a Eurozone Treasury

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Brigitte Young

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Suggestions to create a Eurozone Treasury is largely due to the recent experience that the absence of further institution building creates major perils for the Euro-Area countries. It also appears to be a step forward, which many observers view as an important step toward further European integration.

The paper draws attention to the weak current, and possibly future, economic performance of the Euro-Area and relates it to the lack of coordinated anti-cyclical fiscal and monetary policies within the Eurozone. The Maastricht Treaty of 1992 has created an EMU with a European Central Bank and centralized monetary policy, but a nation-based fiscal policy at individual member states. It was the financial crisis and the sovereign debt crisis that opened the call for further fiscal and monetary integration.

The authors suggest a federal fiscal union and a Eurozone Treasury, which will serve the purposes of short-term macroeconomic management necessary in a union built on inter-linkages and interdependence between Member State economies.

As recent economic studies have shown, the Eurozone has experienced a successful convergence from the 1990s to the years 2007-9, but then showed divergence in economic growth, per capita income, inflation rate (deflation in the South and disinflation in the North), unemployment rates, and fiscal performance. The convergence of productivity and living standards until 2007-8 was due to cross-border EU capital flows, EU infrastructural programs, and EU growth strategies initiated by the EU commission to induce growth, knowledge creation, and diffusion, through EU-wide educational and research programs which had some success.

With the onset of the financial market meltdown starting in 2007-8, the internal and external markets of the EU contracted, unemployment rose rapidly, fiscal and private debt problems erupted, and misguided fiscal consolidation strategies in the middle of the EU crisis were pursued. The European Central Bank, with a delayed monetary policy, attempted to buffer the crisis and the prolonged recession, but has not been successful to avoid the perils of a prolonged stagnation of the EU. Due to the misguided fiscal consolidation and delayed monetary policy, economic growth and employment indicators showed strong divergence across the Eurozone, in particular between the North and the South.

**In other words, the challenge is how to obtain fiscal federalism in a loose fiscal union, where there is still a dominance of member nation-states.**

It is this background that makes the proposal for a Eurozone Treasury urgent and relevant. In the eyes of many observers—given the 19 nation-state differences in the response to the crisis, differences in growth and fiscal policies, differences in tax rules and expenditure policies—such a call

for an EU treasury is imminent. In addition, indeed, one needs to explore the workability of a fiscal federalism, under conditions where national parliaments still want to retain some sovereignty on tax, expenditure, and fiscal decisions. In other words, the challenge is how to obtain fiscal federalism in a loose fiscal union, where there is still a dominance of member nation-states. This requires giving up some sovereignty, which will not be easy, but in general, the proposal for a Eurozone Treasury is an important suggestion as a response to the post-crises EU divergent tendencies.

## DESIGNING A EUROZONE TREASURY

As to the specifics of a federal budget, the proposal needs a more detailed description of what the role and funding of such an EU treasury should look like, given that the EU member states want to retain sovereignty on fiscal matters. In the US, there is a clearly defined fiscal federalism with federal tax revenues and expenditure allocation and this holds also for the US-States. Fiscal federalism for the Eurozone cannot be modelled on the US where clear obligations and responsibilities have historically developed between the federal state and the individual states. In addition,

the monetary policy of the FED provides fiscal stabilization measures for the states in times of crisis, which would be very difficult to achieve in the Eurozone.

The proposal for an EU Treasury also aims at an institution of macroeconomic stabilization in order to complement the ECB in its monetary policy. Yet fiscal federalism needs to specify revenue sources and tasks to the federal as well as the member states concerning stabilization, public goods, and re-distributional efforts. This is what the great theorists of public finance, such as Richard Musgrave, had in mind when they developed the theory of modern fiscal federalism. Yet, each of those tasks needs to have some revenues raised through taxes, fees, or issuing of bonds. The proposal does not make clear what the revenue base of such an EU Treasury should be and where the sources of its necessary expenditures should come from.

## THE DEMOCRATIC DEFICIT

Another issue is the democratic deficit in EU economic decision-making. The oversight and control mechanisms for national fiscal policies, such as the Stability and Growth Pact, the Two Pack, the Six Pack, and the Fiscal Compact have only incorporated fiscal discipline to maintain sound finances at the member-states. However, a democratic fiscal and monetary union has to provide transparency and accountability for its decision-making process.

At present, institutions such as ECOFIN's Council (made up of economic and financial ministers) have to consult the European parliament, but are not bound by the latter's position. The Euro Group, which was harshly criticized for its role in the Greece bailout,

Moreover, the EU's most urgent task—to avoid a collapse of the Euro—is to create emergency programs to stem further divergences in growth and employment, and to promote convergence across countries and regions in the Euro Area.

is an 'informal institution' without having to present an agenda, minutes of its meetings, and meets behind closed doors. In fact, Art. 119 of the TFEU states that, "the adoption of an economic policy ... is based on the close coordination of Member States' 'economic policies,'" where the *Commission allowed to play a techni-*

*cal, but not a political role*, in monitoring the economic performance of member states. However, in order to have a federal union, transparency and accountability have to be part of the democratic design of a Eurozone Treasury.

## OUTLOOK

The difficulty of such proposals, however, is the current political situation that may make it difficult to negotiate such a Eurozone Treasury. As a consequence of the prolonged economic downturn, new anti-EU political parties and movements have arisen that propagate the exit from the EU. The elections for the EU parliament in the year 2014 showed the popularity of nationally oriented parties promising better growth and employment performance by leaving the Euro. These movements constitute a threat to the European consolidation project, political integration, and economic convergence envisaged by the Founding Members after WWII.

Moreover, the EU's most urgent task—to avoid a collapse of the Euro—is to create emergency programs to stem further divergences in growth and employment, and to promote convergence across countries and regions in the Euro Area. This seems more urgent the more the Eurozone countries tend to diverge in economic and social performance, providing an incentive of anti-EU parties and movements at the national as well as EU level.<sup>1</sup>

Given the present economic and political landscape, beside such emergency programs, the most important long-run project is indeed to move ahead to a fiscal union. In fact, Helmut Kohl, the former German Chancellor, pointed out in the German Parliament in 1991, “a monetary union will never work without a political union.” Yet, the shape of it remains to be determined by a more detailed study, as well as identifying political actors and processes, since creating a fully-fledged Eurozone Treasury may most likely require amendments of the existing treaties.

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<sup>1</sup> It is quite clear that the call by some on the Left and Right to return to the nation-state is not the answer. These dreams could turn into economic and political nightmares if several Eurozone countries decide to exit, thereby jeopardizing the survival of the entire Euro project.

## 2.4.1. Policy Tools for a Eurozone Treasury

SUBMITTED BY

Albert Guasch, Amanda Klimek,  
Maria-Alexandra Martin and Elias Tuomaala

### OBSERVATIONS

The Democracy and Institutions Workshop observes the following:

1. The Eurozone's current institutional design does not comply with some of the criteria laid out in theories of Optimum Currency Areas (OCA). Particularly interesting to our topic is the requirement of a risk-sharing mechanism that could take the form of fiscal transfers, as proposed by scholar Peter Kenen.
2. The Eurozone crisis has revealed consistent divergences among Member States, both in fiscal cyclical positions and economic indicators. Deficits skyrocketed, debts piled up, and asymmetries in indicators such as competitiveness became evident. Thus, financial markets panicked, interest rates hiked, and some countries were left unable to finance their deficits at sustainable rates. The lack of a mechanism-providing insurance against such asymmetric shocks, an element proposed in OCA theories, threatened the very existence of the Euro during the crisis.<sup>1</sup>
3. In designing a risk-sharing capacity with fiscal transfers, we must take into account the issue of moral hazard. Some countries fear that, were an insurance mechanism to be provided, others may not thoroughly guard themselves from risk. This situation can encourage free riding on debt and deficit targets.
4. Maintaining a high level of investment is crucial for the economic prospects of Europe, especially in the current context of tightening

<sup>1</sup> Krugman, Paul, 'Revenge of the Optimum Currency Area' (2012). Available at: [<http://www.nber.org/chapters/c12759.pdf>], accessed January 31, 2016.



competition in the global economy. For example, a recent European Investment Bank Working Paper by Georg Inderst estimates that in the near future the EU's yearly infrastructure investment needs alone will amount to at least €500b.<sup>2</sup> The actual level of investment in Europe, however, has lagged far behind this goal, especially in the years since the financial crisis.

5. National governments' capacity for further investment is hindered by strong austerity pressure from the EU and, in some cases, from their respective electorates. They also face unusually weak incentives for public investment: within the single market, much of any investment's growth-boosting fiscal multiplier effect is experienced by the other member states. The European Commission's own attempt to tackle the issue, the European Fund for Strategic Investment (EFSI), is too small in scale to make an effective difference in confronting this issue. Furthermore, due to its limited role as a lending agency, even the European Investment Bank lacks the right tools to intervene when the nation states are unwilling to increase their overall infrastructure spending.
6. In 2009, the Commission argued that the tools for combating the financial crisis and to prevent it from recurring, consisted of strong financial, macroeconomic, and structural policies. However, these three policies require increased coordination and the availability of fiscal controls. The following proposals suggest a natural progression of these policies, built to strengthen the future of the Economic and Monetary Union while promoting Eurozone stability and continuing a tradition of innovative investment.

## POLICY VISION

The Democracy and Institutions Workshop believes that:

### STABILIZATION TRANSFER SCHEME

1. Regarding short-term planning, the Treasury should improve fiscal stabilization by means of an insurance mechanism against economic shocks.<sup>3</sup> When a state enters a financial crisis, automatic

<sup>2</sup> Inderst, Georg, 'Private Infrastructure Finance and Investment in Europe', European Investment Bank (2012). Available at: [[http://www.eib.org/attachments/efs/economics\\_working\\_paper\\_2013\\_02\\_en.pdf](http://www.eib.org/attachments/efs/economics_working_paper_2013_02_en.pdf)], accessed January 31, 2016.

<sup>3</sup> Van Rompuy, Herman, 'Towards a genuine economic and monetary union,' European Council (December

stabilizers mitigate the shock to the population, but put a lot of financial stress on the budget. The Treasurer would use all the funding at his disposal: taxation, Eurobills, etc., as an insurance mechanism when a country is in a dire cyclical position. The extra funds would give room for automatic stabilizers to operate, yet avoid skyrocketing deficits and mounting debt. Overall, it would contribute to a more resilient Eurozone.

2. These redistribution schemes should only be activated in relation to the cyclical position of the receiving country. They should never work or be seen as a way to equalize incomes in the Eurozone. Fiscal transfers cannot be perceived as permanent, but temporary. If the beneficiary states remain the same time and time again, the implications of moral hazard could make the scheme impracticable.<sup>4</sup>

#### MECHANISM FOR OVERSEEING AND ASSISTING NATIONAL BUDGETS

3. Considering the quintessential role that each Member State plays in ensuring fiscal stabilization, deficit control, and the enforcement of measures intended for prevention or management of other potential financial crises, the Eurozone Treasury should create an internal mechanism that would oversee and offer support and assistance to each state in designing national budgets in line with the OCA and Eurozone projections and targets, and to add to the European Commission's established controls over Eurozone member budgets.
4. The mechanism will entail a greater transfer of sovereignty to the EU-level than that required by the European Semester's current tools of budget oversight. The new mechanism would be employed by the Treasury to assent to Member State draft budgets or, in the case of a budget's failure to meet agreed Eurozone fiscal targets, would grant the Treasury the power to veto such drafts. In this manner, the mechanism would take the form of a Common Finance Ministry. Currently, the European Semester, by which the European Commission monitors Member State budgets, does not have this power of veto or any comparable enforcement capacities; it can only recommend alterations to Member States whose budgets are not in line with objectives. The changes proposed here would certainly require high-level treaty adaptation. This issue

2012). Available at: [[http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/ec/134069.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/134069.pdf)], accessed January 31, 2016.

4 Bibow, Jörg, 'Making the Euro Viable: The Euro Treasury Plan' (July 2015). Available at: [[http://www.levyinstitute.org/pubs/wp\\_842.pdf](http://www.levyinstitute.org/pubs/wp_842.pdf)], accessed January 31, 2016.

is discussed at length in the *Democracy and Institutions* workshop's companion policy paper, 'Ensuring the Accountability of a Eurozone Treasury.'<sup>5</sup>

5. The mechanism will be at each Member State's disposal for assistance and support during the revision process. The Eurozone Treasury will work in close cooperation with the national authorities and assist in creating a tailored budget solution that would meet the fiscal targets and requirements.

#### EUROBILLS

6. It is advisable to implement a Eurobill system. The Treasury will issue a system for purchasing short-term debt with a maturity of less than one year as an economic tool for the Member States. As opposed to Eurobonds, Eurobills are much lower risk, provide a greater liquid market for debt issuances, and encourage reasonable integration while preserving national sovereignty. In implementing this system, the proposed Eurozone Treasury helps alleviate exposure to unnecessary risk among the member states. This system will primarily serve as a supplement to the transfer scheme to provide liquidity to banks in emergency situations.
7. The Treasury will issue Eurobills via a debt management agency. Since Eurobills will replace short-term sovereign debt issuances from Member States, they will not have to compete with national bonds and banks will be able to use them freely and confidently. By doing this, banks have increased protection from asymmetric shocks. This would also lower the interest rates on national debt issuances and lower the risk of borrowing in the long term.
8. In order to provide a liquid market that accounts for moral hazard, the Eurobill system will need to adhere to specific criteria, such as Eurobill limits of 10% of GDP and seniority enforcement of short-term sovereign debt issuances. The recommended criteria follow the vision originally conceived by economists Thomas Philippon and Christian Hellwig, and championed by MEP Sylvie Goulard.

#### EUROZONE INVESTMENT BOOSTER INSTRUMENT

9. The Eurozone Treasury should be equipped with the mandate and the financial resources to directly tackle the infrastructure investment gap in the Eurozone. The Treasury is not limited by the same

<sup>5</sup> Bell, N.; Love, P.; Markakis, M.; Stern, K.; and Eric Oringer; 'Policy Paper: Ensuring the Accountability of a Eurozone Treasury', European Students' Conference 2016, presented at Yale University (February 2016).

austerity constraints as the national governments, it can focus on the Euro area as a whole, and it will have the ability to carry out larger scale operations than EFSI. It will therefore be in a unique position to boost European public investment.

10. The Treasury should channel its investments through a separate legal entity (hereafter referred to as the Eurozone Infrastructure Investment Facility – EIIF). EIIF will borrow money from the capital market and spend it on major infrastructure projects in the member states.
11. EIIF should focus its investments on infrastructure projects the free market cannot sensibly provide, prioritizing infrastructure contributing to European integration. Prime examples include inter-state transportation and data networks. EIIF should fund infrastructure construction together with the national or local governments or other interested parties, and it should never be the sole funder in any particular project.
12. EIIF should make its investment decisions primarily based on each project’s economic impact and its relevance for European integration. However, EIIF should also ensure that its investments are equitably distributed across the member states. A minimum share of the EIIF resources should be allocated to each state; the minimum share should be defined as a function of the state’s gross domestic product and current account deficit. The latter should act to increase the minimum share, thus enabling EIIF’s work to help reduce differences in the current account balances of the various Eurozone member states.

## PARTICIPANTS’ STRATEGY

The participants of the Democracy and Institutions Workshop, in order to realize their vision, intend to:

1. Approach the following three groups of stakeholders in order to convince them of the benefits brought about by the outlined model: policy makers, scholars, and the broader European community and public.
2. Use diverse opportunities to engage these target audiences. These

may include, but are not limited to: awareness and information campaigns, scholarly articles, policy debates, social media, and co-operation with other civil society representatives, political parties, and non-partisan movements.

## 2.4.2. Response

### to 2.4.1. Policy Tools for a Eurozone Treasury

Sidonia Jędrzejewska

*Head of Budgetary Policies Unit in the  
European Parliamentary Research Service*

I would like to congratulate all the students participating in the Democracy and Institutions Workshop and debating on establishing a Eurozone Treasury. The papers were stimulating and it was an enriching experience for me to discuss them with the students and watch all the papers evolve and grow into a coherent set of ideas.

Here, I will focus my comments on the Policy Paper, “The Policy Tools of a Eurozone Treasury.” The initial diagnosis stating the shortcomings of the Eurozone when confronted with the crisis is to the point. Putting the need for reform in the context of global economy is of relevance as well. The authors of the paper mentioned the year 2009 as the one when the European Commission called for the creation of new tools to combat the financial crisis. The paper however, does not discuss the measures introduced in the European Union since 2009, such as creation of the Banking Union or the European Stability Mechanism. It would be interesting to read the students’ views and assessment of those legislative and institutional changes.

Interestingly, the paper fits into and contributes to the debate on the Eurozone integration process. It bases its vision on the existing tools of budget oversight provided by the European Semester. This adds credibility and realism to students’ design of a Eurozone Treasury, but at the same time highlights the need for a treaty change. Thus, the rhetorical question about European integration currently: is there a political will to deepen the European Union? The doubts are there, but students are not discouraged in their proposals. I interpret this as idealism or long-term thinking, each of them very much welcome.

A very concrete students' proposal that is worth having a closer look at is the Eurozone Infrastructure Investment Facility (EIIIF). Some immediate questions arise here. How does the EIIIF relate to the EU budget and the structural funds in particular? The paper mentions that the EIIIF will carry out larger operations than the current European Fund for Strategic Investments (EFSI). Will the difference between EFSI and EIIIF be quantitative only or qualitative as well? What will be original about EIIIF as compared to already existing investment tools?

Last but not least, what about the citizens support for the establishment of a Eurozone treasury? The experience shows that it is very challenging to communicate highly complex and technical issues linked to Eurozone reform to the general public. During the acute phases of the Eurozone crisis, some citizens' support could have been taken for granted, but that is definitely not enough for a long term and profound integration of the Eurozone.

To conclude: the paper proposes a set of concrete tools on how to further integrate the Eurozone, and I am looking forward to more detailed and further elaboration of students' ideas on a Eurozone treasury. Maybe at European Horizons student conferences in the years to come?

*Sidonia Jedrzejewska, former Member of the European Parliament, former Under Secretary of State in the Office for European Integration of Poland. Currently Head of Budgetary policies Unit in the European Parliamentary Research Service.*

# Economy and Innovation

## 3. 1. 1. Access to Capital/Innovative Finance

### SUBMITTED BY

Jason Benedict, Miguel E Eusse Bencardino and  
Peter Wang Hjemdahl

### OBSERVATIONS

The Economy and Innovation Workshop observes the following:

1. Small and medium enterprises (SMEs) are an important driver to long-term economic growth and innovation in the European Union. According the Annual Report on SMEs published by the European Commission, small and medium-sized enterprises (SMEs) employ two of every three people and produce 58 cents in every euro across the EU.
2. The European Commission acknowledges the importance of SMEs in the long term economic viability of the European Union, and the European Commission is thus pursuing a Capital Markets Union Action Plan that “establishes a genuine single capital market in the EU where investors are able to invest their funds without hindrance



across borders and businesses can raise the required funds from a diverse range of sources, irrespective of their location.”<sup>1</sup>

Barriers to entry have hindered the EU from revitalizing its economy. A CMU will assist in freeing the flow of capital so it can have a quicker recovery like that of the US. European equity markets are less than half that of the US and its debt markets are less than a third, while the two economies are relatively similar in size.

3. Results of current policies, such as the European Union Program for Small and Medium Enterprises COSME, or the European Investment Program (EIP), continue to be limited in scope as access to capital for SMEs is still anemic. There are structural barriers that SMEs face in their search for financing, and these barriers impact periphery countries<sup>2</sup> more than core countries in the European Union.<sup>3</sup> Capital market institutions are less developed and more relationally oriented in periphery countries. Countries such as Luxembourg, Ireland, the Netherlands, and the UK maintain robust and reliable capital markets in relation to the periphery countries. Investors in core regions have difficulties investing in those countries (e.g. political risk, market uncertainty, distrust).

Furthermore, there is a severe informational asymmetry in compliance to EU and national standards (e.g. taxation, accounting, and legal frameworks) in periphery countries relative to core countries.

4. Non-banking and non-cyclical financing for SMEs is less available in periphery countries. Bank loans represent 14% of total liabilities in the European Union, compared to 3% in the United States. Conversely, approximately 4% of liabilities come from corporate bonds in the EU. This is particularly the case for Europe’s SMEs, which receive more than 75% of their external finances from bank loans. Moreover, most SMEs in periphery countries can only access debt-financing methods, while SMEs in core countries have access to an abundance of both debt financing and equity financing methods.<sup>4</sup>

<sup>1</sup> See [http://ec.europa.eu/finance/capital-markets-union/index\\_en.htm](http://ec.europa.eu/finance/capital-markets-union/index_en.htm)

<sup>2</sup> Core and periphery have had traditionally multiple definitions, related, for example, with geographic and cultural differences, but mainly focus on economic disparities. Core countries are Austria, Belgium, Denmark, Finland, France, Germany, Luxembourg, the Netherlands, Sweden, the UK. Periphery countries include Greece, Ireland, Portugal, Spain, Italy, and new Member States.

<sup>3</sup> See [http://ec.europa.eu/finance/capital-markets-union/docs/building-cmu-economic-analysis\\_en.pdf](http://ec.europa.eu/finance/capital-markets-union/docs/building-cmu-economic-analysis_en.pdf)

<sup>4</sup> See [http://europa.eu/youreurope/business/funding-grants/access-to-finance/search/en/financial-intermediaries?shs\\_term\\_node\\_tid\\_depth=2320&combine=&field\\_amount\\_of\\_finance\\_range\\_value\\_ir8n=All&field\\_type\\_of\\_finance\\_tid\\_ir8n%5B%5D=2104](http://europa.eu/youreurope/business/funding-grants/access-to-finance/search/en/financial-intermediaries?shs_term_node_tid_depth=2320&combine=&field_amount_of_finance_range_value_ir8n=All&field_type_of_finance_tid_ir8n%5B%5D=2104)

High dependence on traditional banking has proven to be unreliable during the recent crisis as entrepreneurs struggle with obtaining debt capital from banks and financial institutions. To reactivate the economy, founders of small and medium enterprises are in search of capital, not likely to be found in the fragmented and recovering banking system.

Consequently, equity-financing methods that do not rely on the banking sector need to be more prevalent.

## POLICY VISION

The Economy and Innovation Workshop believes that:

1. Access to equity finance with a special focus on the matching of core investors and periphery SMEs is important for economic growth and development.

This will be developed as a response to a more stable and transparent investment environment. Larger stock markets contribute more to economic growth than bank credit.<sup>5</sup> Thus, capital markets should be substitutes for banking options. The difference is that capital markets are more risk tolerant, while banks avoid risky investments. This opens a window of cooperation within financial institutions. Improve and stimulate non-bank funding, CMU, will establish a portfolio of investment choices for many companies. Having more non-bank finance opportunities will bring economic stability and increase resilience to contagion foreign crises.

2. Procedure standardization and transparency within the European Union and information regarding financing will alleviate structural barriers when it comes to investing in SMEs in periphery countries.

Countries and SMEs within them need to be more transparent in disclosing records and have standard accounting systems to allow investor certainty. Non-financial reporting such as local politics and cultural attributes should also be reported. In general, the CMU shall direct the EU towards a Single Rulebook approach. Moreover, tax requirements must be standardized to increase the

<sup>5</sup> Kaserer and Rapp 2014. Capital Markets and Economic Growth. Long-Term Trends and Policy Challenges

likelihood of long-run stability.

3. Mechanisms to reduce risk in investing in periphery countries will boost investor confidence for periphery countries.

By creating an environment that incentivizes risk-sharing, countries in the periphery will have more opportunities to grow and will be more resilient to external economic shocks. In addition, investors in core countries will enjoy a more efficient and diversified allocation of financial capital throughout the EU.

4. Political and economic coordination between the Capital Markets Union initiative and the EU Regional Policy will facilitate resource allocation within the European Union and increase the focus on periphery countries in the implementation of the CMU.

