

## **Discussion Paper**

# **“The Future of the enlarged European Union and its neighbourhood”**

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## **Europe's Future**

2004 is another vital year in the history of European integration. Nearly 15 years after the fall of the Iron Curtain, the European Union will expand by 10 new member states in May 2004. The link to the European Union becomes thus the continent's central construction principle. With eight Central and Eastern European states joining the European Union, the division of Europe will be surmounted and its perspective will encompass the whole of Europe. With this step, one of the essential objectives of European politics is achieved – to consider Europe as a whole, even though there are still more European states waiting to join.

At the same time, integration has reached a level that almost compulsorily raises the question of the finality of European integration. Where does the idea of Europe lead to in the end? In view of EU enlargement, older perceptions of geographic limits to European integration have become obsolete. Thus the question of European identity imposes itself on us. In other words: Which states should be part of Europe and which states should not?

Further important issues are the security identity and the development of military capabilities to face the new security threats. Europeans need to define their relationship to main actors of international politics and their position to crucial security questions in a new way.

In this view, an improved co-operation with the countries of the Gulf region covering not only security aspects, but also trade, energy and education is significant to the European Union.

### **History in quick-motion**

Under which conditions does the larger Europe have to meet the new demands? For several years, history has taken place in quick-motion. One simply has to consider the events that took place in Europe during the last one and a half decades. In a relatively short amount of time, the old continent has seen the end of an international conflict which had up until then dominated international relations and whose threatening aspect had served as a facilitator for European integration. At the same time, an ideology claiming universal validity has declined. Europe has witnessed the disintegration of a world power.

The transition in Central and Eastern Europe and the German re-unification fulfilled the long-time desire for

freedom of millions of people. The end of bi-polarity meant simultaneously partial segmentation of power as well as freeing international conflicts from great disciplinary ties. Consequently, (even) violent acts and war re-erupted on the old continent.

Finally, we witnessed a landmark event in European history: the introduction of a common currency. Europe can now be experienced in every-day life through the common money. Thinking in European dimensions is thus influencing the perception of Europeans in a totally different way.

The two major modernisation processes taken together – the far-reaching completion of the common market culminating in the introduction of the common currency on the one hand and the impressive achievements in Central and Eastern Europe concerning the transition towards democratisation and market economy on the other hand – have considerable potential to answer the challenges of international politics and the world market. However, this potential must be used adequately by European political leaders. And time is not standing still.

The European Union after its enlargement is not limited to 25 member states, but is already being directed towards

an even larger Europe whose shape is becoming increasingly clearer. Bulgaria and Romania which have been in accession negotiations with the EU for years, want to join the EU in 2007. Turkey, as potential 28<sup>th</sup> member state, has been granted candidate status; at the end of 2004, it will be decided whether and when the EU and Turkey will enter into definite accession negotiations. An integration of the Western Balkans states into the EU has been outlined in the process of stabilisation and association. It becomes obvious that there has been a vision of a European Union of 30 and more member states for a long time. However, a final image of an integrated Europe cannot yet be determined, since Ukraine as well as the Republic of Moldova have ambitions to join the EU; Belarus could follow after a regime change.

Regarding its internal organisation, the European Union also faces a continuing pressure to change. The Maastricht, Amsterdam and Nice Treaties succeeded one another within short periods of time. Nice had not yet been in force, when the European Convention for elaborating a European constitution was established.

## **Europe's future constitution**

Against the background of the changes within and outside of Europe, one needs to raise the question how well the European Union, after the enlargement, is prepared for future challenges. In particular, how does a European Union of 25 or more member states keep its capacity to act and to organise?

The basic problem of Europe's inner organisation is obvious: The principles for organising the European integration date back to the Rome treaties of 1957. The decision-making processes and the distribution of competencies were designed for a community of six states. This early Europe was rather a politico-cultural ornament for domestic politics. In the following years, this initiative has attracted more and more members and has grown in importance; this led to an enlargement process without a comprehensible strategy. The result is a model *sui generis* lacking a consistent functioning scheme.