## PARTICIPANTS' STRATEGY

The participants of the Democracy and Institutions Workshop, in order to realize their vision, intend to:

- I. Organize initiatives, events, and competitions that facilitate the matching between core country investors and periphery country SMEs:
  - A. **PITCH/NETWORKING EVENTS:** These events will offer opportunities for SMEs in periphery countries to pitch their business plans to private investors. At the least, SME representatives will gain experience pitching their ideas to investors and negotiating terms of deals.
  - B. **CAPITAL MARKETS CONFERENCES:** Capital Markets Conferences should disseminate information regarding the regulation of changes as well as the diversification of funding options for SMEs. These conferences will include policy makers and high-level officials, as well as CEOs and CFOs of multinational and domestic enterprises. It will assist SMEs in marketing themselves to potential investors and help them comply with any standardized reporting methods. Through these conferences, investors and SME representatives will have networking

- opportunities and can both gain clarity on many issues. They should be held in periphery countries to be less expensive for companies to get involved.
- C. **ONLINE SME DATABASE:** a database of SMEs across the European Union so that investors in core countries especially have a better overview of the investment landscape.
  - D. **SOCIAL MEDIA:** These aforementioned initiatives should be well-marketed using comprehensive social media marketing campaigns. By utilizing social media such as LinkedIn, Twitter, Facebook and traditional sources of information like major newspapers and multimedia outlets, a large audience will be exposed to the regulation changes and the diversity of funding options available to them.
2. Implement a public-private funding matching mechanism where the European Union commits to a percentage of the funding injected into SMEs across the European Union by venture capital funds and private equity funds<sup>6</sup> (see Singapore VC matching model) in order to share the inherent risk in investing in high-growth high-risk small and medium enterprises in periphery countries.
  3. Create an online Q&A forum that will allow SME representatives and investors to have queries answered, especially on taxation regulations, accounting/auditing standards, product regulations, and cross-border differences.

<sup>6</sup> See <http://www.nrf.gov.sg/innovation-enterprise/national-framework-for-research-innovation-and-enterprise/early-stage-venture-fund>

## 3. 1. 2. Response

### to 3.1.1. Access to Capital/Innovative Finance

Michele Chang

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The policy paper, “Access to Capital/Innovative Finance,” identifies significant challenges faced by small and medium enterprises (SMEs) in accessing capital. Indeed, the reliance on bank loans is particularly acute for SMEs in peripheral economies and has exacerbated their economic recovery. Financial fragmentation, though showing signs of improvement in 2015, remains well above pre-crisis levels.

Capital Markets Union (CMU) presents an important opportunity, not only for SMEs, but also for the European economy more generally. The paper argues for the need to apply a single rulebook to CMU, similar to that found in banking unions, so that procedures become more standard and transparent. It would have been interesting had the paper addressed both the Five Presidents’ Report and the action plan of the Commission on CMU more directly to indicate how their proposals could complement or build upon them. For example, Commissioner Hill announced the need to build up the infrastructure via amendments to the Solvency II Delegated Regulation. This corresponds broadly to the second policy vision of the paper (see below), but does not refer to it. Moreover, the Commission’s action plan on Capital Markets Union also mentions the need to assist SMEs in accessing capital and suggests a modernization of the Prospectus Directive. This could have been connected to some of the policy visions below (particularly the second and third), but it was a missed opportunity.

The first policy vision suggests improving equity finance access through “the matching of core investors and periphery SMEs.” Both why and how this should be done could be developed further. It is not established in the preceding observations,

for example, that a surplus of capital exists in the core versus the periphery and needs to be disseminated. Even if one accepts that this is the case, the financial fragmentation was not caused by a lack of information regarding investment opportunities. Therefore, one could ask if the authors are advocating not only a return to pre-2008 levels of cross-border funding, but also a reconfiguration of its content and distribution. These are interesting questions and one could argue that this would constitute a more effective system than what existed previously. Demonstrating the problems with the nature of pre-2008 financial integration between capital and SMEs in core and periphery countries is perhaps beyond the scope of the policy paper, but it could be more directly addressed.

The second policy vision aims at “procedure standardization and transparency.” Hopefully, such measures will be undertaken in the development of CMU, as the authors have rightly emphasized its role in the proper functioning of a European financial market. The aforementioned adjustments to the Solvency II legislation are designed to make investments in infrastructure easier for insurers, which seems to be a step in the right direction. In addition, the Commission’s action plan for creating a simple, standardized, and transparent securitization framework could also correspond to this vision.

The third policy vision calls for the reduction of risk. This is the holy grail of investing in general, and the problems facing countries in the periphery in this regard, can go well beyond financial market efficiency. In more extreme cases, like Greece, there is the risk of redenomination. General uncertainty in the EU’s political climate that includes multiple points of tension further undermine confidence. In such an environment, risk sharing has become an anathema and poses additional difficulties in such a policy vision.

The final policy vision refers to political and economic coordination, mentioning regional policy. This is a very broad statement and it is unclear how the authors would connect this to their policy proposals.

The specific proposals they offer are interesting, though they do not all correspond to the aforementioned policy visions.

The proposals primarily target information sharing among market participants through various events, both online and physical. It is not clear how this would necessarily assist SMEs in the periphery from obtaining capital from countries in the core (as seen in the policy visions), however. On the other hand, this does have some potential in terms of providing participants with more access to equity finance. Indeed, one of the Commission's long-term goals in CMU is to overcome information barriers to SME investment. It was interesting to see the reference to the participation of CEOs and CFOs of multinational enterprises in the suggested capital markets conferences. It would have been useful to have a clearer understanding of what the authors' vision was for their collaboration with the SMEs that are targeted in the proposal.

The paper also advocates a public-private funding matching mechanism, modelled on Singapore. This proposal could have referred to the Juncker investment plan and provided alternative ways of making use of these funds.

These proposals have their own merit, though they do not go as far as they could have in addressing the problems they had identified. I would have liked to have seen more coherence in the design of the paper in this respect, as well as more concrete references to the actions currently being undertaken in the construction of CMU, especially when addressing similar issues like the access to financing of SMEs and improving the transparency and standardization of information. Nevertheless, they represent a thoughtful contribution to the debate on the construction of CMU.

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## 3. 2. Education

### SUBMITTED BY

Rachel Hludzinski, Raymond Keenan,  
Rose Corbett and Sabrina Tabone

### OBSERVATIONS

The Economy and Innovation Workshop observes the following:

1. Education is nearly universally accepted as a means to empower the individual and strengthen the society.<sup>1</sup> In economic terms, it is also a potent tool for increasing productivity and converting a labor-rich country to a capital-rich country. It is important for the EU to carefully review its policies on the advancement of education and revitalize its efforts to make education more accessible to those who could use it to boost the economic state of the Union, as well as create a culture of innovation within small and medium enterprises (SMEs).
2. The European Parliament and Council set forth eight key competencies for lifelong learning, one of which is, “digital competence.” Digital literacy is a component of “digital competence,” and is defined as “the confident and critical use of information society technology” (IST) and thus, basic skills in information and communication technology (ICT).<sup>2</sup> Studies have also shown that there is a positive link between digital literacy, turnover growth in SMEs, and SME innovation, which makes digital literacy a powerful tool for empowering SMEs with the skills they need to grow and innovate.<sup>3</sup>
3. The acquisition of digital literacy is often inhibited by socioeconomic status and location, which contributes to the digital divide. These factors are serious contributors to the digital divide and are

<sup>1</sup> *Key competencies for lifelong learning*, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV:c11090>

<sup>2</sup> Ibid

<sup>3</sup> Digital Capabilities in SMEs: Evidence Review and Re-survey of 2014 Small Business Survey respondents, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/457750/BIS-15-509-digital-capabilities-in-SMEs-evidence-review-and-re-survey-of-2014-small-business-survey-respondents.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/457750/BIS-15-509-digital-capabilities-in-SMEs-evidence-review-and-re-survey-of-2014-small-business-survey-respondents.pdf)



well documented in EU legislation, but they tend to dominate the discussion. As a result, other factors, such as the increasing age gap, are ignored.

4. The age gap in the European Union has made older people an especially vulnerable target to the gap in digital literacy. Indeed, 61% of individuals, aged 55-74 in the EU have never used a computer and 81% do not regularly use the Internet,<sup>4</sup> which severely limits the degree to which an aging European population can participate in and revive a struggling economy. Studies have also shown that the elderly own a disproportionate amount of SMEs; in Germany, for example, one third of SME owners are aged 55 or above.<sup>5</sup>
5. The Council of the European Union recognized that learning past the traditional years of school could contribute substantially to “economic development — by strengthening productivity, competitiveness, creativity, innovation, and entrepreneurship.”<sup>6</sup> The member states’ resulting agenda ensured a renewed interest and encouragement in the field of adult education.
6. The “Education and Training 2020” (ET 2020) framework put forward by member states also alludes to the crucial role that education plays in the many challenges faced by the European Union today. The framework notes especially the role that lifelong learning plays, and the need to regularly update and develop skills in the context of diverse demographic changes throughout the European Union.<sup>7</sup>
7. As part of the Europe 2020 Initiative, the “Digital Agenda for Europe” has put in place action items aimed at assisting groups in danger of social exclusion, including women and the disabled, but has failed to specifically address policies aimed at aging European populations and the way in which they can and will interact with younger generations.<sup>8</sup> These efforts, while much appreciated, nevertheless, reveal a lack of connection between millennials, their

4 *Community survey on ICT usage in households and by individuals*, [http://www.age-platform.eu/images/stories/EN/pdf\\_AGE-media-A4-final-2.pdf](http://www.age-platform.eu/images/stories/EN/pdf_AGE-media-A4-final-2.pdf)

5 KfW Research: SMEs in Germany are falling victim to demographics; one third of SME owners aged 55 or above: <<http://news.europawire.eu/kfw-research-smes-in-germany-are-falling-victim-to-demographics-one-third-of-sme-owners-aged-55-or-above-7654321234567890/eu-press-release/2015/03/24/>>

6 *Council Resolution on a renewed European agenda for adult learning*, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2011:372:0001:0006:en:PDF>>

7 *Education and Training 2020*: <<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV:ef0016>>

8 “Digital Agenda for Europe”, Pillar VI: *Enhancing digital literacy, skills, and inclusion*, <https://ec.europa.eu/digital-agenda/en/our-goals/pillar-vi-enhancing-digital-literacy-skills-and-inclusion#Our%20Actions>

forbearers, and lifelong learning. We believe that significant improvements could be made to all the aforementioned necessities of economic development by advancing digital literacy in adult populations.

8. Digital literacy initiatives have already begun in some parts of the world, but the EU would benefit greatly if it were to adopt a policy that specifically outlined digital literacy's importance for the synergy of both older and younger populations, suggesting that each demographic can help fill gaps in each other's knowledge of digital literacy and needed experience.

## POLICY VISION

The Economy and Innovation Workshop believes that:

1. It is imperative for the EU to recognize and develop the link between innovation, especially in SMEs, and digital literacy. Innovation in the economy does not depend solely on younger generations of ICT practitioners; rather, it starts with a decreased digital divide at a local level. By formally recognizing the connection between innovation and digital literacy, the EU can then focus on educating local communities of all ages in digital literacy, which will then contribute to a culture of innovation that can benefit the Union as a whole.
2. Digital literacy classes can be taught on a local level by students who are digitally literate and need job experience. The classes can be staffed by volunteers from the European Voluntary Service interested in obtaining business or teaching experience. These classes would target those who are digitally illiterate and SME owners, specifically those that fall into older age demographics.
3. The existing Erasmus+ traineeship programs could be modified to include local traineeships that would involve teaching these digital literacy skills at home.<sup>9</sup> These traineeships would place students with local SMEs, which would reduce travel costs, and allow them to teach personalized, basic digital literacy skills. Few existing

<sup>9</sup> Erasmus+ Program, Traineeships: < [http://ec.europa.eu/education/opportunities/higher-education/traineeships\\_en.htm](http://ec.europa.eu/education/opportunities/higher-education/traineeships_en.htm) >

traineeship programs allow for a mutually beneficial relationship between teacher and student, however, we propose a structural revision to EU apprenticeships and traineeships wherein older, less digitally literate generations capitalize on the opportunity for shared knowledge.

4. Classes and traineeships would largely target existing owners of SMEs, accessed via community outreach, word of mouth, and local institutions. Both classes and traineeships would teach relevant computer and internet skills, including:
  - a. Email usage and maintenance
  - b. Mobile technology skills
  - c. Social media skills
  - d. Microsoft Suite for business best practices
  - e. Data management software implementation suggestions
5. Advanced ICT skills are not needed to teach basic digital literacy skills, and by promoting local educational programs, the EU can work to change stigmas associated with the difficulty of teaching and learning ICT skills.
6. Within the Bologna Reforms, the EU should institute certification systems that assess digital proficiency, according to the Framework for Developing and Understanding Digital Competence in Europe (DIGCOMP).<sup>10</sup> These certification systems will expand upon the DIGCOMP framework and provide syllabi that indicate which degree is received when certain basic, intermediate, and advanced skills are mastered. These certifications will be recognized throughout the Bologna Zone, which will allow universal standards that employers and teachers can use. This will facilitate the process of increasing digital literacy and decreasing the digital divide by providing individuals with a physical recommendation of their skills that they can use in the real world.
7. Our initiatives align with the ET 2020 goal to achieve a minimum of 15% of adults participating in lifelong learning.<sup>11</sup> There should, however, be explicit language within the ET 2020 that encompasses targets to decrease the age gap affecting digital literacy. Targets

<sup>10</sup> DIGCOMP: A Framework for Developing and Understanding Digital Competence in Europe, <<http://is.jrc.ec.europa.eu/pages/EAP/DIGCOMP.html>>

<sup>11</sup> Education and Training 2020, <<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV:ef0016>>

should take into account initiatives in the Erasmus+ program aimed at increasing digital literacy through student-run local programs.

8. Our initiatives will also help build the sustainable growth objective in SMEs in the Small Business Act for Europe.<sup>12</sup> Principal VIII outlines the need for continued education and a structure to resolve skills shortages, which would be enabled by digital literacy and allow SMEs to improve efficiencies and effectiveness.

## PARTICIPANTS' STRATEGY

The participants of the Economy and Innovation Workshop, in order to realize their vision, intend to:

1. Identify and contact existing groups focused on increasing digital literacy at our respective universities, such as the Google Community Leaders Program, and advocate for their expansion into the European Union through the Erasmus Program.
2. Through ESC 2016, make contacts that would facilitate the expansion of existing American student-lead digital literacy programs into the European Union. This will give students the opportunity to get valuable volunteer and job experience, while improving their local communities by educating small and medium enterprises about digital resources.
3. Encourage open dialogue between American and EU programs aimed at teaching digital literacy, especially on the student level. Institute a regular sharing of best practices between students leading and teaching digital literacy classes to promote innovation, growth, and efficiency.

<sup>12</sup> A “Small Business Act” for Europe, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX-%3A52008DC0394>

## 3. 3. Environmental Sustainability

### SUBMITTED BY

Alexander Abdel Gawad, Athanasios Petkakakis,  
and Jacob Kavanagh

### OBSERVATIONS

The Economy and Innovation Workshop observes the following:

1. Economic growth and the promotion of small and medium-sized businesses (SMEs) as well as efforts to encourage an environmentally sustainable economy have long been hallmarks of the EU. The promotion of both economic growth and environmental sustainability are also at the forefront of the Juncker Commission's policy priorities. This is evident by the Commission's initiatives in regards to jobs, growth, and investment, in addition to its promotion of a European Energy Union with the task of making energy more secure, affordable, and sustainable.
2. The EU has also been at the forefront of global efforts to curb climate change and pushed for the adoption of the International Climate Agreement at the COP 21 in Paris in late 2015. Specifically, the EU was the first major economy to declare its intended contribution to a proposed climate deal in March 2015 and is in the process of implementing measures in order to meet the binding target of reducing overall emissions by at least 40% (compared to 1990 levels) by 2030.<sup>1</sup>
3. Given the significance of climate policy, Energy Union, and the promotion of jobs, growth, and investment for the Juncker Commission as well as their implications for the European private sector in general and SMEs in particular, in the following we analyze these three areas in turn:

<sup>1</sup> See [http://ec.europa.eu/clima/news/articles/news\\_2015030601\\_en.htm](http://ec.europa.eu/clima/news/articles/news_2015030601_en.htm). The complete submission of the Intended Nationally Determined Contribution (INDC) by Latvia and the European Commission on behalf of the European Union and its member states can be found at: [http://ec.europa.eu/clima/news/docs/2015030601\\_eu\\_indc\\_en.pdf](http://ec.europa.eu/clima/news/docs/2015030601_eu_indc_en.pdf)

- A. **CLIMATE POLICY:** The EU is actively engaged in multi-lateral efforts to counter climate change, a commitment demonstrated by its role in the recent negotiations of a global climate deal at the COP 21 in late 2015. Following the failure of previous efforts, such as limited participation in the Kyoto Protocol and the lack of a comprehensive agreement at the COP 15 in Copenhagen in 2009, the EU and its members states formed an alliance of countries to adopt a binding multilateral agreement that comprises an action plan with the aim of limiting global warming at well below 2°C.<sup>2</sup>
  - B. **ENERGY UNION:** In addition to its International Environmental and Climate Policy, the EU, particularly under the Juncker Commission, is adopting policies with the aim of providing secure, affordable and sustainable energy within its member states. In order to achieve these goals, the European Commission is currently pursuing efforts to establish a European Energy Union that ensures the free flow of energy across national borders, as well as investments in new technologies and infrastructure. By doing so, the Energy Union is charged to contribute to cutting household bills, creating jobs, and boosting sustainable economic growth.
  - C. **INVESTMENTS IN JOBS AND EFFICIENCY:** The Juncker Commission's "top priority" – economic growth and increased employment – is intrinsically linked to the EU's efforts to curb climate change internationally and to make energy supply secure, affordable, and sustainable. To achieve this overarching objective, the EU is currently implementing different policies such as the Investment Plan for Europe, the flagship Europe 2020 initiative, as well as the Circular Economy Package, all of which bear important relevance to its objectives in promoting sustainable growth.
4. In particular, European Union policy should have a central focus on SMEs, as SMEs account for 65% of employment, 60% of added value, and 85% of new job creation in the past decade<sup>3</sup> in Europe's economy.

<sup>2</sup> <[http://ec.europa.eu/clima/policies/international/negotiations/future/index\\_en.htm](http://ec.europa.eu/clima/policies/international/negotiations/future/index_en.htm)>

<sup>3</sup> <[http://europa.eu/rapid/press-release\\_IP-12-20\\_en.htm](http://europa.eu/rapid/press-release_IP-12-20_en.htm). >

5. As the 7th Environmental Action Programme emphasises, SMEs need special assistance in the uptake of energy-efficient and sustainable technologies due to their small size and limited human and financial resources. In fact, Eurobarometer 381 showed that 55% of SMEs encounter difficulties when trying to improve their resource-efficiency.<sup>4</sup>
6. At the same time, sluggish growth in the EU has recently created increasing pressure on SMEs to have sustainable business models. Most SME owners focus on the economic sustainability of their businesses on a daily basis, and invest little time and resources beyond legal requirements in environmental sustainability projects.
7. Moreover, SMEs face major challenges due to lack of information and resources to make the business case for such investments, and the incentives to act are currently limited. They particularly lack the technical skills to assess systematic resource-efficiency improvements in their businesses using the same methodology (e.g. NPV) that larger companies use. Since there is little profit reinvestment at the firm level, investments in SMEs are rare and usually require significant bank financing or governmental subsidies.

## POLICY VISION

The Economy and Innovation Workshop believes that:

- i. Given these challenges, the European Union should actively work on building local expertise to support SMEs in adjusting to the priorities of the Juncker Commission in terms of climate policy, energy efficiency, and investment. Particular emphasis should be placed on:
  - a. Simplifying regulatory and administrative requirements with regards to investments in resource-efficient technologies, specifically for SMEs;
  - b. Increasing awareness of the growing need to adjust business models to the environmental policy of the EU and its member states;

<sup>4</sup> <[http://ec.europa.eu/public\\_opinion/flash/fl\\_381\\_en.pdf](http://ec.europa.eu/public_opinion/flash/fl_381_en.pdf)>

- c. Building SMEs' capacity to independently and promptly respond to current and future changes in environmental policies;
  - d. Designing a system of incentives for financial institutions and SMEs, effectively achieving a new risk-sharing model, which encourages investments in energy efficiency and green technology, for example.
2. In order to encourage the sustainable and energy-efficient growth of SMEs across Europe, the EU, with the support, but not supervision of local authorities, should establish Small Business Centres (SBCs) that will, inter alia, have the capacity to:
  - a. Inform SMEs of operational efficiencies and benefits of sustainability initiatives through workshops, seminars, and local campaigns;
  - b. Empower SMEs to innovate by developing stronger relationships with research institutions and other SMEs;
  - c. Address information gaps with regards to regulation or administrative procedures through specialized legal advice and detailed guides;
  - d. Provide consulting services in the identification, technical evaluation, planning, and implementation of sustainable investments;
  - e. Act as an intermediary between SMEs and financial institutions or other relevant sources of private/public financing;
  - f. Help businesses to develop a holistic sustainability strategy for their business culture and relevant operations.
3. Increasing the access to capital for sustainable investments by SMEs can help expedite the transition process towards sustainable business practices. In order to achieve this, the following policies should be adopted:
  - a. The European Investment Bank should increase investments in and support the mobilization of capital by other European financial institutions for clean energy, energy efficiency, and green technology. To this end, the EIB should further encourage innovative financial instruments and structures, such as yieldcos, Public-Private Partnerships (PPPs), and green bonds.



- b. The European Commission should make the existing EU Emissions Trading System more accessible to SMEs, in particular, that they can benefit from access to carbon finance, which can serve as a further incentive to make investments in energy efficiency and green technology.
- c. Furthermore, the European Commission should propose to member states the adoption of a tax policy that encourages sustainable investment, through tax breaks or credits, for example.
- d. These policies would help to mobilize financial resources, pushing down the cost of capital, and help SME owners to make the case for making green investments.

## PARTICIPANTS' STRATEGY

The participants of the Economy and Innovation Workshop in order to realize their vision intend to:

1. Publish works for their university and local news outlets calling for the creation of SBCs, highlighting the immediate benefits that can be realized for local businesses in terms of value creation and sustainability at small or negligible cost to the SMEs themselves. Local businesses would thus be informed about the benefits of such centers, and be more receptive to new initiatives designed to promote information on sustainability practices.
2. Conduct further research at local universities into the organization and optimization of such SBCs in order to ensure the success of such an initiative, as well as further improve the flow of information on sustainable measures to local SMEs.
3. Finally, promote the SMEs that take initiative in the pursuit of sustainable practices in their businesses by consuming their goods and services with conscious responsibility. Changes in consumer behaviors can help steer the market towards sustainable industries, and an effective way to promote change in business practices is through a demonstration of the tangible monetary benefits that exist for designing and upgrading business methods with environmental goals in mind.

## 3.4.1. Innovation Clusters

### SUBMITTED BY

Felix Hartkorn, Luca Rade,  
Maria Roche and Krisztian Komandi,  
including contributions by Roxana Carmen Turcanu

Seventy percent of the European population lives in urbanized regions.<sup>1</sup> The participants observe that companies, especially small and medium-sized enterprises (SMEs), agglomerate in cities, where human capital and infrastructure enable optimal business interaction. Cities are natural clusters making them the ideal location to implement an approach that connects people, companies, and resources in striving to create better, more innovative living environments. The Economy and Innovation Workshop proposes to leverage the advantages of Smart Cities to promote innovation clusters, which is critical for the future of SMEs.

### OBSERVATIONS

The Economy and Innovation Workshop observes the following:

1. The concept of the Smart City refers to the integration of all aspects of a city into a single cohesive ‘smart’ framework. Data access, ensuring competitiveness and sustainability, enabling communication, and promoting a culture of sharing and interconnection are crucial aspects of this concept. The EU is a leader in the smart cities concept: there are several initiatives, at both the EU and the municipal level, such as the smart city initiative in Amsterdam.
2. Innovation clusters are groups of enterprises (often highly specialized SMEs) and research centers that work closely together in a specific location. The EU is currently home to 2000 such

<sup>1</sup> United Nations Population Fund (2013). State of world population 2013. Reaching Common Ground: Culture, Gender and Human Rights

clusters, of which 150 are designated world-class.<sup>2</sup> An example for an EU promoted project is the European Institute of Innovation and Technology that organizes and provides funding to Knowledge and Innovation Communities (KICs). KICs are highly integrated Pan-European partnerships, bringing together universities, research centers, small and large companies, and other innovation actors on a long-term basis around specific societal challenges.

3. However, there are few local and no EU-level initiatives in place that harness the Smart Cities concept to specifically foster innovation clusters, which constitutes a missed opportunity.
4. Harnessing the Smart City concept to promote innovation clusters is not a widespread practice in the EU; however, Singapore is an example of a city that has successfully done so through its *Smart Nation Initiative*, from which lessons can be learned. First, all the necessary infrastructure is provided by the government: fast and free Internet, excellent transportation infrastructure, strong cybersecurity support, and the best government IT infrastructure in the world.<sup>3</sup> Second, it ensures a high standard of living, good leisure activities, and easy access to these activities. Finally, it facilitates pilot testing of innovations by making the city a ‘Living Lab.’

## POLICY VISION

The Economy and Innovation Workshop believes that:

In order to effectively tap into synergies between Smart Cities and innovation clusters, a 3+1 approach should be implemented that promotes the following:

1. **INFRASTRUCTURE:**
  - a. *Vision:* Meeting the needs of entrepreneurs and providing easy access to necessary resources so that they can focus purely on innovation.

<sup>2</sup> EC Enterprise and Industry DG (2007). Innovation Cluster in Europe - A statistical analysis and overview of current policy support.

<sup>3</sup> According to a ranking by Waseda University.

- b. **State-of-the-art IT infrastructure:** As strong IT infrastructure is a prerequisite for modern research and economic growth, incubation areas should be provided with free high-speed internet access, coupled with robust cybersecurity services.
- c. **Accessible transportation networks:** Transportation is key to ensuring that entrepreneurs have access to all necessary services and can interact with each other and with other stakeholders. The innovation cluster should be well connected to the rest of the city.
- d. **Easy access to leisure activities:** This is important to attract and retain top talent, and is a critical component often overlooked.

## 2. INTERACTION:

- a. *Vision:* Smart Cities should provide a general framework to enable innovation, connect different cities and innovation clusters, foster openness, and blur physical boundaries.
- b. **Co-location:** Smart Cities bring stakeholders into geographic proximity. Cultivate innovation clusters close to universities, situate clusters with different specializations close together, or provide strong transportation links between them, and situate supporting resources such as incubators, government programs in physical proximity.
- c. **Research:** Support the transfer of knowledge and the emergence of Pan-EU research centers to accelerate the development of innovation and technologies for market entry— through a process of co-innovation with labs, SMEs, industry, and universities.

## 3. INCUBATION:

- a. *Vision:* Providing means for entrepreneurs and SMEs to take their innovations from idea to product.
- b. **Incentivize business schools across Europe to partake in commercializing the innovations created in innovation communities, such as KICs.**
- c. **Provide SMEs with pilot testing grounds of their innovations in areas of cities, using the city as a ‘living lab.’**

+1 IMPLEMENTATION:

- a. Vision: Successfully executing the concept in practice and adapting the framework to specific contexts.
- b. Capitalize on the comparative advantages of specific regions by promoting specialization of innovation clusters.
- c. Involve both the local population and private capital in order to ensure the sustainability of the project.
- d. Address the trade-offs that result from promoting economic growth through innovation clusters, and take into account the social, cultural, and political challenges, such as social integration and displacement.
- e. Respect and incorporate already existing infrastructure.
- f. Create innovation cluster locations through brownfield investments, where this is possible, in order to prevent the disruption of the existing built and living city environment.

The *Economy and Innovation Workshop* does not propose to compromise traditional cities, but rather to use available and underused spaces that form part of the urban ecosystem to promote an encompassing living environment. The goal is to make existing resources more accessible.

## PARTICIPANTS' STRATEGY

In order to realize their vision, the participants of the Economy and Innovation Workshop intend to:

1. Advance the incorporation of innovation infrastructures in smart cities by liaising with actors directly involved with these initiatives. This could be enabled by providing access to specifically trained Smart City consultants that municipalities can request when devising a Smart City plan.
2. Popularize success stories in cities that became both “smart” and innovative by leveraging existing natural synergies (interconnectivity, easy access to data and information, infrastructure that reduces entry barriers).

3. Re-start the JESSICA program for Smart and Sustainable Cities of the 2007-2013 period with more focus on the creation of innovation clusters. The new program should directly subsidize initiatives aiming to turn abandoned, inhabited urban locations into living Smart City hubs centered around innovation clusters. It helps decrease the side effects of urbanization while channeling private capital, qualified labor force, and innovative ideas into the city.

## 3.4.2. Response

### to 3.4.1. Innovation Clusters

Vincent Reillon

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As most Europeans live in cities, the ‘smart city’ concept has gained a strong momentum in the past two decades in Europe in order to promote a sustainable development of urban areas. This concept is based on the use of new technologies, especially the developments offered by ICT, to transform key aspects of life in urban areas: mobility, energy production and use, environmental sustainability, but also governance and economic development. The implementation of the concept of smart city requires a strong support for entrepreneurship and innovation. Therefore, the paper proposes to leverage the advantages of smart cities to promote innovation clusters.

The current understanding of the innovation process states that innovation is the result of complex interactions of various actors (research centres, large and small companies, financial institutions, governmental bodies). Innovation clusters that can group these actors either geographically or by sectors help ensure optimal flow of skills, knowledge, and money in the innovation eco-system. The smart cities, given their commitment towards sustained socio-economic development and innovation culture, appear to provide the ideal framework for the development of such innovation clusters.

The paper argues that this dimension of the smart cities is under-exploited in Europe and that no EU-level initiatives are in place to support this process. However, if the EU initiatives in that area may appear fragmented, they are certainly not inexistent.

In line with the orientations announced under the Innovation Union Flagship in 2010, the European Innovation Partnership (EIP) for Smart Cities and Communities was launched in June 2012. The EIP looks to establish strategic partnerships between industry and European cities to develop the urban systems and infrastructures of tomorrow, especially in three areas: ICT,

energy, and transport. To support the projects, funding was made available under the 7th Framework Programme for research until 2013 and under its successor, Horizon 2020 since 2014. The EIP initiative complements other initiatives, like the Knowledge and Innovation Communities of the European Institute for Innovation and Technology and the public-private partnership in key sectorial areas (European Technology Platforms, Joint Technology Initiatives, and contractual Public-Private Partnerships). The Market Place of the EIP, a platform to develop specific projects related to smart cities, supports networking and collaborating to accumulate knowledge and expertise and ensure its diffusion between the participants.

In parallel to the EIP initiative on smart cities, the framework for the European Structural and Investment (ESI) Funds for the period 2014-2020, especially the European Regional Development Fund (ERDF), put a clear emphasis on innovation and some key aspects covered by the smart city concept namely, the digital agenda, the support to SMEs, and the low-carbon economy. Moreover, at least 5% of the ERDF at national level has to be dedicated to sustainable urban development. Hence, the funds used under the JESSICA programme for the 2007-2013 period still exist, even if the programme is no longer running. The support for the development of regional and local innovation clusters is also clearly mentioned as an objective of the ERDF.

Hence, various EU instruments and initiatives support different aspects of the proposal to improve the development of innovation clusters in urban areas by implementing the concept of smart cities.

In this context, the 3+1 approach proposed in the paper does not lack support under EU funding or EU initiatives. First, the development of ICT, energy, and transport infrastructures is supported by the Connecting Europe Facility programme. Specific funding is also available under the ESI Funds. Second, the European Cluster Collaboration Platform was launched in March 2016 to promote interactions between clusters in Europe. The various public-private partnerships mentioned above also foster knowledge transfer. Finally, the 'Lighthouse Projects' supported



by the EIP with Horizon 2020 funding support the incubation, implementation, and replication of innovative solutions for smart cities. Moreover, the process of defining the content of the smart specialisation strategy of a given region, a requirement for the use of structural funds, provides a framework at the local level to discuss the creation of innovation clusters.

Hence, various EU instruments and initiatives support different aspects of the proposal to improve the development of innovation clusters in urban areas by implementing the concept of smart cities. The fragmentation of the EU initiatives, a situation that the EIP on Smart Cities is addressing, can be seen as a limitation in the support for the paper proposal. However, initiatives targeting the urban areas specifically are limited at the EU level. The competence to develop the proposed initiative lay in the hands of the actors at the regional level who have the opportunity to define their priorities for urban development and to use the tools and funding instruments provided at the EU level. Indeed, the recommendations of the +1 implementation phase proposed in the paper are the responsibility of the local and regional governments.

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# European Identity

## 4. 1. Integration and the Refugee Crisis

### SUBMITTED BY

Danelle Hopkins, Lauren Moses and Matthew Smalley

### OBSERVATIONS

The European Identity Workshop observes the following:

1. Preliminary data from Eurostat shows that the number of first-time asylum applicants in the EU-28 rose to 1,221,310 in 2015 – a 465% increase over 2014.<sup>1</sup> Unsurprisingly, the migration trends follow the propagation of the Islamic State of Iraq and the Levant (ISIL). Notwithstanding the reality of economic migrants seeking to improve their livelihoods, Europe’s situation should be framed chiefly as a refugee crisis.
2. The top-ten nationalities representing 90 percent of Mediterranean Sea arrivals are Muslim-majority countries.<sup>2</sup> While quantitative religious demographic data is scarce, it is evident that the majority of

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<sup>1</sup> “Asylum and first time asylum applicants by citizenship, age and sex Monthly data (rounded).”, *European Commission*, Approximately equally Christian and Muslim.

<sup>2</sup> With the exception of Nigeria and Eritrea, which are approximately equally Christian and Muslim.

refugees are Muslim. While other religious minorities are arriving in Europe, Islam – due to its pressing prevalence in European media and minds – is the focus of this policy paper.

3. The Muslim identity of many refugees assuredly impacts their integration into a historically Christian and decidedly secular Europe. Moreover, the heightened visibility of Islam has provoked consideration of the admittedly evasive concept of collective European identity.
4. The definition of integration can be ambiguous and fleeting. For our purposes, we adopt the definition employed by the European Council on Refugees and Exiles (ECRE), which describes integration as a process of change that is *two-way, dynamic and long-term*, and *multidimensional*. Integration depends on dynamic between the willingness/capacity of refugees to assimilate and the environment of the refugee-receiving country. This broad definition of integration intentionally leaves room for its intricacy and malleability.
5. The European Union is responsible for ensuring the integration and dignity of these refugees, in alignment with the fundamental values of the Union's *acquis communautaire*. The outermost southern countries, such as Greece and Italy, are currently shouldering a disproportionate share of the financial and social costs associated with processing and hosting refugees.

## POLICY VISION

The European Identity Workshop believes that:

1. Accountability and governance are imperative to measuring the integration status of refugees in order to evaluate efforts undertaken at both national and supranational levels.
  - a. Quantify progress through mandatory use of the UNHCR's Integration Evaluation Tool. Although the currently utilized Zaragoza indicators have been developed and examined for the use as Europe's integration metric, the UNHCR's Integration Evaluation Tool is a ready-to-use, web-based evaluation system that moves administration to the Member States. Implementation would increase ef-

- iciency across the EU-28 and increase transparency and legitimacy by operating in concert with the UNHCR.
- b. Enhance transparency by openly publishing country-specific integration metrics across the UNHCR's 200 indicators on quarterly basis, and in an easily accessible online format. The 200 indicators include 16 general considerations (reception conditions), 75 legal considerations (residency rights and family reunification), 84 socio-economic considerations (housing and employment), and 46 sociocultural considerations (language learning).<sup>3</sup>
  - c. Establish benchmarks for successful integration and link EU funds as an incentive.
2. Economic integration is integral to safeguarding refugees' livelihoods and countering the narrative that refugees are financially draining European resources.<sup>4</sup>
    - a. Utilize social funds or aid to provide micro-loans/grants for the creation of small businesses. The use of micro-loans provides greater choice for the individual and returns a degree of personal dignity. Additionally, owning a piece of the local community increases the personal buy-in and boosts the local economy.
    - b. Leverage the full spending power of the European Social Fund, and the Fund for European Aid to the Most Deprived by creating teams of experienced practitioners that have successfully implemented programs in Europe. Although the European Commission for Employment, Social Affairs, and Inclusion administers these funds, it is ultimately up to the Member States to conceive, propose, and manage projects. Consolidating a cohort of experts in the funds' applications and dispatching various teams to assist Member States would allow EU funds to reach needed areas more efficiently and effectively.
    - c. Grow support for mobile and online transfer services for remittances. Services should be created and supported to provide the most efficient transfer system for each specific recipient country, with the understanding that the

<sup>3</sup> "Refugee Integration Evaluation Tool: Helping Governments measure impact of integration policies." *The UN Refugee Agency*. UNHCR. Web. 6 February 2016.

<sup>4</sup> For example, a May 2014 report by the Organization for Economic Co-operation and Development (OECD) demonstrates that across labor markets, public spending, and economic growth, migration has consistently had a net positive effect.

recipient will bear the greatest cost of the transfer. Avenues for fast, efficient, and easy transfers will provide a greater incentive for migrants to seek out long-term employment.

3. Political integration is indispensable to the long-term integration of refugees. Involving them in the political and legal processes of Member States will prepare them for lasting success in Europe as active citizens aware of their individual rights.
  - a. Increase the involvement of refugees in the political process. Involvement is important in giving a voice to refugees, allowing them to help shape the political environment in which they live. The development of public outreach campaigns can encourage refugee involvement at all levels of elections.
  - b. Ensure refugees have adequate knowledge of their individual rights, as well as the political and legal systems under which they now reside. Provide classes designed to educate them of the rights, responsibilities, and privileges they enjoy as refugees in Member States. Classes should be conducted in refugees' first language to ensure understanding and provide translations of the EU Charter of Fundamental Rights and other relevant source materials. Educating refugees about their rights will provide them with the knowledge necessary to become active participants in the political process and facilitate political integration.
  - c. Emphasize the importance of political platforms that value multiculturalism and reject dangerous and damaging xenophobic rhetoric mobilized for discrimination. Xenophobic rhetoric serves only to isolate and create a sense of animosity between groups. Use social media and public outreach campaigns to change public perspective of refugees, like the #RefugeesWelcome Twitter campaign.
  - d. Facilitate the creation of legally binding Islamic arbitration tribunals.<sup>5</sup> Refugees may seek culturally appropriate solutions to legal issues they feel are not addressed by the existing legal system. These panels ensure that decisions reached in a cultural/religious setting comply with the

<sup>5</sup> Such as the Muslim Arbitration Tribunal in the UK (<http://www.matribunal.com/>). Religious arbitration is particularly important in family law issues where one or more parties may prefer a religiously approved outcome.

law and are enforced.

4. Social integration, while perhaps less concrete than economic or political integration, is absolutely necessary to kindle a genuine feeling of inclusion on behalf of the refugees. Par excellence, generating social trust within communities facilitates the economic and political integration of refugees.
  - a. Create public space for constructive interaction between refugees and Europeans by emboldening and financially supporting nongovernmental organizations (NGOs). Homestay programs, refugee hostels, and cultural exchanges have already proved beneficial to communities in several Member States.<sup>6</sup>
  - b. Promote public outreach campaigns that dispel misconceptions of Islam, specifically the perverted political ideology perpetuated by ISIL. Social media serves as an efficient platform to reach target audiences. Explaining Islamic theological tenets and providing safe places for questions will facilitate greater mutual understanding. Positive refugee figures from sports and entertainment should be leveraged in this public outreach context. Increased positive coverage of refugees allows European citizens to understand the refugee community and their stories and provides inspiring, relatable figures for refugees.
  - c. Bolster the role that female refugees play in European society to blend previous gender roles with the social norms of European culture. A culture that values the role of women in society sets the example for refugees and provides a foundation for practical participation. This can be accomplished by establishing clear guidelines for monitoring the access female refugees have to integration resources, such as language and vocational education. Additionally, childcare must be adequate and available to increase their participation in the labor market.
  - d. Ensure that religious needs, such as places for worship, are adequate for the refugee population within the community to increase their legitimacy within the community and decrease the individual's susceptibility to radicalization.

<sup>6</sup> See the Refugees Welcome project in Germany (<http://www.refugees-welcome.net/>).

- e. Actively enroll refugee youth into the primary/secondary education systems of Member States to engender understanding of European values through curricula and encourage engagement between refugee youth and their European peers,<sup>7</sup> while increasing accessibility to higher education for adolescent and adult refugees by establishing scholarships.<sup>8</sup>
- f. Provide gratuitous language classes for refugees, as improved European language skills will facilitate their ability to participate in European societies and economies. Free language-learning technologies should be promoted and developed in accordance with this aim, like Duolingo. Concurrently, increased resources in the refugees' native languages will serve as key access points to information concerning the asylum process.

## PARTICIPANTS' STRATEGY

The participants of the European Identity Workshop, in order to realize their vision, intend to:

1. Promote the idea of a European identity that values multiculturalism and is not contingent on religious beliefs. Raise general awareness that, as European integration and globalization continue, minority groups and their belief structures will play a larger role in defining European identity. This reality is not antithetical to the European ideal and, in fact, can be used to promote it.
2. Conduct a research project at our respective universities that monitors, measures, and evaluates integration efforts undertaken both the EU and individual Member States, through interviews with NGOs, refugees, and European citizens.
3. Partner with nongovernmental organizations in Europe to advance a public discourse that is self-conscious about the merits of multiculturalism, the value of equality, and the hazards of prejudice, specifically related to Islam and Islamophobia.
4. Finally, utilize the potent platform of European Horizons to articulate, better, and disseminate our policy vision through collaborating

<sup>7</sup> Additional trainings for teachers may prove necessary through workshops and conferences.

<sup>8</sup> See the Otto Benecke Foundation in Germany, the Foundation for Refugee Students in the Netherlands, and the French University Service, all of which offer scholarships to refugees.

with workshop participants and proposing our policies to EU policymakers at the 2016 European Student Conference.



## 4. 2. Toleration & the Refugee Crisis

SUBMITTED BY

Michelle Ozaeta, Matthew Zipf and  
Corey Cherrington

### OBSERVATIONS

The European Identity Workshop observes the following:

1. Tolerance in regards to the refugee crisis constitutes an acceptance of immigrants and their cultures with the ultimate goal of developing a shared, multicultural democratic trust. Tolerance, however, also rests on compromise and requires each European nation to evaluate which of its values are flexible and which are absolute, thus delineating what can and cannot be tolerated.
2. Tensions between the majority groups in EU nations and religious and ethnic minorities are old, but have resurfaced in recent years. Between the surge in Syrian refugees entering the continent and recent terrorist attacks from religious extremists in cities such as Paris, these tensions have risen significantly in the past few years. In regards to contemporary concerns over extremist Islam, a Pew Research Poll conducted last year showed: 67% of Frenchmen, 52% of Britons, and 46% of Germans reported that they felt “very concerned about Islamic extremism in their country.”<sup>1</sup>
3. Some of these concerns also reflect a concern of the “failure” of multiculturalism in European society. For example, many point out a sort of “segregation” that has occurred over the past few decades in places such as Paris’ sensitive urban zones (many of which encompass

<sup>1</sup> Poushter, J. (2015, July 16). Extremism Concerns Growing in West and Predominantly Muslim Countries. Retrieved January 24, 2016, from <http://www.pewglobal.org/2015/07/16/extremism-concerns-growing-in-west-and-predominantly-muslim-countries/>

entire *banlieues*).<sup>2</sup> In these zones in Paris, half the population is foreign born—as well as mostly Muslim—and is crippled by a host of socioeconomic issues, such as unemployment, political unrest, and crime. The concentration of recent immigrants presents a major barrier to tolerance.

4. Furthermore, there is also a sense of unease aimed towards refugees of the Syrian Civil War and other neighboring conflicts. In particular, the influx of many hundreds of thousands of refugees over the past year has put such large pressures on the nations receiving them that countries such as Germany have pushed for border controls in an effort to stymie the flow of refugees spilling into their nations.<sup>3</sup> Part of the challenge of tolerance is balancing it with security concerns, such as evaluating which immigrants are legitimate refugees and which may have extremist backgrounds. Thus, the next steps to take would involve finding equilibrium between enforcing effective border security and accepting refugees in arrival.
5. In light of the expanding refugee crisis and corresponding immigration, European nations are facing the question of how they will accommodate cultural, ethnic, and religious change. Though the degree of conservatism varies roughly in relation to the homogeneity and economic development of each nation, the general trend across the EU-28 has been a resurgence of nativism and populism, suggesting that many Europeans, especially in relatively poor and homogenous countries such as Hungary, have little support for tolerating the refugees.
6. As observed by the International Federation of Journalists (IFJ), “While media are not the originators of ethnocentric prejudices, a failure to balance discourse which treats immigrant, racial, or minority groups as a problem means that media can be implicated in a process of discrimination, particularly at a time when racist ideology is becoming part of mainstream political debate.”<sup>4</sup> With the current wave of mass immigration, a threat to tolerance is the depiction of racial and cultural minorities in the media, especially tabloids. As per the aforementioned IFJ report, “mainstream media

2 Forgiven in the Banlieues; France’s Troubled Suburbs. (2013, February 23). *The Economist* (US). Retrieved January 23, 2016, from <http://www.economist.com/news/europe/21572248-young-diverse-and-unemployed-forgotten-banlieues>

3 Carrel, P. (2016, January 23). Germany wants extension of Schengen border controls: Paper. Retrieved January 24, 2016, from <http://www.reuters.com/article/us-europe-migrants-schengen-germany-idUSKCN0V1oFO>

4 International Federation of Journalists. “Media and Tolerance.” *UNESCO European Seminar on Promoting Independent and Pluralistic Media* (1997): n. pg. Web. 29 Jan. 2016.

do provide many examples of subtle and indirect prejudice which may reinforce intolerance. The popular or mass circulation tabloid press are often guilty of negative portrayal of ethnic, religious, or cultural minorities.”

7. Feminism and multiculturalism may conflict<sup>5</sup> with one another, which presents problems for policy surrounding new immigrant communities in the EU. For instance, how should a female store manager<sup>6</sup> respond if a patron refuses to do business with her out of cultural beliefs? Should the store manager assert her feminist values or tolerate and adapt to the patron’s culture? When the EU makes policy concerning freedoms for minority groups, it must grapple with potentially overlooking or allowing gender-based discrimination and even crimes—both within and outside of the new immigrant communities—in the pursuit of cultural tolerance. This is further complicated by occasions of “xenophobic or intolerant majorities [disguising] their real aims as concern for women’s rights.”<sup>7</sup>
8. Though there are solutions available for problems surrounding migrant women in the EU and violence committed against them, it seems that the EU is holding back, as “only fifteen [EU] countries provide special residency permits for victims of violence. While in most of these countries, residency permits may be obtained in situations of domestic violence, in two countries (Bosnia and Italy) they apply only to trafficking victims. Most require a minimum residency within the country; for example, Denmark, Germany, and Sweden all require a minimum of two years.”<sup>8</sup> Also, “few shelters in Europe [specialize] in marginalized women victims of violence,”<sup>9</sup> and “In many instances there was only one specialized shelter in the country.”<sup>10</sup> Lack of resources for such women allows for intolerance of migrant women to continue and further alienates them from society.

5 Okin, Susan. “Multiculturalism and Feminism: No Simple Question, No Simple Answers.” *Minorities Within Minorities*: 67 (Avigail Eisenberg & Jeff Spinner Halev eds., 2005).

6 Hoffmann, Christiane, Julia Jüttner, Sarah Kempf, Ann-Kathrin Müller, Cornelia Schmergal, Katja Thimm, Andreas Ulrich. “Sexism and Islam: ‘Where I’m From, This is Handled by Men.’” *Der Spiegel*. 28 Jan. 2016. Web. 30 Jan. 2016.

7 Cohen, Jean L. “The Politics and Risks of the New Legal Pluralism in the Domain of Intimacy.” *International Journal of Constitutional Law* 10.2 (2012): 397. *HeinOnline*. Web. 25 Dec. 2016.

8 Montoya, Celeste. *From Global to Grassroots: The European Union, Transnational Advocacy and Combating Violence Against Women*. New York: Oxford Univ. Press, 2013. Print.

9 Ibid.

10 Ibid.

## POLICY VISION

The European Identity Workshop believes that:

1. In order to quell fears of Islamic extremism and thus encourage tolerance, European nations—within the particular bounds of their conceptions of Church and State—should support mainstream European Muslim groups that actively denounce extremist groups such as ISIL. For example, groups such as the UK-based Inspire have worked toward preventing the spread of extremism through educational and community programs.<sup>11</sup> These groups can understand the viewpoints of potentially radicalized youth and will help present a truer and more balanced idea of Islam to the European continent.
2. Economic exclusion is often one of the biggest factors that cause individuals to become radicalized.<sup>12</sup> Furthermore, the lack of economic prospects and the economic segregation facing immigrants presents a challenge to toleration, in that recent immigrants cannot achieve the dignity of economic independence. Due to a large number of economic factors involved regarding the ghettoization and de facto segregation of minorities, it would be beneficial to work with NGOs that specialize in community organization and address income inequality (i.e. helping the residents of these areas find employment, pursue education, etc.).<sup>13</sup>
3. In order to balance tolerance and security, the EU should refine and strengthen its process of validating immigrants' backgrounds and passports. Ensuring that immigrants come from non-extremist backgrounds will limit the association of extremism with refugees. Refining the validation process could include further education of border police and asylum-application reviewers. This could be handled by the proposed European Border and Coast Guard Agency.
4. To encourage tolerance of the refugees, EU member states should connect native citizens with refugees on a local level in town-hall meetings to foster a sense of shared political authorship and stake in the political system. Affording authorship to refugees, as per

<sup>11</sup> Ware, J. (15, January 17). The British Muslims not afraid to fight extremism. Retrieved January 31, 2016, from <http://www.independent.co.uk/voices/the-british-muslims-not-afraid-to-fight-extremism-9985531.html>

<sup>12</sup> Tankersley, J. (2015, November 30). 'Inequality' is behind the rise of Isis, says author Thomas Piketty. Retrieved January 31, 2016, from <http://www.independent.co.uk/news/world/middle-east/inequality-is-behind-the-rise-of-isis-says-author-thomas-piketty-a6754786.html>

<sup>13</sup> Anderson, L. et al. (2003). Providing affordable family housing and reducing residential segregation by income. *American Journal of Preventive Medicine*, 24(3), 47-67. Retrieved January 24, 2016.