In the past, reform efforts from Maastricht via Nice to the European Convention have only partially been successful. This reveals the difficulty to adjust institutions and decision-making processes to the new requirements. So far, the treaties do not create a comprehensive and well-

balanced constitutional system. The Nice Treaty has become a symbol for integration by tiny steps of compromises. A new method of reform needs to be found in order to overcome old blockades in the member states and to give the European Union after its enlargement sound constitutional foundations.

The convocation of the European Convention was an attempt to find urgently needed solutions. With the constitutional project, European politicians wanted to achieve more than just correcting past omissions and mistakes. This is the reasons why the Convention revised the principles of integration in view of improving the EU's transparency, legitimisation and capability to act. After working for 18 months, the Convention consisting of national and European parliamentarians and representatives of the national governments and the commission presented its draft constitution in July 2003. Important principles of joint action and division of labour are systematically laid down in the Convention's draft. The majority principle should transform the co-operation of European politics into governance. The co-decision system in the European Parliament will strengthen the principle of democracy. Systemising the competencies will support the

principle of subsidiarity which organises the division of labour among European and domestic level.

The following key elements will shape Europe according to the model designed in the Convention's draft constitution:

- **Profiling**: The draft constitution envisions a uniform legal personality for the EU, creates a comprehensible order of competencies and lays down the Charter of Fundamental Rights as a legally binding set of values. Thus the European citizens' rights and duties would be comprehensibly recorded as well as the limits to the EU's and the member states' actions.

- **Personalising**: In the future, the President of the European Council should be responsible for determining and implementing EU policies together with the President of the Commission and supported by the new EU foreign minister. This leadership structure would enhance continuity, visibility and coherence in European politics.

- **Parliamentarising**: By strengthening the European Parliament's co-decision rights in regular legislative procedure and because of its comprehensive budgetary powers, the EU would consist of a bicameral system in the future. This corresponds to many European political systems.

- **Politicising**: By strengthening the role of political parties in the European Parliament concerning the election of the President of the Commission, the opposition principle could be enhanced as vital element in political debates and as guarantee for broad media attention. In addition, the struggle for reasonable policies supported by the majority would gain importance if there were more majority decisions in the Ministerial Council.

- **Positioning**: The provisions in the draft constitution concerning security and defence policy would emphasise the EU's mandate for an active role in the international arena. By creating structures of deeper integration among several states, resources within the Union could be concentrated and ambitions focused. This could facilitate the process of determining the position of the European Union in foreign affairs.

In spite of some indisputable flaws, the draft constitution is a step forward. This is why no member state rejected the compromise elaborated by the Convention in principle. The draft constitution was rather welcomed as a good basis for further work.

In all European capitals, the general attitude towards the Convention was a positive one. However, several member

states or groups of member states requested a revision of some critical elements. Among these, there were the composition of the Commission as proposed by the Convention, the distribution of competencies between the future President of the European Council and the future European Foreign Minister as well as the proposal for new voting regulations in the Ministerial Council. This last point, which is crucial for the future distribution of power, finally led to the temporary breakdown of the Intergovernmental Conference at the Brussels summit in December 2003. In particular, Spain and Poland are decidedly against abolishing the system of weighting negotiated in Nice and against introducing the decision-making procedure by double majority for the time after November 1<sup>st</sup>, 2009. Both countries fear a devaluation of their relative weight as potential coalition partners compared with the four largest EU member states and are consequently afraid of losing influence and vetoing power in the Union after its enlargement.

After the breakdown of the European Convention, there is widespread disappointment in Europe. The high hopes for a constitution were shattered for the time being. A great political effort has not shown concrete results. All those who already had doubts about Europe see this as a

confirmation of their reservations – as well as those, who only judge by the moment and do not take into account the historic context.