Robert Post, allows them to “recognize in that general will the potentiality of their own authorship. When this occurs, collective decision-making is democratic because it is experienced as self-determination.”<sup>14</sup> Expanding the democratic community is essential to tolerance—not just integration—insofar as it both counters the self-limiting feelings of alienation on the part of the refugees and fosters trust on the part of the locals.

5. Support for NGOs treating women of religious minorities is necessary for them to feel safe and accepted in their new countries of residence. If funding (national and international) is pooled into existing women’s NGOs and into creating new ones for EU countries, the network of tolerance and understanding for these women will likely increase. Conversely, it is important that governments give no backing to groups that abuse women.<sup>15</sup> That is, governments should not demonstrate support for religious and cultural conventions that violate international norms for gender equality and human rights. This represents a hard line for cultural toleration.
6. More governmental resources should be offered to women experiencing problems with domestic abuse. Such resources would include residency permits for victims of domestic violence (not limited to trafficking) and women’s centers providing help for women experiencing infringements on their basic human rights.
7. With that, information disseminated to migrant women regarding available resources is not accessible enough.<sup>16</sup> If EU member states want to be tolerant of religious minorities and support women’s rights, as suggested by previous research, they must provide resources for women against whom acts of violence are committed. Not only this is essential, but also making information for opportunities to protect one’s human rights accessible is critical to the situation. In order to improve accessibility of said information, organizations providing relief to women should produce materials in all languages<sup>17</sup> relevant to migrant populations and could create publicity initiatives to reach a wider audience, which in turn can attain the attention of illiterate women.

<sup>14</sup> Post, R. (2007). Religion and Freedom of Speech: Portraits of Muhammad. *Constellations*, 14: 75.

<sup>15</sup> Cohen, Jean L. “The Politics and Risks of the New Legal Pluralism in the Domain of Intimacy.” *International Journal of Constitutional Law* 10.2 (2012): 395. *HeinOnline*. Web. 25 Dec. 2016.

<sup>16</sup> European Commission. *Ethnic Minority and Roma Women in Europe: A Case for Gender Equality?* Directorate-General for Employment, Social Affairs and Equal Opportunities. Nov. 2008. Web. 16 Jan. 2016

<sup>17</sup> *Ibid.*

## PARTICIPANTS' STRATEGY

The participants of the European Identity Workshop in order to realize their vision intend to:

1. Research NGOs dedicated to dealing with income inequality in Europe and study the economic conditions facing recent immigrants and refugees.
2. Arrange cross-cultural events (i.e. international fairs at universities) by bringing together different cultural clubs and societies.
3. Promote—via social media or patronage—visual art, news stories, and popular media, such as movies that represent diverse groups of long-time locals and recent refugees. Through representation, tolerance can be learnt anti-mimetically.
4. Volunteer or intern for NGOs geared toward aid for minority women where we could even put our policy visions into action. Publicity and accessibility of these NGOs is particularly important, so we should seek to reach as wide of a migrant audience as possible (especially through crossing boundaries of varying levels of education and language).

## 4.3.1. Unity in Diversity

SUBMITTED BY

Lucas Feuser, Denis Iulin,  
Jasmine Kirby and Natalie Morgan

### OBSERVATIONS

The European Identity Workshop observes the following:

Consisting of 28 member states and operating with 24 official languages, the European Union is multicultural by definition. The absence of a common European identity, as noted by numerous scholars,<sup>1</sup> is a major obstacle to further integration. The aforementioned lack of identity is exacerbated by the following points:

1. Voter turnout has been constantly decreasing over recent decades, a symptom of an increasing democratic deficit. As a result, right-wing nationalist groups have been gaining more parliamentary representation, partially due to increased support, but also because many of those who oppose their policies aren't participating in the elections.
2. For years, memories of World War II prevented right-wing nationalist groups and parties from leaving the fringes of European society. Now, many of these parties have not only risen significantly in popularity, but some have been granted the reins of the government. We, the workshop participants, are concerned with the implications that their anti-immigration and Eurosceptic policies have on the unity and cohesion of the European Union, as well as the xenophobic or anti-Semitic and anti-Muslim connotations their policies contain.
3. The rise of Euroscepticism can be seen in both the creation of political parties, such as United Kingdom Independence Party, and in Eurobarometer surveys. We suspect that this dissatisfaction with the EU is a result of a real or perceived lack of legitimacy. Scholars cite a democratic deficit, characterized by a so-called "permissive

<sup>1</sup> Haller, Max. *European Integration as an Elite Process: The Failure of a Dream?* New York: Routledge, 2008. Print.



consensus” that “allow[s] European policies to be developed virtually in the absence of any attention by the broader public, and thus any connection to its preferences.”<sup>2</sup> Since the onset, European integration is perceived as driven by elites and EU policies are not supported by a majority of citizens of the member-states.<sup>3</sup> In 2005, France and the Netherlands rejected the EU Constitution.<sup>4</sup> Among the reasons for these rejections, one the public named was a lack of understanding of the documents. A large number of Dutch citizens (about 49%) were in favor of the European Constitution, but still voted “no,” because of the “lack of information” to vote “yes.”<sup>5</sup> However, some scholars argue that the reason for voting “no” was a desire to preserve their national identity.<sup>6</sup>

4. Despite praise for a movement towards secularism in Europe, many Europeans still hold on to the historical Christian identity of Europe, consciously or subconsciously, excluding Islam from what it means to be European.<sup>7</sup> Furthermore, when political discourse does draw attention to religion, the discussion often centers on ways in which religion violates “European” values, such as protection of human rights. An example of such friction can be seen when the European Parliament condemned the ban on women at the Orthodox Christian holy site, Mount Athos, stating that it violated the human right of sexual equality.<sup>8</sup>
5. While many governments try to control the message that is portrayed in the media, for perhaps arguably good intentions, an intervention on behalf of the government or its officials as to what is released to the public is a violation of legitimacy. In both Sweden<sup>9</sup> and Germany,<sup>10</sup> there have been reports of police officials not communicating to the public reports of rape or other crimes due to fears of stirring unwanted prejudice and allowing more cases of

2 Toshkov, Dimiter. “Public Opinion and Policy Output in the European Union: A Lost Relationship.” *European Union Politics* 12.2 (2011): 169-91. Web.

3 Bølstad, J. “Dynamics of European Integration: Public Opinion in the Core and Periphery.” *European Union Politics* 16.1 (2014): 23-44. Web.

4 “French Say Firm ‘No’ to EU Treaty.” BBC News. BBC, 30 May 2005. Web. 16 Jan. 2016.

5 Zeff, Eleanor E., and Ellen B. Pirro. *The European Union and the Member States: Influences, Trends, and Prospects*. Boulder, CO: Lynne Rienner, 2006. Print.

6 Jenkins, 117-137

7 Casanova, José. “Religion, European Secular Identities, and European Integration - José Casanova.” *Eurozine*. Eurozine, 2004. Web. 16 Jan. 2016.

8 Milosevic, Sasa. “Should Women Be Allowed on Holy Mount Athos?” *The Huffington Post*. TheHuffingtonPost.com, 11 Sept. 2011. Web. 27 Jan. 2016.

9 “Public Kept in the Dark about Sexual Harassment at Youth Festival - Radio Sweden.” *Radio Sweden*. SVERIGES RADIO, 11 Jan. 2016. Web. 16 Jan. 2016.

10 “Reports: Asylum Seekers among Cologne Attacks Suspects.” *DW.COM*. Deutsche Welle, 7 Jan. 2016. Web. 16 Jan. 2016



violence against refugees. Taken to another extreme, the Law and Justice party (PiS) in Poland passed a law that would make all state and radio broadcasters government-run, an even more clear intervention on behalf of the government to control the information that people have access to and the way it is conveyed. These interventions guide the political discourse in their respective countries by race, national identity, or a combination of both.

6. To create a European identity, this workshop believes that both a sense of inclusion, as well as an exclusion and demarcation of an “other” is natural. Hettlage claims that individuals, in order to recognize “oneself,” needs the other: “Identity is, therefore, simultaneously bound up with the evaluation by others;” the evaluation is usually based on common values, history and culture – one group can be easily distinguished from another one, whose cultural values differ.<sup>11</sup> Nevertheless, the dichotomy of “insider” and “other” is too simplistic and harks back to a nationalist past that Europe doesn’t seek to return to. The idea of Europe has always been compared to America as the “Old World” versus the “New World,” with its history of crusades, colonialism, and Westphalian system of nation-states being significantly different from idea of American liberty, projected by the war for independence. A large challenge for the European Union is establishing an identity that is both diverse and inclusive, especially one that is unanimously accepted. We do not believe an America-like patriotism is feasible, but instead a sense of belonging requires both the European value of skepticism and an appreciation of difference without turning difference into a classification of an “other.”
7. Identity can be promoted politically, creating the sense of belonging to the particular political entity by the certain symbols, including: European flag, anthem, currency, Schengen area etc., with an ultimate aim of establishing a federation of states or ideally, a single state. Culture, characterized among all by the shared norms, values, and beliefs is a crucial basis for building the bridges between historically diverse nations.
8. Moreover, in the more than half century since the end of World War II, many have lost touch with the reasons for which the European Union was established. New generations do not have the collective memory of war, which was fueling integration in the past and provided essential balance to “cost-benefit calculations” and nation-

<sup>11</sup> Hettlage, Robert. “European Identity – Between Inclusion and Exclusion.” Ed. Hanspeter Kriesi. *Nation and National Identity: The European Experience in Perspective*. West Lafayette, IN: Purdue UP, 2004. 244. Print.

al economic interests. The European Union was created to serve as more than an economic initiative. By tying the success of each member state to one another, the European Union sought to establish peace between European nations and prevent another devastating war. Reconstructing Europe after the horrors of wars brought Europeans together for creating a new Europe based on democratic values and welfare state. Reminding European citizens of the history of the union may reestablish that passion and dedication to a united Europe: “the collective memories of this experience may yet become the foundation for a European ‘story of peoplehood.’”<sup>12</sup>

## POLICY VISION

The European Identity Workshop believes that:

9. It is difficult for citizens to fully appreciate the efforts of the European Union when they are not privy to the decision-making process “behind the closed doors.”<sup>13</sup> Creating a two-way communication and a feedback-loop through modern IT may fill in this gap between the citizens and politicians. Scholars also believe that education could help “individuals to be active citizens in a free and open society” and to deal with “consumerist attitudes of voters who are increasingly apathetic about politics, unless it directly impacts their pocketbooks.”<sup>14</sup>
10. Most importantly, the European Union must bridge the divide between different cultures, especially religions. Our workshop believes that the most effective way to develop tolerance is through improving access to education. Learning about other cultures serves as a reminder to people of their shared humanity and therefore encourages people to develop more empathy for those who are different from them.
11. The workshop participants recommend consolidating and broadening the scope of already existing European media outlets. This new media outlet would combine previous attempts at establishing a common EU network and extend these efforts further still. It would provide a platform for a pan-European talk show, addressing

<sup>12</sup> Verovsek: 243

<sup>13</sup> McCormick, John. *Why Europe matters: the case for the European Union*. Palgrave macmillan, 2013, 20

<sup>14</sup> Verovsek: 244

Europe as a whole and bringing people together to discuss important issues from diverse perspectives. This new media outlet would serve to educate citizens by providing programming on the history of the EU, including information on the world wars, civil wars, and genocides. Additionally, this program would include information on all services provided by the EU and would stream live feed of parliamentary debates. Finally, an EU media outlet would include programs on ethnic and religious diversity in an effort to encourage appreciation rather than fear of differences. In order to prevent this media outlet from becoming overly nationalized or a mere propaganda machine, it would be open for independent regulation and auditing. Moreover, this new network, outside of the control of individual national governments, but available to European media viewers, would be part of the European Media Initiative, which was based on a petition to the EU from 200,000 citizens for the creation of “pan-European coalition of citizens and civil society organizations able to advocate for media pluralism at a directly European level.”<sup>15</sup> Our media network would both fill a need for a new independent network, as well as demonstrate the power and capabilities of the petition system in bringing positive changes that citizens want to see in the EU.

## PARTICIPANTS’ STRATEGY

The participants of the European Identity Workshop in order to realize their vision intend to:

1. Bridge different cultures by organizing more public outreach initiatives, such as festivals and contests (e.g. Eurovision or Capitals of Culture) based on different elements of culture (songs, dances, holidays, food etc.) for sharing the national customs and traditions to make them familiar for everybody, and more universal or European. Participants will work with European organizations at their colleges to organize European culture nights to get students together to learn more about the different cultures of the EU.
2. Increase the openness of EU actions and decision-making process, including opening the medium of discussion further to encourage constructive criticism from citizens. In order to increase inter-activeness and “two-way communication,” our workshop would suggest improving social media-based channels of delivering people’s concerns to the EU with guaranteed feedback. We plan to organize

<sup>15</sup> “Our Mission.” *European Media Initiative*. N.p., n.d. Web. 16 Jan. 2016.

a new petition to the European Parliament to specifically create a neutral Pan-European media network and gaining signatures. Even if it is not successful, this initiative would let people know more about what the EU can do and about how the petition system works. Our workshop would attempt to use the petition system to bring their concerns and desires for policy changes directly to the policy makers through social media and public engagement. Denis Iulin, after defending his Master's thesis on the role of European common security, defense policy, and identity-building, plans to incorporate his research experience by working as a journalist in Europe, decreasing the democratic and communication deficits, and closing the gap between European politics and citizens.

3. As personal initiatives, we could engage with European citizens through social media as well as go to areas where voter turnout is low and promote democratic participation. An active and thriving democracy is a cornerstone of the European Union project and we, the Workshop, fear this cornerstone is slowly corroding.

## 4. 3. 2. Response

to 4. 3. 1. Unity in Diversity

Erhard Busek  
*Former Vice-Chancellor of Austria*

Migration is new for Europe – in the moment!

Obviously, we have already forgotten that we have had a lot of migration after the two world wars. It was an exchange of population, because borders changed also. The numbers of migrants were even higher, if I am considering the consequences of the new borderlines after both world wars. We have to consider that numerous people were kicked out, especially after World War II. This changed the composition of the population, but there is a difference now, because of the greater capacity to move, we have more mixtures of different cultures. It has been forgotten that Europe was composed out of this mixture of cultures and the stability of the time after the World War II led to the fact that nobody is trained on the subject of migration. Today, many people migrate from different places around the world. In regards to the former colonialism, the migration changed the reality in the suburbs of France or Belgium, but we ignored the situation and pushed the problems aside. Additionally, integration was not really handled in the best way possible. Due to the basic political changes, we are experiencing more migrations, connected with the changes in the Middle East. However, in reality these are the consequences of the old colonialism, which is connected to activities like the George Bush government in Iraq.

Everything on this subject is already known, but we are not yet able to adapt to this new situation. At this moment, the governments of Europe are looking for new fences, for bringing these migrations back. The concentration on integration is not too high, in reality, we need this fresh blood in Europe. The “fortress Europe” in a new interpretation is not the solution. Here, education is playing an important role for the future. We have to educate our young generation to learn about the history and

The concentration on integration is not too high, in reality, we need this fresh blood in Europe. The “fortress Europe” in a new interpretation is not the solution. Here, education is playing an important role for the future.

roots of all who are migrating into our country. In addition, we have to learn new languages and the capacity especially to develop vocational training.

There is an important psychological situation, also. We have some difficulties to accept “the others,” which is not only a question of tolerance, but of empathy and compassion.

It is a problem that European integration has not really happened until now. The consequences of the different “nation states” is to protect themselves and to push others out. This is a contrary to the reality of the globalized world, because whether you like it or not, we depend on each other. This we have to learn and it is not an easy job. This subject is of importance to the universities, because they have to teach us and to practice it.

*Erhard Busek is a politician from the Christian-Conservative People's Party in Austria. At present he acts as Coordinator of the South-Eastern Cooperative Initiative (SECI) and Chairman of the Institute for Danube Region and Central Europe among other things.*

# Immigration and Integration

## 5. 1. 1. Common Framework for Cultural and Social Integration

### SUBMITTED BY

Loujeine Boutar, Cansu Birce Gokalp,  
Albana Shehaj, and Jamie Withorne

### OBSERVATIONS

The Immigration and Integration Workshop observes the following:

1. In 2015, one million refugees and migrants fled to Europe, many through inadequate vessels run by smugglers. The number of first-time asylum applicants increased more than 150% in the third quarter of 2015,<sup>1</sup> as compared to the second quarter of 2015. While many asylum-seekers originate from countries undergoing conflict, the majority of them come from Syria, Afghanistan, and Iraq respectively.<sup>2</sup>

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<sup>1</sup> *European Schemes for Relocation and Resettlement*. PDF. European Commission.

<sup>2</sup> How Can Europe Better Integrate Immigrants? - Debating Europe." Debating Europe. July 02, 2015. Accessed January 28, 2016.

2. European countries that have served as primary destinations for refugees are Germany and Sweden.<sup>3</sup> Hungary was the second largest application receiving country by the second half of 2015, due to its geographic standing, but had one of the lowest acceptance rates, by closing borders and explicitly voicing negative views of refugees. These different reactions to the crisis reflect economic and demographic disparities across the European Union, in addition to an influx of negative opinions about welcoming migrants in Europe.<sup>4</sup>
3. European countries vary in their capacity to accept asylum-seekers. In order to organize the distribution of refugees, the European Commission has established a temporary European relocation scheme for asylum seekers. The key criteria includes: the size of the population, the total GDP, the average number of asylum applications, the number of resettled refugees per one million inhabitants from 2010 to 2014, and unemployment rate.<sup>5</sup> Some countries have considered the distribution of refugees on a national level. For instance, Sweden implemented refugee quotas internally amongst its municipalities, to prevent uneven economic development.<sup>6</sup> Case studies suggest that in countries without set quotas, such as France, refugees flock to neighborhoods with high migrant populations, economic challenges, and high unemployment rates.<sup>7</sup>
4. Some European host countries have taken language-training initiatives because language barriers inhibit migrants' social integration. Germany recently recruited 8,500 teachers to teach German to 196,000 child refugees.<sup>8</sup> Sweden offers language and cultural courses, as well as job preparation courses and internships.<sup>9</sup> However, in the absence of a coherent strategy in Europe, most European Union countries fail to meet Common Basic Principles for Immigrant Integration Policy set forth in 2004, despite their reaffirmed commitment to the framework in 2014.

3 Ibid.

4 Noack, Ick. "This Map Helps Explain Why Some European Countries Reject Refugees, and Others Love Them." *Washington Post*. The Washington Post, 8 Sept. 2015. Web. 29 Jan. 2016.

5 *European Schemes for Relocation and Resettlement*. PDF. European Commission

6 "How Can Europe Better Integrate Immigrants? - Debating Europe." Debating Europe. July 02, 2015. Accessed January 28, 2016.

7 Ibid.

8 "Germany Recruits 8,500 Teachers to Teach German to 196,000 Child Refugees." *The Guardian*. 27 Dec. 2015. Web

9 "How EU countries handle the refugee crisis" *Deutsche Welle*. 12 Aug. 2015. Web.



5. Muslim refugees face an additional social integration challenge, particularly as an outcome of xenophobic sentiments existing in the destination societies reinforced by recent attacks in Paris. The European commission organized its first annual colloquium on Fundamental Rights in October 2015, which aims at “preventing and combating anti-Semitic and anti-Muslim hatred in Europe.”<sup>10</sup>

## POLICY VISION

The Immigration and Integration Workshop believes that:

1. Integration involves the economic mobility, social inclusion, and cultural acceptance of the refugees into their host societies. In addition to employment opportunities that make it easier for refugees to contribute and participate in the economies of their host countries, the process of integration necessarily calls for long-term policy measures. These include healthcare, education, language assistance, vocational training, and community engagement programs, which recognize diversity of a linguistic, ethnic, or religious nature and promote the cultural and social integration of refugees into their host societies. Integration is essential to combat radicalization and marginalization of the descendants of previous refugees, as well as the newcomers.
2. Increased allocation of resources from the European Union towards refugee-hosting states is essential for promoting the social and cultural integration of refugees. These resources serve the dual purpose of ensuring stable economic trajectories of the host-states, while simultaneously incentivizing employment of refugees and development of policy measures that explicitly address the social and cultural accommodation and integration of the religiously and ethnically “different” newcomers.
3. A primary objective of the European Union should be strengthening diplomatic relations between the Union and member states by engaging in persuasive strategies that combine European efforts to face the refugee crisis and invoke the assent of member states to honor their legal commitment to the European Convention on

<sup>10</sup> “Fundamental Rights Colloquium 2015.” *European Commission*. European Commission. Web. 13 Jan. 2016.

Human Rights. The scope of such diplomatic measures should include the immediate provision of food, shelter, and security to the refugees, as well as the establishment of specific national and subnational policy measures, aimed at facilitating long-term social and cultural integration of refugees. These measures should be tailored according to the economic, social, and cultural configuration of the host-states and be monitored by the European Union. A first step towards this goal would be the implementation of the Common European Asylum System by all member states. These diplomatic relations should serve as a starting point for more delicate discussions in respect to social integration. In particular, the crisis urges a discussion between member states about the future of the European identity and cultural tolerance. A consensus about the balance between cultural assimilation and diversity is key for the implementation of integration programs at the national level.

4. Building upon the existing Asylum, Migration, and Integration Fund (AMIF) established in 2014, we propose a program that specifically designates a certain amount of funds tailored to the specific economic needs of member states willing to receive refugees. This program would include specific oversight and instructions on the provision of language and vocational training in the destination societies. Given the lengthy nature of asylum procedures, vocational training should be provided regardless of refugees' asylum status in that country, securing their long-term future integration in any member state.
5. We propose a strong collaboration between civil society groups, associations, and NGOs with a focus on enhancing integration efforts and preventing tendencies to politicize the refugee crisis. An additional aim of such collaboration should be increasing awareness, understanding, and acceptance of shifting cultural and religious configurations in host societies. Combined, these groups can also provide information on housing, employment opportunities, language resources, local events, and other resources available to refugees and aimed at promoting their immediate well-being and long-term integration prospects.
6. Sub-national, regional, and neighborhood level programs should be implemented, bringing together children of refugees with their host-societies' counterparts to engage in educational, cultural, and athletic events. Increasing interaction between the two groups will promote understanding, acceptance, and conviviality.

7. The media plays a critical role in the social and cultural integration of the refugees and migrants. Establishing a new and positive narrative that highlights the potential contributions refugees could offer to their adoptive societies has the power to undermine xenophobic tendencies and populist waives currently shaping popular discourse in many refugee-hosting European states.
8. Finally, pre-existing NGOs, immigrant centers, and former immigrants that share cultural and religious similarities with refugees can serve as mediators to the integration of refugees by serving as translators and informers to the newcomers.
9. We highlight the fact that social and cultural integration of the refugees calls for a dual process and reciprocal duties of collaboration, tolerance, and understanding of each other's unique values and identities.

## PARTICIPANTS' STRATEGY

The participants of the Immigration and Integration Workshop in order to realize their vision intend to:

1. Serve as vocal actors for better integration policies in the EU, aiming to spread awareness by starting with our own social circles, and urging a need for inclusive integration measures by reporting on the social barriers refugees are facing.
2. Advocate and publish papers or op-eds that counterbalance the current anti-immigrant narrative and reinforce ideas we extend upon in our "Policy vision," with the aim of informing European Union policy makers.
3. Participate in pro-bono consulting to impactful NGOs, volunteering over the Internet or working in the field by sharing our own knowledge and language competencies with various national and subnational organizations.
4. Work closely with grassroots efforts by making use of digital media to create online petitions and support existing voluntary initiatives sharing our own expertise.

5. Create an online platform that provides information regarding housing, employment, education, and linguistic resources, including online language training, which is available to immigrants at the regional level. Efforts to this end will provide immigrants with valuable information and facilitate their integration prospects.

## 5. 1. 2. Response

### to 5. 1. 1. Common Framework for Cultural and Social Integration

Pierre Vimont

*Senior Associate at Carnegie Europe*

The migration crisis—as it is usually called in Brussels—represents one of the most arduous challenges the European Union had to face in recent years. The crisis brought more than 6000 refugees and migrants per day through the West Balkan route. Pressure from populist groups, fear of national identity being undermined, doubts on the capacity of European nations to handle the integration of so many migrants all explain why European nations gave an impression of hesitation and inefficiency while trying to cope with the migration inflow during the whole of last year.

One of the most striking features of this crisis has been the near collapse of solidarity among the Member States on a scale rarely seen before. Both the choice of some Member States to close their borders temporarily, or the failure to implement fully the relocation scheme demonstrate just how divisive the crisis has been. The resettlement process is another illustration of such divisions: while resettlement strategy has been initially considered an option which might pave the way to a safe and legal path for refugees, it is today openly rejected by some European nations. The refugee crisis has thus exemplified the gradual break down of the social contract that has been at the core of the European Union.

This background needs to be kept in mind when one looks at the many interesting proposals put forward in the contribution from the European Student Conference dealing with the issue of cultural and economic integration. The paper proposed by the Conference participants indeed paints an ideal picture of what Europeans should do

and it must be commended for this. Yet the reality we are observing on the ground seems to indicate a more complex and even confused political environment which must be taken into consideration at least on three accounts:

First this paper seems to take for granted that full integration is the only game in town for both sides. This is far from being the case. European countries are deeply divided when having to decide if a permanent residence should be proposed to refugees with the prospect of starting a permanent and definitive new life in Europe. Currently, even the most open minded national or local politicians still nurture some doubts in respect to this option and would probably prefer only temporary inclusion. In reality, many of the political decisions taken at the European level are implicitly based on the assumption that refugees will move back to their home country once civilian conflicts have ended and political stability is back in the Middle East. These hopes, however, may be unrealistic, as suggested by past experiences. For example, only 60 to 70% of refugees who left Iraq in 2003 have come back home. As for those Member States largely hostile to admitting refugees on their soil, they have no reason to change their mind when recent EU decisions have reinforced the Fortress Europe mentality.

Secondly, should there be migrants who definitively settle in Europe, the Member States then need to address the political, economic and social implications of such decisions. When the time for rebuilding of conflict-ridden countries hopefully comes, those migrants who have settled in Europe would be essential for the success of such enterprise. Europe must not lose sight of that perspective as it struggles with current short-term challenges.

The third and last observation is about solidarity which the paper - rightly so in my opinion - tries to re-emphasize. As underlined above, this has been the missing element in the way the EU has handled this crisis. One of the genuine challenges for European leaders will be how to rebuild some sense of solidarity between European members to recreate the social fabric of the Union that has been so severely damaged. In respect to this question, either political leaders decide to introduce tangible ways of expressing such solidarity through financial means – such as reallocation of the European budget, specific

taxation on migration. Alternatively, they may start thinking about more audacious and profound initiatives which could reshape the entire European interaction, such as forming a core group of countries cooperating in the field of police or security. Whichever way the discussion goes, the EU is facing for the months ahead a challenging debate about its future.

*Pierre Vimont is a senior associate at Carnegie Europe. His research focuses on the European Neighborhood Policy, transatlantic relations, and French foreign policy. In June 2015, Vimont was appointed personal envoy of the president of the European Council, Donald Tusk, to lead preparations for the Valletta Conference between EU and African countries, to tackle the causes of illegal migration and combat human smuggling and trafficking.*

## 5. 2. Politics and Law

### SUBMITTED BY

Samantha Ruth Brown, Grace Choi,  
Enna Gerin, Alexis Emmanuel Marin  
and Toma Pavlov

### OBSERVATIONS

The Immigration and Integration Workshop observes the following:

1. In 2015 alone, over one million migrants and refugees travelled to Europe by sea—nearly 4,000 died attempting the journey, making it the most deadly year on record for migrants crossing the Mediterranean Sea.<sup>1</sup>
2. The sheer number of arrivals has caused many European states to internalize interests, threatening various EU laws and values, such as the Dublin Regulation, Schengen Agreement, and free movement of people. Mediterranean and Eastern European states have called for greater assistance from the EU and Frontex and erected temporary border controls in an attempt to hinder movement.<sup>2</sup> Additionally, the European Commission proposed a major amendment to Schengen laws, which would require systematic ID checks.<sup>3</sup>
3. Under the current Dublin Regulation, responsibility falls disproportionately on countries on EU's external border. Migrants frequently enter these countries, which are then responsible for evaluating

<sup>1</sup> "Over 3,770 Migrants Have Died Trying to Cross the Mediterranean to Europe in 2015," *International Organization for Migration*, Press Release, Dec. 2015, available at: <http://www.iom.int/news/over-3770-migrants-have-died-trying-cross-mediterranean-europe-2015>

<sup>2</sup> See Leo Cendrowicz, "The end of Schengen? Restrictions by Denmark and Sweden are 'threatening Europe's passport-free zone,'" *The Independent*, Jan. 2016, available at: <http://www.independent.co.uk/news/world/europe/the-end-of-schengen-restrictions-by-denmark-and-sweden-are-threatening-europes-passport-free-zone-a6796696.html>

<sup>3</sup> "Proposal for a Regulation of the European Parliament and of the Council amending Regulation No 562/2006 (EC) as regards the reinforcement of checks against relevant databases at external borders," *European Commission*, Dec. 2015, available at: [http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/securing-eu-borders/legal-documents/docs/proposal\\_on\\_the\\_schengen\\_borders\\_code\\_en.pdf](http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/securing-eu-borders/legal-documents/docs/proposal_on_the_schengen_borders_code_en.pdf)



and granting asylum. However, many states do not have sufficient infrastructure and administrative capacity to process and accommodate the applicants.<sup>4</sup> While the Dublin Regulation aims to stem “asylum shopping,” it has led to an uneven distribution of refugees among Member States.<sup>5</sup> Many Member States have blatantly ignored the Dublin Regulation guidelines and allowed migrants to travel on without processing, which has led to tensions within the Union.

4. The reluctance and inability of the EU to implement a common response has resulted in inefficiency and dysfunction. The relocation scheme proposed by the European Commission in 2015 did not prove to be an effective burden-sharing measure, as most states have refused to implement it. As of January 2016, only 331 asylum-seekers have been relocated out of 160,000 that was initially agreed.<sup>6</sup> Thus, countries such as Austria, Germany, and Sweden are still subjected to disproportionate numbers of applications.

## POLICY VISION

The Immigration and Integration Workshop believes that:

- I. The EU needs a unified legal framework and supranational institution governing immigration and relocation of asylum seekers. Our vision involves an abandonment of the obsolete existing legal frameworks surrounding immigration, such as the Dublin Regulation, and the creation of a new common legal framework which includes:
  - a. An allocation scheme that ensures each Member State plays a role in relocating refugees. It should be based on the relocation scheme introduced in September 2015 that takes into account each state’s GDP, population,

<sup>4</sup> See “Officers with Bulgaria’s Interior Ministry, SANS accused of racketeering,” *Focus News*, Jan. 2016, available at: <http://focus-fen.net/news/2016/01/07/394361/officers-with-bulgarias-interior-ministry-sans-accused-of-racketeering.html>

<sup>5</sup> “History of CEAS,” European Council on Refugees and Exiles, available at: <http://www.ecre.org/topics/areas-of-work/introduction/194.html>

<sup>6</sup> “Refugee crisis: five steps the EU must take,” *Deutsche Welle*, Jan. 2016, available at: <http://www.dw.com/en/refugee-crisis-five-steps-the-eu-must-take/a-19002646>

unemployment rate, and immigration history.<sup>7</sup> However, it should be updated to reflect all refugees in the EU, rather than just the 160,000 being considered in 2015, and instituted as mandatory. States that do not accept their allocated number of refugees should instead contribute<sup>8</sup> to the refugee fund, which is elaborated upon below.

- b. Establish a new Refugee Fund for the EU-28 based upon transparency. A Member State accepting more than its required number of refugees should receive a subsidy per person as determined by the EU and United Nations High Commissioner for Refugees (UNHCR) from the Refugee Fund as a way to offset costs from the asylum process.<sup>9</sup> A Member State accepting fewer than its allotted number of refugees should instead contribute an amount above the aforementioned to assist states accepting larger proportions of refugees.
2. The creation of a single institution and a unified system in the EU that oversees border control, documentation, and the granting of legal status to refugees, as opposed to the disparate organizations that are in place today (e.g. Frontex, EURODAC).
3. Ask that the implementation of new *acquis*, responding to the crisis, be respectful of the rights of asylum seekers and refugees, which must be ensured at all times. In addition, pre-existing legislation that promotes an uneven treatment of asylum seekers, ought to be eventually discussed and modified to respect their rights. We believe that increased participation in the European NGO Platform on Asylum and Migration would be beneficial toward the creation of a common plan of action encompassing governments and NGOs alike. This can be achieved by a general adherence to the Platform, which should comprise student groups and organizations.
4. A change in the political climate and public discourse surrounding the recent migrations to Europe, which will make the above policy visions possible. Member States should recognize that they have a responsibility to uphold basic human rights and provide protection from persecution. They should understand that there are societal

<sup>7</sup> See “European schemes for relocation and resettlement,” European Commission, available at: [http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/european-agenda-migration/background-information/docs/communication\\_on\\_the\\_european\\_agenda\\_on\\_migration\\_annex\\_en.pdf](http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/european-agenda-migration/background-information/docs/communication_on_the_european_agenda_on_migration_annex_en.pdf)

<sup>8</sup> Funds are produced at the discretion of the single Member State. This can involve taxation, but also other sources of capital.

<sup>9</sup> In 2013, Member States received €4,000-6,000 per resettled refugee. See “EU Resettlement Fact Sheet,” *UNHCR*, available at: <http://www.unhcr.org/524c31b69.pdf>

benefits to immigration as well as increased solidarity between states. They should actively combat racism, xenophobia, Islamophobia, and other forces that inhibit the integration of refugees. Finally, the EU should engender cooperation and a unified response through regular and effective communication between Member States.

## PARTICIPANTS' STRATEGY

The participants of the Immigration and Integration Workshop, in order to realize their vision, intend to:

1. Keep governments accountable in their implementation of EU asylum laws. This could involve social media activism, email blasts, naming and shaming, and online petitions. As active members of the European community, individuals should also be able to submit reports to the aforementioned authority in the event of a state dissension.
2. Create a platform for private donations to the Refugee Fund. Direct donations to the EU refugee fund would reinforce the involvement of individual citizens, generate a cross-border sense of unity, and, post factum, help solve the refugee crisis. Furthermore, we believe that direct donations to the EU, rather than to NGOs, could prove more efficiency, minimize collateral costs, and improve the Union's image.
3. Strive as members of the global community to ensure that refugees are accepted in local communities. With support from UNHCR and our proposed refugee fund, states should provide both guidance and assistance, as based on positive integration programs in the past, to both economically and socially integrated refugees in host countries. This additionally means working against racist, xenophobic, Islamophobic,<sup>10</sup> and other forces that might inhibit the complete acceptance of refugees.

<sup>10</sup> Discussion with far-right and anti-Islamic groups, such as Patriotic Europeans Against the Islamisation of the Occident (PEGIDA), ought to happen with the protection of refugees, and take place in a peaceful, respectful habitat. The group believes that political discussion ought to be permitted as long as it does not violate any hate speech laws.

## 5.3.1. Security and Immigration

### SUBMITTED BY

Kelly Davis, Wil Magaha,  
Marcin Mateusz Jerzewski  
and Bryant Antonio Zuniga

### OBSERVATIONS

The Immigration and Integration Workshop observes the following:

1. The issue of irregular migration has been persistent within Europe for decades and is often exacerbated by man-made disasters such as inter- or intra-state conflict. The Syrian civil war has therefore generated a substantial surge in migration as numerous people afflicted by the war flee for lands that, in their minds, promise them hope, safety, and opportunity. Immigration of this caliber has strained the EU's ability to respond as it has in the past. Adherence to guidelines such as the Tampere presidency conclusions, are growing increasingly more difficult to implement due to inter alia, lack of political will, lack of consensus between member states on methods for approach, and logistical coordination between member states.<sup>1</sup> It should be noted that while irregular migration refers to asylum seekers, refugees, and economic migrants as a whole, the scope of this paper is aimed at asylum seekers, as they include refugees and are arguably the most vulnerable in terms of security.
2. The surge in migration flows have led to growing security concerns for the EU as a whole. Member states, however, are encountering difficulties in generating a uniform response. Emphasis on how to respond is often leaning towards a protective and restrictive approach towards immigration, as opposed to a more comprehensive, humanitarian, and integrative approach. Reluctance to a unified response stems from perceived differences in risks, rewards,

<sup>1</sup> Duvell, Franck, and Bastian Vollmer. "European Security Challenges." Robert Schuman Centre for Advanced Studies, 2011. Web. 2 Jan. 2016. <[http://www.compas.ox.ac.uk/media/ER-2011-European\\_Security\\_Challenges\\_EUI.pdf](http://www.compas.ox.ac.uk/media/ER-2011-European_Security_Challenges_EUI.pdf)>.

and objectives that result from immigration, often influenced by geographic location of the member state, as well as available resources. Distribution of the burden and the response is therefore a key concern for member states of the EU.<sup>2</sup>

3. Response to migration flows have been ad hoc with national security trumping security of the asylum seekers. Europe is now being described as the most dangerous destination for irregular migration with the Mediterranean crossing being recognized as one of the most dangerous border crossings in the world. Shifts in the rhetoric and discourse have influenced policies in various EU member states, such as Operation Aspida in Greece (a barbed wire fence at the Greek-Turkish border), another barbed wire fence on Hungary's border, and the transformation of Keleti station into a makeshift refugee camp. Another shift is Italy's movement from the Mare Nostrum program to the Frontex Triton program, which loses the search-and-rescue practice found in the former.<sup>3</sup>

## POLICY VISION

The Immigration and Integration Workshop believes that:

1. Partnering with the ENPI countries by including countries in Northern Africa and the Middle East in the Schengen information system in order to create a uniform database of all migrants attempting to reach Europe. This will provide uniform information to all parties receiving migrants and facilitate a more expeditious processing of their claims. Thus, the numbers of migrants in refugee camps will be alleviated, which will reduce the burden of receiving countries.
2. Efforts to deepen cooperation to prevent human trafficking should be undertaken with North African countries and stable countries in the Middle East. Technical and financial assistance will be provided to these countries to strengthen their security services, and help them combat human trafficking within their territories.

2 Ceccorulli, Michela. "Migration as a Security Threat: Internal and External Dynamics in the European Union." Forum on the Problems of Peace and War, 2009. Web. 2 Jan. 2016. <<https://www2.warwick.ac.uk/fac/soc/garnet/workingpapers/6509.pdf>>.

3 Park, Jeanne. "Europe's Migration Crisis." Council on Foreign Relations. Council on Foreign Relations, 23 Sept. 2015. Web. 2 Jan. 2016. <<http://www.cfr.org/migration/europes-migration-crisis/p32874>>.

3. The scope of capabilities of Frontex ought to be expanded to include the possibility of deploying Frontex border guards on external and internal frontiers of the European Union, according to the needs reported by member states.
  - a. A uniformed training scheme should be adopted for border guards from all Schengen area states, so that they can be deployed by Frontex to serve on any border as needed. This training should include an intensive language acquisition program to achieve proficiency in English, French, or German and another official language of the European Union.
  - b. Frontex should also deploy interpreters proficient in critical languages, such as Arabic, Kurdish, Turkish, Pashto, and Farsi.
4. Establishment of a regional intelligence-sharing network, similar in structure to the UKUSA Alliance, will allow a compilation and sharing of intelligence related to human trafficking and other criminal activity linked with the unstructured movement of people into the EU.
  - a. The scope of this network collected by the network will be limited to data relevant to the criminal activity in the ongoing migration crisis.
5. The creation of a multi-national naval task force comprised of EU members, particularly member states with blue water navies. This force would operate similarly to Italy's Mare Nostrum Program and would have dual humanitarian and safety-focused objectives:
  - a. The first objective would be to intercept asylum seekers as they attempt to cross the Aegean Sea from Turkey. Having intercepted these people, this force would be tasked with ferrying asylum seekers safely to claims processing centers in EU member states.
  - b. The second objective is the prevention of human trafficking and the detainment of smugglers.
6. Expanding the scope of the existing EU-funded projects in Morocco and Tunisia to other North African and Middle Eastern countries will promote the participation of these countries in activities of Frontex and the European Asylum Support Office. The use of the European Neighborhood Policy Instrument to launch and finance projects of technical assistance and deploying liaison offi-

cers in third world countries will support European Union's efforts to prevent the uncontrolled migration flows into the Union, and will strengthen partner countries' capabilities to secure their own frontiers.

7. Expanding the network of hotspots to islands in the Mediterranean Sea and the Aegean Sea will serve as a preventative measure to stop and delay the mass movement of migrants into the European mainland. Funding for these hotspots should be provided by all Schengen Area states.
8. A capacity-building plan should be enacted to improve intelligence services in the EU neighborhood, and particularly in North African and Middle Eastern countries.
  - a. This capacity building should be conducted in countries with stable institutions and focus on fostering technical skills needed to maintain peace and security in the region.

## PARTICIPANTS' STRATEGY

The participants of the Immigration and Integration Workshop, in order to realize their vision, intend to:

1. Research how Frontex manages collaboration and communication between member states from the type of training it provides and to whom, the effects of this training and effects on those who do not receive the training. Additional research on how security professionals communicate across borders and about what, would also be beneficial. Possible questions would be: Are there difficulties in communication? Are they due to language barriers? Are they due to lack of response? This report could then be presented to authoritative institutions whose focus is on security within the EU.
2. Conduct research on the participating countries of ENPI and evaluate which countries need the most technical and financial assistance. Understand the communications between those countries and financially stronger EU member states.

3. Actively engage with migrant communities, non-governmental organizations, and government agencies in member states, which are responsible for processing asylum applications to provide a support network for asylum seekers. Anxiety resulting from asylum seekers' unfamiliarity with procedures related to their status may lead to conflicts and jeopardize internal security of the member state, therefore provision of translation services and legal aid is expected to ease these tensions during the processing period.
4. Establish a contact network of EU agencies (especially those dealing with labor, economics, and security), NGOs, Regional Organizations, and businesses in the Private sector that would be amenable to facilitating the proposed policy vision.



## 5. 3. 2. Response

### to 5. 3. 1. Security and Immigration

José Manuel Martínez Sierra

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The European Union (EU) has a securitization approach to migration, which among other repercussions and negative externalities has severe repercussions on the fundamental rights of those trying to move to the *fortress*. The fact that the migration policy is spread throughout the union through directives and its singular legal EU legal status causes drastic discrepancies of implementation of legislation among states. The only standardized practice comes through the FRONTEX, EURODAC, and partially through the Schengen *Acquis*, which makes evident the EU intention of merely controlling access to its territory and its lack of concern to the situation of irregular migrants once they manage to penetrate the fortress.

The analyzed policy paper tackles the mentioned standardized policies and brings some interesting ideas to further develop them, but neglect the Human Rights approach. It deals with technical and financial assistance with North African and Middle Eastern countries, but ignores deeper development cooperation. I deeply believe that, the more efficient migration policy, and the more coherent with the claim EU values, are policies that reduce inequality among the mentioned countries.

The EU has had strict common policies on migration since its beginning. The Council Directives made clear that in order to fight illegal immigration; the networks that exploit human beings by human trafficking must be combated. The EU set up a more detailed analysis of the significant efforts in regards to trafficking of human beings and their legal status once they have been identified. The policy, through directives, leaves the individual Member States (MS) to interpret the instructions and create legislation within specific guidelines.

Given the manner in which Directive 2004/81/EC has been phrased, its implementation has varied, in some cases being faulty

or not applied. Certain MS have no systems of care for victims of human trafficking. Others provide some benefits, only upon their agreement to collaborate with authorities on the prosecution of their traffickers. Furthermore, despite having adopted legislation to help victims, some MS have no facilities to implement the legislation. The lack of precise language in the legislation or the manner in which directives have been adopted nationally can lead the victims to a vicious cycle of powerlessness.

Council directives stated that the EU needs common action among MS requiring cooperation in police and judicial areas. Directives underlined that the liability of legal persons are highly

**Rather than heavily relying on third country cooperation, the EU should create a path to permanent residency for the irregular migrants that are already in the EU.**

significant in order to have an effective system of detecting and penalizing criminal activities. As early as in 2003, the Commission pointed out the possible negative impact of the cooperation on protecting external borders. It stated that the return policy can only be effective if third countries coordinated with the EU policy and institutional actors in order for immigrants to return to their own countries (SEC (2004) 1349).

As the policy paper advocates, by making the return policy heavily rely on third country relations with the EU, it only focuses on excluding the “illegal” immigrants by striving to have EU travel documents recognized in those countries (COM (2006) 402 final). Therefore, it is possible to say that “the restrictive logic of migration control measures penetrates other interventions and causes negative implications”<sup>1</sup>, considering the human rights and the protection of the “illegal” migrants and of the refugees. Rather than heavily relying on third country cooperation, the EU should create a path to permanent residency for the irregular migrants that are already in the EU. This way, more tax revenue would be collected and permanent migrants may be inclined to return to their country or origin having the security that they can return.<sup>2</sup> This also will have a positive impact in the EU population birth rate and a negative impact in EU welfare sustainability.

<sup>1</sup> Wunderlich, D. 2013, ‘Towards coherence of EU external migration policy? Implementing a complex policy’, *International Migration*, Vol. 51, No. 6, p. 36

<sup>2</sup> Hugo, Graeme, 2013, *What We Know About Circular Migration and Circular Mobility*. Washington, DC: Migration Policy Institute

Another focus of the EU Migration Policy, not referred to in the policy paper, is the prosecution of those employing irregular migrants. Most MS have financial sanctions on those employing illegal migrants in form of fines and the loss of financial benefits from public funds. When proven guilty, an employer of irregular migrants is required to provide the migrants with three months of minimum wage and fare for the return to their home country. In the case of employers of domestic workers, the penalties are virtually nonexistent, unless there is a case of abuse. As a recommendation of policy change, the legislation should be coherent throughout the EU, with the same level of punishment for the employers.

Another essential issue not adequately tackled in the policy paper, concerns the ways that irregular migrants arrive to the EU. The Council issued directive 2001/51/EC, which displays the provisions to impose obligations and fees to the transport companies responsible for carries of third-country citizens without the pertinent documents to the Schengen Area. This measure attempts to combat illegal immigration through regular transport. Nevertheless, noteworthy mention of the commission staff working document<sup>3</sup>, where the study displays numbers below 3% in the maritime regular transport are used by irregular migrants. The problem is evident when the strict legislation regarding formal ways of transit to the EU increments the non-regular and more dangerous routes to the EU.

Similarly, another issue mentioned in the policy paper is the competence within the EU law and the state's legislation regarding the responsibility towards migrants in open sea. In terms of sea surveillance, the EU Schengen arrangement is based on border protection with Frontex structure, while the humanitarian rescue, such as Mare Nostrum, is competence of the EU states.<sup>4</sup> The initiative should be EU-wide, working as a damage-control approach, not guaranteeing them entrance in the EU.

Lastly, the design of migration policies within the EU displays low standards in Human Rights and a lack of uniformity in the MS' legislation displayed in the national law towards irregular migration. The punishments in terms of fines and imprisonment reveals high levels of inequality within the states. As Zeid Ra'ad Al Hussein, before the 2016 migration crisis, stressed: the EU migration

<sup>3</sup> Anon, (2015). [online], viewed 12 December, 2015. Available at: [http://ec.europa.eu/dgs/home-affairs/e-library/documents/policies/irregular-migration-return/pdf/irregular\\_immigration/sec\\_2007\\_691\\_en.pdf](http://ec.europa.eu/dgs/home-affairs/e-library/documents/policies/irregular-migration-return/pdf/irregular_immigration/sec_2007_691_en.pdf)

<sup>4</sup> Carrera, S & Hertog, L (2015), 'Whose Mare? Rule of law challenges in the field of European border surveillance in the Mediterranean', Liberty and Security in Europe, No.79, CEPS.

policy will fail unless it is firmly grounded on the protection of human rights of all migrants<sup>5</sup>, entailing that the migration policy of the EU has failed to change its focus since 2001.