In troublesome times, one needs to keep one's cool. After all, the current situation offers great opportunities from a historic point of view. The history of European integration shows that breakdowns in constitutional politics have always given impetus for new projects:

- On the basis of the failure of the European Political Community (EPC) and of the European Defence Community in 1954, the Rome Treaties of the European Economic Community and European Atomic Energy Community came into being.
- The failure of the Fouchet plans to create a political union in Europe in 1962 led to the Franco-German Elysée Treaty and the merging of the Community bodies.
- When the European Parliament defined itself as constituent assembly through the first direct election in 1979, it elaborated over years a detailed European constitution under the leadership of the Italian Altiero Spinelli. The text was not passed in the national

parliaments. However, it gave the impetus to the Single European Act organising the Common Market.

The failed Brussels Summit can have the same historic importance. Europe always has to consider its alternatives. Today there are two strategic options for securing the sustainability of the larger European Union:

- Actors in the European political arena are carefully inquiring the possibilities of still adopting the Convention's draft constitution. After all, the objective was only missed by a slight margin in Brussels. What will prevent Europeans from still taking this hurdle this year? It is by far too early to bury the project of the European constitution.
- If the way towards a common constitution remains blocked, the strategic approach of differentiated integration needs to be implemented – either following the regulations of enhanced co-operation on the basis of the Nice Treaty or outside the legal framework. In crucial areas, where the EU has to accomplish tasks similar to governmental functions, those member states willing and able to proceed further would join forces within defined limits. The delay in the constitutional process accelerates a development which the larger Europe will go through anyway: the

strategic redefinition of the unification process through the specific use of instruments of differentiated integration.

### **The International Role of the European Union**

The success of the European project does not only depend on the future internal organisation of the European Union after the enlargement. Whether the larger Europe of 450 million inhabitants can make use of its potential, will also depend on whether the Europeans succeed in creating their own culture of thinking in international dimensions and in implementing it in effective security, foreign and defence policy. Only if Europe finds differentiated forms of co-operation within the Common Foreign and Security Policy, will it be able to contribute to the concert of international powers in a responsible and self-confident way.

The Common Foreign and Security Policy (CFSP) has been established with the Maastricht Treaty in 1991. However, some initial problems had to be overcome, before it could be fully developed. The conflicts in the Balkans made it particularly clear that it was necessary for the EU to develop adequate capabilities to react to such crises. The CFSP was consequently extended by the

development of the European Security and Defence Policy (ESDP). The EU capabilities for crisis management have been proven in various ESDP missions. At the moment, around 700 police forces from EU member states are deployed in Bosnia-Herzegovina and the Former Yugoslav Republic of Macedonia. In 2003, EU military operations have been implemented in Macedonia (with support provided by NATO) and in Congo (without NATO support) in accordance with the respective UN Security Council Resolutions. This shows that the European Union is taking on her increased responsibilities.

The proposals for differentiated forms of co-operation in the framework of the Common Security and Defence Policy represents an important contribution to make European integration more flexible. It serves to avoid possible blockades in a European Union with 25 and more member states by enabling simultaneously Enlargement and Deepened Integration. Instruments of differentiated integration should not divide EU member states in the long run, but should help to overcome national reservations and should pave the way for effective Foreign, Security and Defence Policy.

Particularly the war in Iraq has revealed the sometimes difficult nature of transatlantic relations. Recognising this, the security strategy now describes the transatlantic relations as indispensable. However, this should not be understood as giving dominance to the US.

The EU's strategic radius will expand globally beyond the EU's neighbouring regions. The broad spectrum of tasks should comprise humanitarian tasks and rescue operations, peacekeeping tasks, measures against the proliferation of weapons of mass destruction, as well as military crisis management operations including peace-building measures, demobilisation of conflict parties or support for third states in the fight against terrorism. In supporting a multilateral world order, the EU attaches special importance to the United Nations, the World Trade Organisation (WTO), NATO and regional organisations.

The Gulf Co-operation Council (GCC) being such a regional organisation is a natural partner for the European Union. Even though there have been first steps towards co-operation between the GCC member states and the European Union in the past, the potential for co-operation has not adequately been exploited so far.