After the 9/11 attacks, the EU exponentially increased the resources dedicated to personal identification databases, especially towards foreigners<sup>6</sup>. To this extent, “destination states laws in the EU, claimed the right to provide immutable and specific identity to foreigners” in order to control the possible threats from outside the EU, despite the lack of evidence of threat among non-EU citizens (Guild 2009, pg. 130). By framing migration within the discourse and legislation of security, the EU treats and categorizes irregular migrants as inherently suspicious.

By maintaining the problem of immigration within the discourse of security and the corresponding legislation, migration policies in the EU will forever fall within the in-

tergovernmental aspect of EU legislation. Thus, it will be large discrepancies of legislation, causing some countries to be more attractive targets than others. Furthermore, if framing of migration is not presented as a security issue, but rather as a Human Rights one, the EU could take a better secondary law approach. Therefore, as previously said, the policy paper should explore more the Human Rights approach as well as cooperation policies addressed to reduce inequality between EU and non-EU Mediterranean countries.

Lastly, the design of migration policies within the EU displays low standards in Human Rights and a lack of uniformity in the MS' legislation displayed in the national law towards irregular migration. The punishments in terms of fines and imprisonment reveals high levels of inequality within the states.

5 (OHCHR, 'EU migration policy will fail unless comprehensive and grounded in human rights-Zeid', viewed 12 December 2015, <http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=16570&LangID=E>

6 Guild, E. 2009, *Security and migration in the 21st century*, Cambridge: Polity. pg. 116.

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# 5.4. Economic Integration of Immigrants into the Workforce

SUBMITTED BY

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## OBSERVATIONS

The Immigration and Integration Workshop observes the following:

1. In 2015, over one million refugees<sup>1</sup> and migrants<sup>2</sup> arrived in Europe. This represented the largest migration to Europe since World War II.<sup>3</sup> Each European nation faces a unique refugee integration challenge. For example, asylum applications range from 3,317 applications per million in Hungary to five applications per million in Slovakia.<sup>4</sup>
2. European nations vary greatly in their treatment of migrants as refugees or as immigrants. Bulgaria accepts 94.2 percent of asylum applications while Hungary only accepts 9.4 percent.<sup>5</sup> Most

<sup>1</sup> According to the 1951 Refugee Convention, a refugee is a person who is, “owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, outside the country of his nationality, and unable to, or owing to such fear, unwilling to avail himself of the protection of that country.”

<sup>2</sup> According to the Oxford English Dictionary, migrant is defined as “one who moves, either temporarily or permanently, from one place, area or country of residence to another.” People migrate to seek a better life, for family reasons, to study, or to flee war and persecution.

<sup>3</sup> Daniel Esras and Kelly Namia. “Irregular Migrant, Refugee Arrivals in Europe Top One Million in 2015: IOM.” International Organization for Migration Online, December 22, 2015. Available at: <https://www.iom.int/news/irregular-migrant-refugee-arrivals-europe-top-one-million-2015-iom>.

<sup>4</sup> Vincent Bourgeois. “Over 210 000 First Time Asylum Seekers in the EU in the Second Quarter of 2015.” Eurostat. September 18, 2015. Available at: <http://ec.europa.eu/eurostat/documents/2995521/6996925/3-18092015-bp-en.pdf/b0377f79-f06d-4263-aa5b-cc9b4f6a838f>.

<sup>5</sup> The Economist’s Data Team. “Europe’s Migrant Acceptance Rates.” September 1, 2015. Available at: <http://www.economist.com/blogs/graphicdetail/2015/09/daily-chart>.

rejected asylum applicants do not return to their home nation, but remain in Europe on temporary visas or join the growing number of undocumented migrants. We also acknowledge that integrating migrants into European societies through citizenship will prove difficult at the European Union (EU) level because Member States have very distinct citizenship laws.

3. Although individual solutions vary, European nations share common economic integration barriers. One third of second-quarter 2015 EU migrants came from Syria or Afghanistan.<sup>6</sup> The vast majority of European arrivals possess particular language and cultural backgrounds that inhibit them from integrating into the European labor market. Few arrivals speak the native languages of the top three asylum application receiving nations, which are Germany, Hungary, and Sweden.
4. European nations have higher education levels than migrant-sending nations. The average years of schooling in Syria and Iraq in 2010 were 6.70 years and 7.16 years respectively as compared to 12.9 years in Germany and 11.3 years in Hungary.<sup>7</sup> However, recent studies of MENA refugees suggest high-skilled workers are more likely to seek asylum or migrate from their country of origin. Syrian refugees are more likely to hold technical or university degrees than Syrians in Syria.<sup>8</sup> Unfortunately, European employers have trouble identifying and locating high-skilled incoming migrants. Programs like the European Job Mobility Portal (EURES) have helped the migrant labor market in the past, but do not have the capacity to support recent migrant inflows. Lastly, after the Paris terror attacks and security concerns related to ISIS, Islamophobia in Europe has fostered anti-Muslim prejudices that may affect refugee and migrant job prospects.
5. High unemployment among recent migrants adversely affects migrant households and host states. For incoming migrants, “employment is the single most important determinant of migrants’ net fiscal contribution” to their host communities.<sup>9</sup> It is in Member

6 Bourgeois. *Over 210 000 First Time Asylum Seekers in the EU in the Second Quarter of 2015*. 4.

7 Barro, Robert, and Jong-Wha Lee. “A New Data Set of Educational Attainment in the World.” Educational Attainment Dataset, August 30, 2014. Accessed January 27, 2016. <http://www.barrolee.com/>.

8 Hillesund, Solveig, and Svein Stave. “Impact of Syrian Refugees on the Jordanian Labour Market.” *Impact of Syrian Refugees on the Jordanian Labour Market*. 2015. Accessed January 27, 2016. [http://www.ilo.org/beirut/publications/WCMS\\_364162/lang-en/index.htm](http://www.ilo.org/beirut/publications/WCMS_364162/lang-en/index.htm).

9 “International Migration Outlook 2013, OECD READ Edition.” 2013. Available at: [http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/international-migration-outlook-2013\\_migr\\_outlook-2013-en](http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/international-migration-outlook-2013_migr_outlook-2013-en).

States' best interest to help migrants overcome employment barriers and to facilitate migrant entrepreneurship.

6. Currently, the EU does not have the legal power to enforce Member State corporations or small businesses to hire migrants. The EU can support programs, such as the Construction Language Learning program, that provide EU-wide resources to European migrants.
7. Many European countries have already acted to expand native language programs in hopes of improving migrant human capital and labor market outcomes. Language learning is vital for economic integration, as shown by the 2011 UK Census, which revealed that migrants with a high proficiency level of English were 17.1% more likely to be employed than those with a low proficiency level.<sup>10</sup>
8. Although current migration flows have severely strained EU and Member State infrastructure, migrants present a potential asset to Europe's aging labor market. Some Member States, including Germany and Sweden, have chosen to view incoming migrants as economic assets, and devised short-term programs to integrate migrants into their labor force to normalize labor force age distributions.

## POLICY VISION

The Immigration and Integration Workshop believes that:

1. With the growing need for high-skilled young professionals, it is in the Member States' best interest to develop appropriate strategies for integrating immigrants with varying ability levels into the workforce. In particular, migrants who possess specialized skills would benefit the economy of their host states, resulting in positive consequences for local and regional labor markets. Germany estimated that there are 173,000 unfilled jobs relating to mathematics and computer science, a problem that can be addressed by the large numbers of educated and able-bodied people entering the country.

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<sup>10</sup> Demos, "On Speaking Terms." 2014. Available at [www.demos.co.uk/files/On\\_speaking\\_termsweb.pdf?1408395571](http://www.demos.co.uk/files/On_speaking_termsweb.pdf?1408395571). p. 29.

<sup>11</sup> The Economist. "More Toil, Less Trouble." December 12, 2015. Available at: <http://www.economist.com/news/leaders/21679794-getting-refugees-work-quickly-would-benefit-everyone-how-make-it-happen>



2. To protect the rights and dignity of migrant workers, especially low-skilled workers, host countries should design and implement laws to protect people in the workforce. Local administrations should monitor migrants to safeguard them from inhumane treatment and to ensure that employers do not prevent them from accessing legal protection. To this end, selected lawyers could serve as volunteers to help migrants. Migrants must be allowed access to the same employer benefits and privileges that native workers are given.<sup>12</sup>
3. The EU should urge each Member State to create programs that systematically assess migrants' educational and vocational skills and offer work visas where appropriate. Furthermore, it is essential that Member States accelerate the legal processes hindering integration into the workforce. Migrants should be granted the legal right to enter the workforce.
4. Providing tailor-made language learning for migrant workers is a necessary step to empower them professionally. This would entail a combination of distance learning through mobile apps, online platforms, and language tandems with local citizens. This blended learning style would merge traditional teaching styles with more modern technological advancements. The program would be co-funded by the EU institutions and Member States allowing for coordination and communication of best practices.
5. Intensive language courses focusing on speaking skills, both online and in the classroom, could be combined with workshops on interpersonal relationships within the office environment. This would also offer a platform for host country citizens to learn about

the refugee experience: from displacement and loss of home and family to the challenges and difficulties faced in recreating a new life in a foreign country. In doing so, host countries should create venues that bring together host country citizens and refugees to talk about mutual concerns and fears, creating connections that may otherwise not be possible.

6. To further ensure a smooth transition into the workforce, the EU

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more-toil-less.

<sup>12</sup> Elizabeth Matsangou. "Refugees Are an Economic Benefit, Not Burden, to Europe." World Finance. November 2, 2015. Available at: <http://www.worldfinance.com/infrastructure-investment/government-policy/refugees-are-an-economic-benefit-not-burden-to-europe>.

should encourage Member States to offer workshops for migrants that enhance capacity building and establish support networks among former migrants and newcomers. Such training should start during the often-extended waits that migrants face as their asylum requests are being processed. Furthermore, counseling services should be offered to help migrants overcome their traumatic experiences, as well as address discrimination in the workforce.

7. To address the economic integration of female migrants, Member States should make available female-led and female-only language and professional courses to empower women while accommodating cultural sensitivities.
8. Creating a unified European program, along the lines of the existing AmericaCorps, would enable graduates with EU citizenship to help address the major challenges faced by migrants in their new environment. These graduates would receive cost-of-living allowances from the EU and would be placed in specific EU localities where their skills are most needed to assist migrants in the integration process. This would also give European citizens the chance to live in other EU countries, fostering a sense of collective identity.

## PARTICIPANTS' STRATEGY

In order to realize their vision, the participants of the Immigration and Integration Workshop intend to:

1. Support and participate in non-governmental and grassroots organizations dedicated to providing work authorization and employment opportunities for migrants. We aim to share our expertise with these institutions and assist them with their funding and project applications to the EU.
2. Establish a volunteer portal at European and American universities in order to recruit students who would like to work with migrants and government offices on the economic integration of migrants. These volunteers would provide language courses and basic education to migrant children. We intend to create a discussion forum and a website in order to facilitate the theoretical and practical discussion on the subject matter.

3. Inform EU policy-makers, the public, and the media about the contributions migrants are making to the local economy by conducting lobbying activities, writing op-eds and policy papers, submitting petitions, and delivering talks at universities and academic conferences.
4. Share our policy suggestions, as well as scientific publications with local businesses and encourage them to hire as many migrants as possible. We plan to contact European policy-makers to urge them to empower and provide funding to local businesses willing to create quotas reserved for migrants.

# Transatlantic Relations

## 6. 1. Reforming CSDP: Europe's Role in Global Conflicts

### SUBMITTED BY

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### OBSERVATIONS

The Transatlantic Relations Workshop observes the following:

1. The current decision-making system within the Common Security and Defense Policy (CSDP) is contingent upon a consensus system, and we would like to propose a modification. Member States dominate EU military policies. As it stands, this system requires the EU to negotiate until they reach an agreement by unanimity. While there are some topics that can be decided using a majority or qualified majority, the current institutional framework gives countries “veto” power against decisions that do not fit with their national agendas. The current system promotes unusual behavior on defense in regards to European defense and security, especially

when third countries observe how inefficient EU decision-making has become.<sup>1</sup> The EU needs to find the path to keep its alternative way of promoting itself in the world through foreign action. The EU has proven to be efficient and determined in the promotion of rule of law, human rights, trade under the principle of “more for more,” and management of humanitarian crisis.

2. We also recognize the need to revise the Berlin Plus Agreement as it currently stands. Initially, the EEAS Crisis Response System (CRS) must be revisited to increase the EU's capabilities to take the lead in rapid response to crises outlined in the Petersberg Tasks. The CRS has allowed the EU to lead more than 30 missions under the framework of the CSDP. Once this is established, the terms of the Berlin Plus Agreement must be revisited to increase the functionality of CSDP in crisis management to allow for future EU-led operations. The EU should take the lead in peacekeeping and humanitarian missions within its borders as well as its neighborhood. NATO is seen as primarily a US-led military force and this connotation is threatening to the EU neighbors such as Russia. As such, strengthening the capabilities of CSDP in terms of humanitarian response and peacekeeping is vital to ongoing European peace and stability.
3. In light of the 2015 attacks on Paris, the CSDP should also reexamine its approach to preventing terrorism within the European Union. While this is traditionally outside their purview, the comprehensive approach that has become a hallmark of CSDP action should include both external and internal security. The mutual threat of terrorism should be enough leverage to incentivize European states to pool their resources. This paper will propose measures such as codifying the comprehensive approach in a new European Security Strategy (ESS) and intelligence restructuring to better prepare the CSDP to defend against internal and external threats.
4. Finally, for comprehensive and progressive reform of the CSDP to occur, the EU must take a closer look at itself. In an age in which the EU has grown increasingly visible, and in some states increasingly distrusted, public support is critical to positive impact. The EU and the CSDP are currently suffering from an image issue, one that must be resolved if the aforementioned recommendations are to be enacted and supported. Currently, the European Defense Agency (EDA), is one of the leading proponents for increased coordination

<sup>1</sup> Giumelli, F. and Lavallée, C. (2013). “EU Security Governance: From Processes to Policies”, *Journal of Contemporary European Research*. 9 (3), pp. 365-371.

and proposed the “Code of Conduct on Pooling and Sharing,” to mainstream security capabilities under voluntary Member State implementation.<sup>2</sup> Changing public opinion is undoubtedly no easy task, but the EU has reached a position that requires a greater sense of unity, as well as a greater commitment to burden sharing and risk-pooling.

## POLICY VISION

The Transatlantic Relations Workshop believes that:

1. First, introducing a voting system would feed the democratic principle the EU is built on. On top of this, we recommend a modification of the CSDP decision-making process in the form of qualified majority voting for the civil part of it (humanitarian, peacekeeping, and crisis management). The conditions of these qualified majority decisions (QM) to be adopted if these two conditions are met: there are 72 % of EU country votes in favor; and they represent at least 65 % of the EU population. This change should not represent a huge impact towards the sovereignty of the Member States because of the part of the CSDP affected (humanitarian crisis mainly) and the leading role the EU has on the promotion of human rights. In line with this, we find it appropriate to re-launch the Petersberg groups, including a new specialized part called “Crisis Response Groups.” These groups will be the ones managed by the new decision-making process.
2. In this way, EU responses to external threats will be faster and more efficient. The CSDP and the EU will gain respect as a credible international actor as they improve the capability to reach decisions in times of crisis. In many cases, this can be seen throughout the history of the CFSP and the CSDP. One such example is the action in Libya. Less than 18 months after the Lisbon Treaty came into force, the EU stood on the sidelines and watched as France and the UK, acting within a NATO framework, intervened militarily on the EU’s doorstep. Even after the escalation of the Libyan crisis, no one took the idea of acting within a CSDP framework seriously. As an unnamed diplomat stated: “CFSP died in Libya – we just have to

<sup>2</sup> European Defense Agency. <https://www.eda.europa.eu/home>

pick a sand dune under six which we can bury it.”<sup>3</sup>

3. However, this change could be seen as an “Europeanization” or “Brusselization” of the foreign, security, and defense policies of the Member States. The EU has mainly been pursuing small projects, but has not implemented a real strategy and policy. We find that the EU “must” reinforce its security and defense policy to face the emerging challenges ahead. We need to admit that no state can ensure security alone, so the fact that the whole EU could do it internally and externally would have a positive effect on security. It is time to strike a balance between the outcome and the sovereignty transfer. The Member States should negotiate about which decisions will still require unanimity and which decisions could be reached with just a qualified majority.
4. With regard to Battle Groups, we propose re-branding these groups, as they were not initially created for traditional military purposes. We propose re-branding these groups as “Crisis Response Groups” (CRG). We also propose consolidation of all groups that currently exist into six main CRGs. These groups will be led by six framework nations: France, Germany, Poland, Italy, Sweden, and the UK. The framework nations will be responsible for coordinating capabilities with the EDA in ensuring proportionality in the pooling and sharing of capabilities and personnel between member states. Three of the CRGs will specialize in maritime operations and capabilities. These capabilities would include the use of drones and helicopters in humanitarian rescue operations. The main purpose of CRGs will be rapid response to humanitarian and peacekeeping crises in the EU and its neighborhood. As CSDP increases its ability to respond to crises, it will allow for closer ties and better coordination with NATO in terms of European security and defense.
5. In terms of defense, we stand by the Commission’s proposal to create a European Border and Coast Guard Agency (EBCG) under the premise of Frontex to ensure the future security of the EU external border. This plan is “long overdue” and will secure the future integrity of the Schengen Area, strengthening the convergence of internal and external threat response.<sup>4</sup> The EBCG will have access

3 Anand Menon. “*European Defence Policy from Lisbon to Libya*” Brussels 6th July 2011. <http://www.ies.be/files/documents/JMCdepository/Menon,%20Anand,%20European%20Defence%20Policy%20of%20from%20Lisbon%20to%20Libya.pdf>

4 “A Real Border Guard At Last.” *The Economist*. 19 December 2015. <http://www.economist.com/news/europe/21684182-eus-much-maligned-border-agency-could-become-far-stronger-real-border-guard-last>

to the proposed maritime CRG for crises along the Mediterranean external border. These forces will be crucial to not only securing the border on the Mediterranean, but also ensuring proper protection and risk analysis along the EU's eastern external border. The EDA will facilitate coordination between CSDP and the EBCG, as this will be essential to mobilizing and utilizing these military capabilities in an efficient and effective way.

6. Once the EU has the proper institutions in place to take the lead in crisis response operations, the Berlin Plus Agreement can be revisited. More should be done to strengthen the European Pillar of NATO. The European Pillar should focus on the EU taking the lead in humanitarian and peacekeeping crises. This allows NATO to be more involved in military-focused operations. Recent terrorist attacks and Russian aggression prove that NATO and the EU must work "hand-in-hand."<sup>5</sup> This cooperation will strengthen external security, which in turn strengthens internal security within the EU. The functionality of this agreement is contingent on the sharing of information and planning capabilities between NATO and CSDP. Shared intelligence will also allow CSDP to play a larger role in crisis prevention. Increased coordination at the EU-level will provide a proper balance between European and US-led forces in Europe.
7. Tied to the concept of EU-level coordination, the CSDP must strengthen the existing comprehensive approach with regard to internal threats. The 2003 ESS should be updated to merge external and internal security components. In this way, the EU can operate smoothly between the interrelated issues of border security and the five key threats stated by the ESS.
8. Pan-European intelligence is embodied by the EU Intelligence and Situation Centre (EU INTCEN), which, like the CSDP, is housed under the European External Action Service. However, INTCEN has only an analytical function, producing strategy documents and assessments for dissemination.<sup>6</sup> Though INTCEN does conduct light collection, it should be a convergence point for the analyzed intelligence of all 28 MS in order to produce a more complete picture of EU threats. Because the members already collaborate similarly through Europol, Europol should be brought under the CSDP umbrella. In this way, better CSDP-wide intelligence sharing can

5 Dan Alexe, "France Invokes the European Mutual Defence Clause." *New Europe*. 17 November 2015. <http://neurope.eu/article/nato-eu-tighten-cooperation-after-terror-attacks/>

6 *EU INTCEN Factsheet*. 2 May 2015. [http://eeas.europa.eu/factsheets/docs/20150206\\_factsheet\\_eu\\_intcen\\_en.pdf](http://eeas.europa.eu/factsheets/docs/20150206_factsheet_eu_intcen_en.pdf)



grow out of an existing institution that already has a track record of success and interstate trust.

9. Exacerbating the issues above, the CSDP lacks a sense of legitimacy among many EU citizens and states. Coined a “democratic deficit,” the EU has seen a drop in voter turnout for much of its recent elections. According to a 2006 Eurobarometer poll, 75 percent of respondents polled in favor of a common defense and security policy,<sup>7</sup> but in 2015, 54 percent of respondents believed that their voices were not heard in Brussels, a serious threat to the democratic process, as the EU depends on the support and opinions of citizens for policy-making.<sup>8</sup> In order for CSDP legitimization to develop, an increase of support for the EU must first occur. This is best accomplished through education, specifically by targeting younger generations. By educating citizens – a form of internal public diplomacy – on how the European project functions, greater transparency is given to the project itself, as well as its policies.
10. Additionally, the EU must address the sources from which its citizens receive information. By connecting with the millennial generation—the future of the EU— and embarking on social media campaigns to increase the EU’s transparency, greater understanding and support is possible. It is imperative that these campaigns stress the successes of the EU as a collective in foreign policy. Partnered with campaigns on the accomplishments of the EU’s civil society partners, these connections serve as justifications for greater integration, as well as sources for greater public support and inclusion. By focusing on the gains the CSDP and its partners have ensured for the EU, greater risk-pooling and coordination becomes much more possible.

7 “The Eurozone Crisis and the CSDP: The Problem of Public Opinion.” E-International Relations Students. 25 July 2013. <http://www.e-ir.info/2015/07/25/the-eurozone-crisis-and-the-csdp-the-problem-of-public-opinion/>

8 “Standard Eurobarometer 84.” December 2015. European Commission

## PARTICIPANTS' STRATEGY

The participants of the Transatlantic Relations Workshop in order to realize their vision intend to:

1. As ESC participants, we recognize that lofty policy visions are difficult to achieve - for both policymakers and college students alike. In order to fully realize the innovative ideas discussed above, we as university students can and should first reach out to our own individual educational communities. By initiating the setup of collaborative think tanks modeled after the European Student Conference (ESC) format and producing policy relevant work, we can begin to cultivate an interest in topics such as the CSDP and transatlantic relations more broadly.
2. It is critical that increased awareness of the CSDP occur. As ESC participants, we must observe the evolving role of the CSDP and make it known among other students, professors, and policymakers. As greater cooperation and integration become parts of EU stability, public support and public awareness are necessary for keeping states accountable. This requires a platform on which the successes of the CSDP can be displayed, as well as an increase in knowledge of the EU and its policies. We hope to provide one such platform to our respective academic audiences.
3. In championing the CSDP and EU, we should revisit successful EU operations in crisis response and determine why they were successful. Building off past successes will allow for the future success of the CSDP. These past successes have been characterized by the commitment of member states to collective security and proper organization at the EU level. Solidarity between member states is pertinent for the success of the above-proposed changes. The CSDP has been unsuccessful in playing a central role in European defense, because certain programs and agreements are inefficient and outdated. As we lobby for the reorganization of these institutions, the CSDP will gain the proper capabilities to play a more meaningful role in European defense.
4. In order to achieve this decision-making modification, we as students would advocate for a change in the EU Regulations. A modification of the EU Treaties is right now far from possible.

# 6. 2. 1. EU/NATO: Coordinating Capabilities and Commitments

SUBMITTED BY

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## OBSERVATIONS

The Transatlantic Relations Workshop observes the following:

1. Europe currently faces a range of threats that necessitate reform to properly address and counter existing and future challenges. There are threats to the collective defense of EU and NATO as evidenced by increased Russian activities along Europe's Eastern border and nonlinear threats. In order to mitigate these substantial threats in an effective and efficient manner, collaboration between states, NATO and the EU is required. A proactive stance is needed to counter 'nonlinear' forms of aggression and other non-traditional challenges, which include, but are not limited to: mass disinformation campaigns, cyber warfare, the use of special forces, mobilization of local proxies, intimidation through displays of strength, economic coercion, and terrorist attacks. In addition, conventional security guarantees that are mainly bore by the US need to be more balanced within the NATO alliance in order to ensure the credibility of NATO and the EU.
2. Increased cooperation and integration will not only better the transatlantic community's abilities to address issues and threats, it will expand the set of tools available to confront them. Both institutions have complementary assets that, if utilized in coordination, could create an effective institutional tandem that has a wide range of both political and military instruments at its disposal.<sup>1</sup> The institutional reforms undertaken to expand Europe's toolbox must

<sup>1</sup> See: <http://www.nato.int/docu/review/2014/Also-in-2014/Deterring-hybrid-warfare/EN/index.htm>

address current and future threats, but primarily those that could cause an existential risk to the Union or member states.

3. Cooperation between NATO and the EU has faced limitations in the past. Efforts to respond to crises have led to duplicative responses, such as the initial response to the threat of piracy and missions in Darfur, Sudan. However, the EU and NATO share 22 members and as Secretary General Jens Stoltenberg recently noted, “Nine out of ten EU citizens live in a NATO country, cooperation and coordination between the two organizations is key.”<sup>2</sup> The commonalities the two institutions and their member nations share should drive the pursuit of smarter defense investment. Both organizations must work to clarify their functions and goals to minimize duplication efforts in resources.
4. Only five of 28 NATO members manage to meet the goal of spending 2% of their GDP on defense. This figure is representative of the overall decline in defense investment and security forces in Europe, which has limited its ability to address the widening shortfalls in European solidarity, defense commitments, and military cohesion.<sup>3</sup> Many NATO members have denounced the 2% pledge as being inefficient and meaningless, instead calling for smarter spending, and often cueing security efforts within the EU. However, these criticisms have led to minimal action being taken on changing the current overall trend of defense investment, specifically in European nations. Thus, the 2% spending guideline is not an effective policy, as it takes into consideration only the financial input of NATO members and has no regard for whether or not the output is efficient for national defense purposes.
5. In the past, there have been some efforts to align policy and improve mutual cooperation between the two organizations. These include, but are not limited to, the NATO-EU Declaration on ESDP, the Berlin Plus arrangement, and cooperation when it comes to the stabilization of the Balkan region. Permanent military liaisons have been established to facilitate cooperation at the operational level, including the NATO Permanent Liaison Team at the EU Military Staff and the EU Cell, which is set up at SHAPE.<sup>4</sup>

<sup>2</sup> See: <http://www.nato.int/docu/review/2014/Also-in-2014/Detering-hybrid-warfare/EN/index.htm>

<sup>3</sup> See: <http://www.nato.int/docu/review/2015/Also-in-2015/europe-defense-budget-military-soldiers/EN/index.htm>

<sup>4</sup> See: [http://www.nato.int/cps/en/natohq/topics\\_49217.htm](http://www.nato.int/cps/en/natohq/topics_49217.htm)

6. The nature of the EU and NATO is significantly different. Where the EU is based on economic foundations, NATO is based on hard military power and collective defense. Cooperation between these organizations has faced several barriers in the past, not only due to these organizational differences, but also to the different nature and purposes of the organizations. The EU and NATO can use different foreign policy tools in concert to increase their policy options.
7. A successful example of cooperation already exists in Kosovo, where the EU and NATO are working together to stabilize the region and strengthen the domestic institutions through the coordination of EU's EULEX mission with NATO's KFOR mission. Another such example is the EUNAVFOR operation, working together with the NATO Operation Ocean Shield in the Gulf of Aden.
8. EU and NATO countries need to enhance information sharing capabilities that would facilitate collaboration in the intelligence sphere in order to help prevent future attacks initiated by non-state actors and to dismantle terrorist networks that are currently operating in Europe. Member nations and their police organizations should be capable of working collaboratively on the identification and elimination of traditional and nontraditional threats. In addition, adequate intelligence sharing is crucial in order to make quick reaction forces effective and enable them to be deployed quickly.

## POLICY VISION:

The Transatlantic Relations Workshop believes that:

1. Member states should proactively contribute to collective defense to avoid having to resort to drastic measures, such as Article 5 of the Washington Treaty. Furthermore, hybrid warfare, which was observed in Ukraine and threatens to be duplicated in the Baltics, cannot be deterred with a large standing force, such as the NATO Response Force or even the Spearhead force. The establishment of NATO Force Integration Units (NFIU) in eight countries is a welcome development that will increase proactive collective defense coordination within NATO. Further collaborative efforts, such as in Kosovo and the Gulf of Aden could serve as an example for joint

EU-NATO coordination in frontier states.

2. A proactive collective defense approach would also help the alliance adjust to new threats such as hybrid warfare. Hybrid warfare cannot only be deterred and prevented through a large military force and advanced weaponry, but with local institutions such as law enforcement and homeland security. The EU could coordinate and strengthen member states' institutions and overall European solidarity through small liaison teams that could provide the same support and coordination as provided to Kosovo's institutions, judicial authorities, and law enforcement agencies.<sup>5</sup>
3. Most importantly, these liaison teams would serve as a testament to European solidarity. By having these small liaison groups, Europe could touch back to the fundamentals of competitive advantage, and allow nations with certain strengths to contribute to the overall strength of the EU. These small coordinated missions would increase Europe's stake in its own security, thereby solidifying solidarity in matters of defense, while doing so in an efficient and effective manner. These missions could also have an intelligence component and aid in the increase of intelligence sharing between the EU and NATO.
4. We welcome the United States' announcement to increase funding to the European Reassurance Initiative, which includes increasing the rotating presence of American troops from 150 to a brigade-size force.<sup>6</sup> However, the U.S. should transition this responsibility to NATO as a whole and introduce a similar framework based on the Baltic Air Policing Mission and the Very High Readiness Joint Task Force. This new framework would contribute to the effort of strengthening the solidarity of the transatlantic relationship and include Europe in the deterrence of threats against its own territory.
5. The civilian power that the EU projects, in contrast to the hard military power of NATO, is an effective tool. Increasing EU presence in Eastern Europe, through the use of the EU battlegroups or general multinational military exercises, could send a clear signal while being less threatening than NATO presences. In that way, NATO does not violate the agreements of the Russia-NATO agreement while showing a united, US-backed Europe. This could be effective

<sup>5</sup> See: [http://www.eulex-kosovo.eu/eul/repository/docs/AE20151020\\_Fact\\_Sheet2.1.pdf](http://www.eulex-kosovo.eu/eul/repository/docs/AE20151020_Fact_Sheet2.1.pdf)

<sup>6</sup> See: <http://www.wsj.com/articles/a-nato-message-for-mr-putin-1454545395>

in dealing with the different nature and the complementary capabilities of each organization.

6. Europe's economic situation is gradually improving and thus the NATO members who are significantly below the agreed 2% threshold must stop defense cuts and gradually increase their defense spending. This increase should be made while taking into consideration the comparative advantage principle, encouraging EU and NATO nations to invest in specific defense components. This would allow countries to address particular threats, while avoiding replication of ally defense capabilities. Particularly, in an environment as volatile as is currently the case, it is no longer justified to maintain inadequate defense capabilities.
7. However, it is important to note that simply spending more financial resources on defense is not efficient in the long run. A large budget does not necessarily translate into efficient defense capability production. Substantial consideration should be given to improved outcomes and to the enhancement of overall defense capabilities in the best way possible. A number of actions and policies should be implemented in order to promote a smart defense spending strategy and to increase cross-border collaboration.
  - a. We welcome The NATO-EU Capability Group's efforts in playing an important role in ensuring transparency and complementarity between NATO's work on Smart Defense and the EU's Pooling and Sharing initiative.
  - b. EU and NATO members can sustain and enhance crucial capabilities by sharing facilities and services, by acquiring and maintaining new advanced weapons and defense systems, and by increasing collaboration among their militaries.<sup>7</sup> This will also allow specific countries to preserve capabilities that could be otherwise threatened by budget cuts.
  - c. An example of successful cross-border collaboration is the Nordic Defense Cooperation (NORDEF). Its main aim is to strengthen the defense capabilities of participating nations while promoting efficient common solutions to the pressing issues. EU and NATO nations can benefit substantially if such cooperation is established.

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<sup>7</sup> See: [http://cena.org/analysis/wp-content/uploads/2013/02/Novotny\\_final.pdf](http://cena.org/analysis/wp-content/uploads/2013/02/Novotny_final.pdf)



8. Current agreements such as the Berlin Plus agreement should be extended to increase mutual planning between EU and NATO operations. This would allow the EU and NATO to make full use of the different foreign policy instruments they possess. The presence of an EU representative in the North Atlantic Council (NAC), in addition to the NATO members, could significantly increase coordination between the two organizations. Principles such as the 3Ds and the Right of First Refusal are to remain a cornerstone between EU and NATO relations. However, the presence of an EU representative in the NAC would induce further responsibilities on European allies as there can be a direct dialogue between NATO, the EU, and its 22 shared members, broadening the scope in which actions and decisions can be made.
9. The unfair burden sharing on NATO's collective defense and the unbalance of defense spending and capabilities between the American and European allies needs to be corrected. Initiatives such as the U.S. policy of 'leading from behind' and its 'pivot to Asia' are good policy initiatives that incentivize European NATO members to take further responsibility of their security and the security in the region. Additionally, it's important that the European states take further steps to reduce the immense capability gap within NATO and enhance cooperation in areas such as aerospace protection and the integration of certain military components, including joint brigades or joint navy flotillas (e.g. Admiral Benelux). The EU, through the EDA, can be an effective tool in extending these initiatives to a European-wide scale, in contrast to the often-bilateral military agreements that are currently put in place.
10. Cooperation in security and intelligence spheres between NATO, EU, and their individual member states need to be enhanced. In particular, emphasis should be placed on improvement of information sharing within national and supranational criminal databases.
  - a. Intelligence should not only be shared in situations of imminent danger. It should be taking place on a regular basis and should allow the EU and NATO members to thoroughly analyze and identify specific problems or issues before they escalate. NATO should be given direct access to national and supranational criminal databases in its fight against international terrorism.



- b. Member states should increase cooperation by establishing common strategic priorities that would lead towards further intelligence sharing and collaboration. In this regard, EU NATO intelligence and best practice sharing can also be used towards combating the returning foreign fighters phenomenon, as well as the general prevention of radicalization.

## PARTICIPANTS' STRATEGY:

The participants of the Transatlantic Relations Workshop in order to realize their vision intend to:

1. We urge the EU and NATO to form a coordinated policy, instituting small EU missions to EU states to strengthen European solidarity and collective defense, while at the same time maintaining rotating forces and continuing NATO exercises in the region.
2. In order to create a stronger European defense pillar within NATO and Europe in general, we call on the EU and NATO to enhance closer cooperation and start incorporation of smarter defense-spending practices. Currently the EU is experiencing severe crises and suffers from fragmentation and inefficiencies in its defense and security capabilities. It must grasp control of its own defense with the support of its transatlantic allies.
3. Increase coordination and dialogue by encouraging EU officials to take part in the North Atlantic Council. In that way the EU representatives, along with the 22 EU members in NATO, can shed light on the possibilities of EU missions that can complement or replace NATO missions and facilitate further cooperation.

## 6. 2. 2. Response

### to 6. 2. 1. EU/NATO: Coordinating Capabilities and Commitments

Monika Nogaj

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In what is undoubtedly a critical time for security and defence in Europe, debates about how to optimize NATO-EU cooperation, and to enhance the transatlantic relationship in general, have returned to the forefront of the agenda. In this context, the observations, policy visions and recommendations of the Transatlantic Relations Workshop Policy paper on “Coordinating Capabilities and Commitments” between the EU and NATO are not only insightful and thought provoking, but also very timely. The paper makes a case for a stronger European defense pillar within NATO and Europe in general, for enhanced closer cooperation between the EU and NATO, as well as for the incorporation of smarter defense spending practices.

In this respect, one point that could serve as food for thought is the reflection on the distinct identity of the two organizations. Each has specific strengths, which the other lacks. For instance, the EU doesn't have the same range of planning capabilities as NATO and faces a number of restrictions by nature. In fact, the EU itself is constrained by primary law with regard to collective self-defence under the CSDP. In principle, under the current Treaties, the EU cannot conduct self-defence operations within the framework of the CSDP (only its Member States can do that), unless the European Council decides unanimously on the establishment of common defence in accordance with Article 42(2) TEU. In this sense also, NATO is the primary organisational venue for Member States to exercise collective self-defence and as such, distinct and vital for European security. This is also illustrated by the wording of article 42(7) TEU, known as the EU's mutual assistance clause. Interestingly, the article states clearly that it “*shall be consistent with commitments under the North Atlantic Treaty Organisation, which, for those States which are members of it, remains the founda-*

*tion of their collective defence and the forum for its implementation.”* Thus, the TEU mutual assistance obligation is understood as not having precedence over the collective defence obligation contained in NATO’s Article 5. Conversely, NATO doesn’t have the civilian expertise developed by the EU. The latter, as indeed mentioned in the paper, is an effective tool that adds value in conjunction with (or instead of, depending on the circumstances) the hard military power of NATO. The complementarity of the two is a necessary ingredient in the contemplation of the future of transatlantic security and defence.

A number of the observations made in the paper reflect the agenda and decisions of the 2014 NATO Summit in New-

port, Wales. The Summit was an opportunity to address long-standing questions about NATO’s *raison d’être* and future role (global positioning or concentrating on European security) and has reaffirmed the importance of transatlantic relations and of the continued US security presence in Europe. The adoption of a Declaration on the Transatlantic Bond is indicative of the recognition of the importance of the NATO-EU relationship, considered essential

In fact, the recognition of the growing frequency of hybrid threats, such as cyber warfare and terrorism, is essential when reflecting upon the direction towards which NATO-EU relations should aim

by the two organizations in addressing hybrid threats. In fact, the recognition of the growing frequency of hybrid threats, such as cyber warfare and terrorism, is essential when reflecting upon the direction towards which NATO-EU relations should aim, as the paper also points out. Here, the challenge that presents itself is a two level one: on the one hand, achieving a common level of cybersecurity within the EU, and on the other, on the transatlantic sphere within NATO. This has been recently highlighted by the European Parliament, including the need for a coherent European strategy to secure critical (digital) infrastructure against cyber-attacks, while also protecting and promoting citizens digital rights and freedoms.

Undoubtedly, as recent tragic events in Paris and Brussels have shown, information sharing and cooperation in the field of intelligence has become another major area of collaboration. Within the EU, this has most recently been illustrated by France’s

invocation of article 42.7 of the TEU. In fact, cooperation in this field has been a major pillar in this framework.

The paper touches frequently on the challenge of defence budgets and unequal contributions. Indeed, the 2008 economic and financial crisis led to a reduction in national defence budgets within the EU. Moreover, the lack of a coordinated and strategic approach to defence cuts led to the risk of jeopardising the Unions strategic autonomy. As mentioned in the paper, while recovery is on its way; new challenges to national budgets have rekindled resistance to increased spending. At the same time, however, the Wales Summit saw extensive commitment from European NATO states to stop the decline in defence budgets. However, as rightly pointed out in the paper, the focus should not be limited to financing, but should focus more on maximizing efficiency through new tools and instruments and cooperation in the utilisation of all existing capacity. It has been pointed out that significant efficiency gains and economies of scale could be achieved by EU Member States and thus also NATO, namely by addressing the duplications and limited interoperability of national military structures. The development of military capabilities by pooling and sharing would also directly strengthen NATO. The larger question here is to what extent do EU and NATO Member States have the political will to adjust their foreign policy and military tools to deal with the new security challenges?

To conclude, the paper's observations are overall astute and realistic in acknowledging the unpredictability and instability of the current security environment and the need for reevaluation and optimization of crucial capacities shared by the two organizations, as well as collaboration and sharing, not only of material capacities, but also of intelligence and information gathering systems.

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# 6. 3. 1. Middle East: The Utility of Intervention

SUBMITTED BY

Diego Garcia Represa, Jennie Barker,  
Katherine Krudys, and Mikaela Rabb

## OBSERVATIONS

The Transatlantic Relations Workshop observes the following:

1. In the wake of the terrorist attacks in Paris, some EU member states took a more active role in the coalition against ISIS. Despite this military participation in the fight against ISIS, the EU lacks a coherent policy for action in the region.<sup>1</sup> We believe that the EU needs to develop a coordinated, long-term strategy towards the Middle East.
2. The dominant position on the Syrian conflict has been the tottering liberal internationalism that has marked Western foreign policy in the Middle East for the last two decades. Following this doctrine, the EU reacted to the Syrian uprising of 2011 by demanding the exit of Assad as a leader when he decided to brutally repress his own citizens, which has limited possible solutions to the conflict.
3. Furthermore, the refugee crisis and recent terrorist attacks in France and Belgium have given rise to xenophobic populist arguments, which question the viability of the Schengen Agreement and the EU itself. In order to secure its stability, the EU must now develop a smarter response to the Syrian conflict. Given the lessons drawn from earlier Western unilateral initiatives, the EU must avoid unilateral action and instead seek to act as a mediator and to involve regional powers.

<sup>1</sup> Fantz, Ashley, "Who's doing what in the coalition battle against ISIS," *CNN*, 4 Oct. 2014, Web, 13 Jan. 2016.

4. Turkey represents one of the EU's most important partners in the region. However, the EU has failed to address Turkey's renewed conflict with the Kurdistan Workers' Party (PKK) in its southeast, as well as its worsening track record with human rights. Turkey's conflict with the PKK detracts from the battle against ISIS as Turkey has prioritized fighting the Kurds over fighting ISIS. Turkey's refusal to work with the Kurdish Democratic Union Party (PYD) and its military affiliate, the People's Protection Units (YPG), who also have been the most effective force against ISIS in Syria, jeopardizes its ability to combat extremism in the region. Furthermore, this renewed conflict threatens to bring further instability to Turkey, which will bring the conflicts in the Middle East even closer to the EU's doorstep. The EU must address Turkey's role in fostering further instability in the region in order to integrate Turkey into a smarter response to the conflicts in the region.
5. The EU faces a challenging contradiction in its policies towards the Middle East, either accused of being too interventionist and neo-imperialist or too passive. Though the threat of ISIS has dominated the discourse surrounding the EU's approach to foreign affairs in the Middle East, these piecemeal and reactionary policies fail to address the underlying conditions in which insurgent groups like ISIS arise. Looking beyond ISIS, the EU must develop a strategy in the Middle East that both promotes stability and democratization, building solidarity between Middle Eastern countries much like what exists within the EU.

## POLICY VISION

The Transatlantic Relations Workshop believes that:

- I. The EU's effort to unlock a diplomatic solution must focus on the surge that originally ignited the conflict, which is Assad. However, with the support of Russia and Iran, Assad's chances of military victory are now higher than ever. The EU could demand Russia to stop its campaign, but that would only slow the final defeat of Daesh, which is also in the interest of the EU. It could allow Russia to continue its operations, but that would only serve to destroy whatever is left of the moderate Free Syrian Army; and yet, if the EU joins the anti-Daesh campaign, it will somehow be endorsing the

illiberal regime of Damascus who has massacred its own population. The last option is a combination of diplomacy with minimum direct military implication against Daesh, in a team effort with the big players in this crisis that have what it takes to bring back stability: Russia, Iran, and Turkey.<sup>2</sup>

2. Turkey is a critical partner in the EU's quest to work with regional actors in order to combat Daesh and bring peace to Syria. The EU should engage with Turkey while simultaneously holding firm on its principles of accession and using caution with what carrots it does offer Turkey, as it can afford to do so. Given the tense political climate in the EU and the ongoing repression of dissent and declining democratization in Turkey, it is highly unlikely that Turkey will become a member of the EU anytime soon. The EU should refrain from making promises it cannot or will not keep, because offering such unlikely goals could negatively influence relations between the EU and Turkey in the future. Instead, the EU should offer more realistic benefits, such as economic assistance, given that the Turkish economy is currently weak.
3. A first step in this direction is recognizing that, although Turkey has held leverage over the EU in terms of refugees, Turkey is currently operating from a weakened position in the international realm having recently lost many allies. Turkey has little place to turn to but the West, both economically and politically. Furthermore, Turkey can no longer avoid dealing with ISIS. The January 12, 2016 suicide bombing in the heart of Istanbul is but one example that indicates that ISIS poses a threat to Turkey itself, not just to Kurdish targets within Turkey. The EU should capitalize on this window of opportunity presented by Turkey's international weakness and the growing threat of ISIS and exert leverage on Turkey to broker a ceasefire with the PKK, which will both ensure stability in Turkey as well as increase Turkey's involvement in the fight against ISIS.
4. Another approach to bringing long-term stability to the region is to support the development of regional cooperation. Rather than asserting dominance as a superpower, the EU can provide a model for regional cooperation, guided by the belief in free trade, respect for human rights, protection of the environment, and countering extremism. The EU can help Middle Eastern countries create stable peace by encouraging this Free Trade Agreement. With increased

<sup>2</sup> Luay Al Khatteeb and Abbas Kadhim: "How To Work With Russia in Syria: What Cooperation Would Look Like" in Foreign Affairs, October 18, 2015.



economic cooperation, these countries would be more aligned financially to the EU's principles in a free market.

5. We believe the EU should utilize its normative and soft power, supplementing and even holding priority over military actions in previously unexplored ways. Thus, even if individual member states, particularly France, wish to engage in military action, the EU as an organization should focus on soft-power solutions. The EU's strengths are its proven leadership and success in diplomatic mediation, such as Lady Catherine Ashton's lauded work with the Iranian nuclear negotiations. In particular, it should support movements toward regional cooperation that has set a strong foundation in creating an EU model within the Middle East. The EU can also foster democratization by supporting the emerging wave of liberalization and democratization in the Middle East.
6. In terms of a military strategy, a pragmatic approach against Daesh will disregard full military intervention as the best way to both stabilize the region and diminish the terrorist threat in Europe. The lessons drawn from similar counter-terrorist and state-building initiatives have only resulted in long asymmetric wars, thousands of victims, and increased sectarianism.<sup>3</sup> Decades of misguided Western policies in the Middle East have left the Arab and Islamic world resentful, and that resentment fuels Daesh's long-term strategy, which is expansion.<sup>4</sup> To be successful, Daesh ideologues need to sharpen the conflict between Muslims and get the West involved in a new Middle Eastern quagmire. Then, its false narrative about the West's inevitable conflict against Islam will have become a self-fulfilled prophecy. The strategy for the EU is simple: not to fall into the obvious trap and use its laws and security forces accordingly to avoid creating more terrorists.<sup>5</sup>
7. Therefore, the EU members participating in Opération Chamma and those willing to respond France's invocation of the Mutual Defense Clause of the Lisbon Treaty (article 42.7) after the Paris attacks in November 2015, should coordinate their efforts with the campaigns and strategies of other actors. They should assist in efforts to minimize Daesh's visible presence and target the three systems holding it together: the chain of command and control, their supply lines, and their economic centers. In this regard, the

3 Rothkopf, David: "Our Reaction to Terrorism Is More Dangerous Than the Terrorists", in *Foreign Policy*, November 25, 2015.

4 Wood, Graeme: "What ISIS Really Wants," in *The Atlantic*. March 2015.

5 Walt, Stephen: "Don't Give ISIS What It Wants" in *Foreign Policy*. November 16, 2015.



EU members that have agreed to participate would act as a force multiplier and the campaign will only need to reverse the current trends and ease conditions for the political process.<sup>6</sup>

8. The real strategic interest for the EU is a quick end of the Syrian conflict, not deciding who rules in Damascus, and Assad realistically represents the path that might return Syria to the relative stability of the pre–Arab Spring days. For this reason, the EU must stop demanding a regime change, at least not as a precondition to peace. This does not mean that the EU must be supportive of a dreadful regime that has slaughtered thousands and caused the exile of millions. It means the EU must support a region that is struggling to find a path between the secular nationalism that has dominated the state system since the Sykes-Picot Treaty and the radical branch of Islam at war with modernity.
9. Russia presents a problem because the Kremlin’s priority so far has been propping up Assad and not attacking Daesh.<sup>7</sup> However, the Russians probably realize that their Shia coalition with Iraq, Iran, and Hezbollah may eventually align all the Sunnis against them, which might motivate jihadists to bring the fight to Russian heartland.<sup>8</sup> For this reason, the EU should persuade Assad and Russia to shift the focus of their attacks exclusively to Daesh, while Brussels offers its help as the mediator with the representatives of the SOC and non-jihadist forces. In exchange, the EU could agree with the Russian and Iranian road map for a constitutional amendment process of article 8 of the 1973 Syrian Constitution (which states the hegemony of the Baath Party), pledge to revisit Syria’s 2011 election law and its local election laws, and accept that Assad can participate in future elections.

6 Adamsky, Dmitry: “Putin’s Syria Strategy” in *Foreign Affairs*. October 1, 2015.

7 Jolyon Howorth: “The Russian Incursion into Syria: Five-dimensional Chess” *European Geostrategy*. November 4, 2015.

8 Adamsky, *Foreign Affairs*

## PARTICIPANTS' STRATEGY

The participants of the Transatlantic Relations Workshop in order to realize their vision intend to:

1. Call for the EU to immediately drop its policy of “Assad must go” as a precondition to the peace process. The EU must support UN Special Envoy Steffan de Mistura in the negotiations at the new peace process set at Geneva III, which is intended to achieve two critical goals: a ceasefire and a roadmap for a government of national coalition in elections in 2017. In return for accepting Assad as a short-term solution, the EU should first lobby for amnesty for the Syrian Opposition Coalition (SOC) and non-Daesh-aligned Sunni groups who are willing to put down their arms. Likewise, the EU and allies must recognize that groups who switch sides must also be welcomed. Rebels would be allowed to keep their weapons, but only to defend themselves from Daesh and other Salafi-jihadist groups like al-Nusra Front and Ahrar al-Sham. We call on the EU to continue supporting the SOC for several reasons. First, the SOC represents the only viable alternative that can sit at the negotiation table in order to achieve a settlement with Assad. Second, the SOC military forces are the only reliable force against ISIS since Assad and Russia have been reluctant to attack ISIS forces.
2. As participants, we encourage the EU to put pressure on the Turkish government to return to negotiations with the PKK and reinstate the ceasefire that collapsed in July 2015 for two reasons. First, doing so will help secure Turkey's inner stability.<sup>9</sup> Second, a ceasefire would allow Turkey to focus its resources on solely combatting ISIS. Although Turkey has dragged its feet in the past, we argue that attacks like the Istanbul suicide bombing will likely sway Turkey into definitively fighting ISIS, especially if ISIS continues to attack tourist targets and Turkish citizens. We recommend as a concrete first step that the EU condition further economic assistance on the reestablishment of contact between Abdullah Öcalan, the imprisoned PKK leader, and members of the Kurdish opposition.
3. In order to promote and secure a ceasefire, we do not limit our calls to action to the Turkish government. We also urge the EU to condemn the PKK's declarations of autonomy, which inflames Turkish

9 Stein, Aaron. “ISIS Changes Tactics in Turkey.” *Atlantic Council*. January 12, 2016. Accessed January 13, 2016.

public opinion.<sup>10</sup> This will assure Turkey of the EU's support in protecting Turkey's borders. The EU should also condition its engagement with the PYD and YPG on their agreement to not declare independence and implement inclusive policies of other ethnic groups in the area it controls. Similarly, the EU should also not support the YPG outside of Kurdish areas in Syria, which intensifies Ankara's nervousness about Kurdish autonomy at its borders.<sup>11</sup>

4. To create a strong foundation for stability in the region, we call on the EU to promote economic cooperation between Middle Eastern states and with EU member states. Despite shared political, security, economic, and environmental issues, the Middle East remains one of the least integrated regions in the world, primarily to weak states. Thus, in order for any form of regional cooperation to emerge, strengthening state capacity must be a top priority. Luckily, the wave of democratization and liberalization that the Arab Spring heralded could provide the necessary forces to guide Middle Eastern states towards political and economic success. While the EU cannot actively create Free Trade Agreements between Middle Eastern countries, we call on the EU to urge greater economic cooperation among Middle Eastern states, perhaps conditioning agreements with the EU on progress of cooperation between Middle Eastern states. The EU could use some economic leverage here, particularly in energy. As EU states comprising a large share of oil imports, the EU plays a crucial role in the economic success of the region. Similarly, the EU leads in technological innovation in clean energy, providing the necessary capital to promote energy diversification in the Middle East.
5. Beyond introducing new free trade agreements with Middle Eastern countries, the EU provides a model for regional cooperation not seen elsewhere in the world. We call on the EU to utilize this normative and soft power to give greater legitimacy to Arab League. In the long term, regional integration challenges the narrative that the West is fundamentally against Islam, reducing the credibility of grievances under which extremist groups like ISIS form. Here, universities play a crucial role, with partnerships between European and Middle Eastern universities, bolstering the younger, more liberal, and democratic aspects of society.

<sup>10</sup> International Crisis Group. *A Sisyphean Task? Resuming Turkey-PKK Peace Talks*. Washington, D.C.: International Crisis Group, 2015. Accessed January 13, 2016.

<sup>11</sup> Salih, Cale. *Turkey, the Kurds, and the Fight against the Islamic State*. London: European Council on Foreign Relations, September 2015. Accessed January 27, 2016.

## 6.3.2. Response

### to 6.3.1. Middle East: The Utility of Intervention

Monika Nogaj

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The European Union's foreign and security policy is a complex subject that many fail to grasp. This is even more so in case of the EU's policies towards the Middle East. I therefore applaud the authors' attempt to make sense of the EU's role in the region.

As the authors rightly observe, the EU lacks a coherent policy for action in the region. However, this is for many good reasons. The most important being that the Middle East itself is not a monolith. Even though the majority of people living in the region practice Islam, they are split into two main branches of Islam, which are often at odds with each other. Although a large majority of the region's population is Muslim, not all of them are Arabs and the region itself lies at the crossroads of three main monotheistic religions: Christianity, Judaism, and Islam. The disparities in political, social, and economic development between individual countries are also clear.

Another reason has to do with the EU's own decision-making process. The positions adopted by the EU need to represent a consensus between 28 Member States with often overlapping, but sometimes conflicting interests. Therefore, reaching consensus on foreign policy and security issues is a complicated process, one that I am sure the authors themselves have experienced while compiling their text.

Nonetheless, the EU has adopted several policy documents that lay down its vision and objectives for the region. The EU is committed to achieving a two-state solution and opposes Israel's settlement policy and actions taken in this context. The EU's regional strategy for Syria and Iraq, as well as the ISIL/Da'esh threat adopted in 2015, lists the priorities for their political, humanitarian, and security engagement. Finally, the EU supports the countries in the region—in particular Turkey, Jordan, and Lebanon—in addressing the challenges associated with the migration

of Syrian refugees. These are just a few examples.

Concerning concrete observations and suggestions made by the authors, three of them are particularly relevant for the ongoing debates about the region.

First, the authors rightly observe that decades of misguided Western policies in the Middle East left the Arab and Islamic world resentful and that resentment fuels the ISIL/Da'esh long-term strategy. Following the protest in Tunisia, Egypt, Libya and Syria, the European Union has been among the first world powers to acknowledge the shortfalls of the past policies. However, we were also quick to re-adjust our policies by rejecting authoritarian regimes and providing support for nascent democratic forces.

Following the protest in Tunisia, Egypt, Libya and Syria, the European Union has been among the first world powers to acknowledge the shortfalls of the past policies. However, we were also quick to re-adjust our policies by rejecting authoritarian regimes and providing support for nascent democratic forces.

This is also true for the ongoing conflict in Syria. The authors claim that the EU's opposition to President Bashar al-Assad's regime has limited possible solutions to the conflict. Yet, the EU's position in that respect is compatible with a broader international consensus. On many occasions, the EU expressed its unequivocal support for the work of the plan laid down in the UN Security Council Resolution 2254 and the work of the UN Special Envoy for Syria Staffan de Mistura.

Second, the authors stress that the EU must develop a strategy in the Middle East that promotes both stability and democratisation, building solidarity between Middle Eastern countries. They also argue that the EU must avoid unilateral action and instead seek to act as a mediator and involve other regional powers. In fact, this has been the cornerstone of the EU's engagement in the region ever since the Barcelona Declaration was signed in 1995, strengthened by the launch of the European Neighbourhood Policy in 2004, and the Union for the Mediterranean established in 2008. Along with the 28 EU member states, 15 Southern Mediterranean, African, and Middle Eastern countries are engaged in regional and sub-regional projects in areas such as economy, environment, energy, health,

migration, and culture. Following the wave of democratic revolutions across the region, the EU has also substantially revisited its policy to support the political transition in the countries across the region. In 2015, the EU revised its neighbourhood policy with the aim to achieve greater differentiation and mutual ownership, recognising that not all partners aspire to

In 2015, the EU revised its neighbourhood policy with the aim to achieve greater differentiation and mutual ownership, recognising that not all partners aspire to EU rules and standards, and reflecting the wishes of each country concerning the nature and focus of its partnership with the EU.

EU rules and standards, and reflecting the wishes of each country concerning the nature and focus of its partnership with the EU. The EU is also committed to strengthening regional integration processes, in particular the role of the League of Arab States, the Gulf Cooperation Council, and the Organisation of Islamic Cooperation. Therefore, the authors' claim that the EU's approach to foreign affairs in the Middle East has been dominated by the threat of ISIL/Da'esh at the expense of addressing root-causes of radicalization in the region is not entirely correct.

Finally, the authors observe that Turkey is the EU's most important partner in the region and that partnership with Turkey is critical for the EU's quest to work with regional actors in order to combat ISIL/Da'esh and bring peace to Syria. Consequently, they call for a broader EU support of Turkey. Indeed, the EU recognises the important role that Turkey plays in the region, especially with regard to addressing the consequences of the civil war in Syria and the influx of refugees to the European Union. In solidarity with the Turkish government, the European Union established a special fund called Facility for Turkey with the budget of three million Euro in 2015. In March 2016, the European leaders and Turkey agreed additional measures were needed to address the ongoing refugee crisis. Despite this enhanced cooperation, the EU cannot turn a blind eye on declining democratisation in Turkey, a fact that the authors mention as well.

In addition to the points above, the authors may want to reflect further on some of their points, which are not entirely consistent. For instance, the authors call upon the EU not to engage in any unilateral action in the Middle East, which in any case is far from true, but at the same time ask the EU to use its economic leverage to force closer economic cooperation between countries in the region. Similarly, they highlight the importance of the EU's partnership with Turkey, but at the same time call for the EU to capitalise on the window of opportunity presented by Turkey's international weakness, which is not how real partners behave. Finally, while recognising crimes committed by the Assad's regime, they view him as the guarantor of stability.

To conclude, I do share the authors' belief that in order to be an effective player in the Middle East, the EU needs to strengthen its existing networks across the region. The parliamentary diplomacy plays an important role in that respect. Our role at the European Parliament is to push Member States in the Council to be more ambitious in their approaches. The EP also speaks truth to the leaders in the Middle East (and beyond) whenever civil liberties and democratic standards are violated. In this respect, the Sakharov Prize awarded by the European Parliament recognises and supports the role of human rights defenders across the world.

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## 6.4. The Relationship with Russia: Balance Against or Cooperate With?

SUBMITTED BY

Adriana Popa, Anna Hunter, Crispinus Lee,  
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### OBSERVATIONS

The Transatlantic Relations Workshop observes the following:

1. Russia's interference in the civil war in Ukraine, its annexation of Crimea in 2014, and its continuous support for separatist groups in eastern Ukraine, together with the tepid diplomatic and economic response from the EU, have led to the biggest rift in EU-Russia relations since the Cold War. According to several commentators, the EU and Russia are heading towards a protracted stalemate and a serious deterioration in their relations,<sup>1</sup> and it is almost certain that the Russian challenge to European stability is not likely to go away anytime soon.<sup>2</sup> Given this worrisome increase in Russian aggression, Russia's involvement in the Middle East, and its signalled willingness to use sensitive areas (such as energy) to manipulate or coerce European nations into a Moscow-favored course of action, a robust response strategy from Europe will be needed to resist Russia's "revisionist" approach.
2. Russia's intervention in Syria raises questions about Western attitudes towards the Kremlin as an international player but also re-introduces new regional and sectorial dynamics regarding a re-inforced Assad regime, a resurgent Iran, an increasingly nervous Turkey, and an economically unstable Saudi Arabia. This is shifting the balance of power between the Shia and Sunnis. Whether the

<sup>1</sup> Robert Schuman Foundation, "What Should Europe's Policy Be Towards Russia?," "European Issues" #349, March 2015

<sup>2</sup> Rehman, Iskander, "Radioactive in Riga: The Latvian Nuclear Standoff of 2018," Art of War, November 2015, <http://warontherocks.com/2015/11/radioactive-in-riga-the-latvian-nuclear-standoff-of-2018-part-i/>



Russian intervention will eventually become a curse or a blessing from the European perspective will hence largely depend on Europe's own interpretation of the events, and its capacity to respond in coherent and coordinated way.

3. The EU recently implemented its third round of sanctions against Russia. The current sanctions are scheduled to last until June 31, 2016. The sanctions have hurt Russia's economy, causing it to slump into a deep recession.<sup>3</sup> The economy contracted 3.7 percent in 2015 and the International Monetary Fund forecasts that, if sanctions over Russia's invasion of Ukraine continue, they could "shrink the economy by as much as 9 percent over time."<sup>4</sup> The sanctions are intended to force Russia to comply with Minsk II and return Crimea to Ukraine. Thus far, Russia has not complied, which indicates more sanctions are necessary.
4. Sanctions against Russia are estimated to have cost the EU almost €100bn.<sup>5</sup> This has made some EU countries reluctant to uphold the sanctions regime, creating tensions within the EU. EU member countries can be roughly categorized in three groups based on their favorability towards sanctions:
  - a. Group A consists of countries, which have either directly spoken out against sanctions, or indicated reluctance to pursue them. These countries are mostly located in Western Europe, with the most significant being Germany and France.
  - b. Group B consists of countries, which have quietly cooperated with EU sanctions, but have not spoken out in favor of them. These countries, the most powerful of which is the UK, can be classed as roughly neutral.
  - c. Group C consists of countries strongly in favor of sanctions; some of these countries have even advocated more extensive sanctions. Group C includes Estonia, Lithuania, and Poland, as well as some Scandinavian countries.

It is to the benefit of all EU countries to maintain cooperation and close coordination. The gap between countries in Group A and in

3 Matlack, C. (2016, January 28). "Russia's Great Shift Downward." *Bloomberg*.

<http://www.bloomberg.com/news/articles/2016-01-28/russia-s-economy-faces-long-term-decline>

4 Thompson, M. (2015, August 4). "How badly have sanctions hit Russia?" *CNN*. <http://money.cnn.com/2015/08/04/news/economy/russia-sanctions-impact-imf/>

5 Sharkov, D. (2015, June 19). "Russian Sanctions To 'Cost Europe €100BN'." *Newsweek*. <http://europe.newsweek.com/russian-sanctions-could-cost-europe-100-billion-328999>

Group C needs to be closed. EU strategy with regards to Russia must have the full support of a majority of EU members.

5. In relation to Russia, the CSDP must be recognized as a machine that operates within a comprehensive framework that recognizes areas in which cooperation with the Russian Federation is feasible or not advised. From this, the European Union must derive and guide European trade and security policy with the Russian Federation and its associates in the Eastern European region. The categorization of issues in this framework is justified by the fact that previous interactions have deteriorated relations in the region. Europe must first begin to understand states in the Russian sphere in a manner that recognizes the extent of inherent Russian interests and accordingly vary its approach to certain states, such as Belarus and the Ukraine.

## POLICY VISION

The Transatlantic Relations Workshop believes that:

- i. A new, well-informed, and realistic European strategy toward Russia must be based on categorizing regions and thematic interests as either flexible or inflexible.
  - a. Flexible areas, henceforth referred to as “purple lines,” are those in which some degree of cooperation is possible, and/or has already been achieved. These include the former Communist countries in Eastern Europe that were never part of the USSR (such as Romania and Bulgaria). Russia did not intervene when, after 1989, these countries forged a new, pro-Western path. These countries and Russia have even collaborated on areas such as energy.
  - b. Inflexible areas are those where little to no negotiation or agreement is possible. Brussels’ inflexible areas will be referred to as “blue lines,” while Moscow’s inflexible areas will be referred to as “red lines.” Ukraine, for instance, constitutes a red line. The invasion of Ukraine clearly demonstrates Russia will not shy away from unilateral, military action to maintain control over what it claims is a vital strategic area.

Although regional security concerning Eastern Europe is likely a blue line, transnational security is a purple line, given Russia's willingness to cooperate on the matter of global terrorism, proliferation of WMDs, information warfare, corruption, subversion, and other global threats.<sup>6</sup> It is important to note that geopolitical conditions may change, and consequently the categorizations.

2. The EU must contain the growth of Russian influence inside the EU and particularly in its eastern neighborhood.<sup>7</sup> It would be a mistake for Europe to accommodate Russian actions, especially if it does so with the hope that Moscow will return the favor, and that Russian aggression is justified as a defensive measure. President Putin has identified redefining the terms imposed on Russia at the end of the Cold War as his strategic priority, and Russian aggression aims at this goal, especially in Eastern Europe.<sup>8</sup> It has become obvious that Russia sees constraints on its ambitions as threats.<sup>9</sup> The EU must respond to Russian aggression with toughness in Eastern Europe, but it should also vigorously approach the areas where compromise is possible.
3. One such area is the conflict in Syria. At first glance, the risks entailed in the Russian intervention for European security and unity seem straightforward and significant. One may reasonably interpret the Kremlin's decision to militarily intervene as yet another episode of the Kremlin's aggressive strive to re-establish its former great power position in the world and as a further move to test how far the West can be pushed after the intervention in Crimea. Moreover, the fierce and violent tactics applied by the Russian forces—such as carpet-bombings—risk further escalating the conflict by invigorating support for Daesh.
4. In spite of this concern, it is crucial to also recognize the potential for a strategic regional understanding with Moscow and the opportunity to improve relations with Russia more generally. Both Russia and the EU have shared interests in combatting Daesh. Precisely because Moscow's grand strategy is heavily dominated by realpolitik calculations, it is likely that the Kremlin would be open to some kind of limited regional cooperation with the Europeans to defeat Daesh, even without concessions in Eastern Europe. The condition *sine qua non* for such an understanding is, however, the EU's ability

6 Olikier, Olga, "Unpacking Russia's New National Security Strategy," *CSIS*, January 2016.

7 Schuman Foundation, March 2015

8 *Ibid.*

9 Olikier, January 2016

to act in a unified, coherent, and strategic way.

5. Only if the EU is able to act as a strong and monolithic negotiating partner, will it be able to demonstrate to Moscow the futility of all destructive attempts of divide and conquer on the one hand, and the potential for mutual strategic benefits, even in a regionally limited understanding, on the other hand. As these potential benefits are significant for Moscow, it is likely that European negotiators will still be able to convince Russia to engage in such a limited understanding. In order to be able to negotiate in such a unified and strategic way, EU member states must first confidentially define their common priorities. The EU should then designate a single body with a monopoly on negotiations. Should the EU and Russia meet bilaterally, the EU must also be prepared to strike symbolic compromises in its treatment of Russia as an equal partner and in its rhetoric towards Russian domestic affairs.
6. Either the EU may scale back sanctions despite Russian non-compliance with Minsk II, or it may maintain the sanctions regime until Russia complies, threatening increasing sanctions given continued non-compliance. While either option would be unpalatable to certain EU member nations, maintaining “smart sanctions” and continuing to target individuals and specific corporations is ultimately the best option. Although traditional sanctions have not yet altered Russia’s behavior, increased smart sanctions are more likely to force Russia’s hand vis-a-vis Ukraine.<sup>10</sup> In addition, the EU can afford to maintain sanctions against Russia.<sup>11</sup> Sanctions may make economic conditions in the EU uncomfortable, but a further emboldened Russia would prove more costly and dangerous to the EU than sanctions.
7. The EU must develop a strategy, however, for appeasing those member states in Group A, which are opposed to sanctions. In addition, it must provide Estonia, Lithuania, and Poland with additional security assurances. In order to preserve EU cohesion, members of Group A must be made to feel that continuing sanctions is in their best interest. Group C countries can accomplish this by offering to help Group A countries with the immigration crisis in order to relieve some of the financial burden sanctions cause. The European Commission has developed a plan, which would relocate 40,000 migrants currently in Italy and Greece to other EU states,

<sup>10</sup> On the efficiency of “smart sanctions” see O’Sullivan, Meghan, *Shrewd sanctions: statecraft and state sponsors of terrorism*, Washington, D.C. : Brookings Institution Press, 2003.

<sup>11</sup> Christie, E. H. (2015). Sanctions after Crimea: Have they worked? *NATO Review*. Web.

based on an equitable distribution. Those countries that have accepted the most Syrian refugees are disproportionately in Group A.<sup>12</sup> However, Estonia, Lithuania, and Poland—those countries most devoted to further sanctions—have taken less than half of the migrants proposed.<sup>13</sup> These countries should agree to resettle refugees from Group A countries to compensate for renewed commitment to sanctions.

8. Categorization of lines will depend on aspects such as party relations, previous commitments, scale of economic relations, and any official agreements that continue govern the relations between the state in question and Russia or the EU.
9. The EU should engage in public diplomacy in order to foster support and transparency about European actions. Such engagements should include emphasizing European values in order to clarify Europe's purposes and specifying the conditions of cooperation (namely, respect for human rights) with Russia in areas such as Syria. The EU should explicitly publicize Russia's help in defeating Daesh in order to reintegrate Russia into the international community.

## PARTICIPANTS' STRATEGY

The participants of the Transatlantic Relations Workshop in order to realize their vision intend to:

1. Call on the EU to carefully calibrate their sanctions against Russia: it is important that the EU deliver a strong message of consistency and continuity in the face of Russian aggression by maintaining the sanctions related to Russia's occupation of Crimea and imposing further smart sanctions. More importantly, by foregoing more drastic punitive measures, such as Russian exclusion from the SWIFT financial communication system or restricting EU investment in the Russian gas sector, the EU can still escalate its sanctions if the situation deteriorates further, and offer rewards should

<sup>12</sup> Aisch, G., Almkhatar, S., Lai, K.K.R., Park, H., & White, J. (2015, December 22). "Countries Under the Most Strain in the European Migration Crisis." *The New York Times*. Web.

<sup>13</sup> Harris, C. (2015, August 7). "Who are the six EU countries with shortest memories on migration?" *Euronews*. Retrieved from <http://www.euronews.com/2015/08/07/who-are-the-six-eu-states-with-short-memories-on-migration/>

Russia change its position.<sup>14</sup>

2. Advocate for the EU to give Ukraine financial, rather than military, assistance: economic sanctions have not decisively deterred Putin from escalating the conflict, and military aid could allow Ukrainian forces to better defend against the separatists and Putin's aggression. Both of these mechanisms could drive Putin to the negotiating table, but Angela Merkel's 2015 point at the Munich Security Conference was accurate: because President Putin has both the ability and the motive to escalate further than the West, there is little hope for a military solution to the Ukrainian conflict. However, economic assistance to Ukraine would be timely and effective. The most efficient form of assistance is in the form of grants and humanitarian aid, not loans, and conditional on Ukraine's implementation of key reforms. This aid to Ukraine would benefit its economic growth, reduce dependence and economic manipulation from Russia, and the humanitarian aid would be primarily transferred to eastern Ukraine (the Donbass specifically) in order to better current living conditions. In exchange for the assistance, a mechanism or body will oversee and regulate the appropriation of funds and supplies sent to Ukraine, and in return, Ukraine must increase transparency and continue eliminating corruption and vulnerability to corruption (possibly in the form of severe corruption penalties or legislation).
  
3. Encourage the convocation of an international summit on Syria: as the Russian intervention in Syria seems to have put European Foreign policy makers at a crossroads to decide about Europe's geostrategic priorities either in its Eastern or its Southern neighborhood, it would be in the European interest to seize the initiative to take Moscow at its word and to convoke an international summit on the situation in Syria before individual member states may do so and thereby undermine European cohesion. At this occasion, separate negotiations between chief European decision makers and Russia should be held whereas Europe would have to speak and negotiate with one voice, putting forward a clear set of offers and demands to Moscow. This process would, of course, need to be coordinated with the US to avoid friction. Thereby, differences in regional vulnerabilities and interests between the transatlantic partners should also be recognized as chance for Europe to function as regional mediator between Russia and the US. If pursued in a coordinated, determined, and coherent way, such negotiations

<sup>14</sup> Schuman Foundation, March 2015

may eventually yield to mutually beneficial results for all parties in Syria, whilst easing relations between Russia and the West more generally.

4. Present the refugee cooperation plan to Poland, Estonia, and Lithuania and attain their cooperation. These countries should then meet with Group A countries and present them the plan. Once this agreement is secured, Poland, Estonia, and Lithuania can make plans to incorporate the necessary number of migrants. The EU will draft a resolution assuring further sanctions should Russia cross a red line in the Ukraine.
5. Utilize civil society organizations (outside of Russia) such as European Horizons to play an intermediary role. Since European Horizons is located in the United States, it can function as a mediator to relay European interests to U.S. interests groups and political platforms. Such projects can include campus campaigns and engaging members of Congress or think tanks that recommend foreign policy decisions.