## **Why the Gulf Matters**

The Countries of the GCC are of enormous strategic importance for the EU. Their importance is even bound to increase in the 21st century. There are several reasons for this:

(1) The GCC countries are of overwhelming importance for the global supply of fossil energy. They account for almost half of global oil reserves.

(2) The GCC countries have engaged in a determined and relatively successful effort to achieve development and diversification of their economic base.

(3) Due to the geographic proximity the GCC and the EU have common interest in peace and stability in the region, especially with regard to the future of Iraq. Following the European Union's enlargement, notably Cyprus, and the possibility of a Turkish accession will bring both even closer. The security interdependency between both regions will even increase.

(4) Under the Muscat Agreement, the GCC created a Customs Union in 2003. It already guarantees freedom of movement, residence and establishment among its members, making into a natural partner for the EU

although the institutional parallels between both organisations are quite limited.

(5) The GCC countries have consistently supported the policies of the West and have never resorted to violent means for the resolution of conflicts.

However, the GCC countries' importance for Europe has not always been reflected in the European - Gulf relations during the last decades. Even though a co-operation agreement between the European Economic Community and the GCC countries was concluded in 1988, it did not lead to a free trade agreement as expected.

Why were the plans for co-operation between the GCC states and the EU never really implemented? There have been several obstacles:

- The different nature of the two regional organisations has been a problem throughout the relationship. The EU is, as stated earlier, an evolving, and definitely the most advanced, form of regional co-operation. Over time the EU has seen a significant transfer of sovereignty from its member states to the supranational level. In contrast, the GCC is essentially a purely intergovernmental institution, with no transfer of sovereignty to the supranational level. Its level of institutional development is minimal, consisting

of the conferences of the member countries, and a weak secretariat with limited prerogatives.

- European Union member countries having close ties to the Gulf, notably the UK and to a lesser extent France, have not had any interests to "Europeanise" their relations to the Gulf region.
- Inside the EU there was some opposition against a free trade agreement. Notably the European Parliament and several interest groups have been concerned about the impact of such an agreement on European industry. Furthermore, there have been concerns about the human rights situation in the region.

### **Potential for Cooperation**

The EU should regard its relations with the GCC as a special partnership based on key common interests, and be willing to compromise in areas where conflict seems inevitable. The GCC countries differ to some extent from other developing countries, which means that the classical development tools are insufficient. The free trade agreement between the GCC and the EU currently under negotiation is a necessary though by no means sufficient

step to improve relations between the two regional organisations.

In order to help to overcome the unsatisfactory deadlock in EU- GCC relations a broad range of cooperation should be envisaged in areas where a common interest exists:

- A political and security dialogue about regional stability and cooperation;
- A dialogue on human rights and good governance designed to support political development by strengthening good governance, the rule of law and human rights;
- An energy dialogue designed to reduce volatility in a very imperfect market and secure energy supplies in the long term;
- Free trade and integration into the WTO framework in order to open GCC economies and societies to global communication and competition;
- Co-operation in the field of education and human resources to encourage sustainable development of the GCC countries.

I will focus briefly on the political and security dimension, as due to recent developments, the war against Iraq and

the post war situation, regional security is the most pressing topic on our agenda.

Prior to 11th September, European Union - Gulf relations have been seen primarily from an economic perspective - at least from the European point of view. The 1988 co-operation agreement deals almost exclusively with economic co-operation – security and other issues had been neglected. The GCC countries have relied for their security essentially on a strong guarantee from the United States. Since the terrorist attacks on the United States and the following changes in US Foreign Policy, peaking in the US lead war against Iraq last year, security became a topic of increasing importance in relations between the Gulf and the Union.

The EU and the GCC should work together towards the establishment of an institutionalised regional security framework: a Gulf Conference for Security and Co-operation (GCSC) which will include the GCC, Iran and Iraq. The EU, together with the US and Russia will help to facilitate the establishment of this framework and will act as an observer to its proceedings.

Following the intervention in Iraq on the part of the US and the Coalition, the envisaged regional security framework

will need to address the question of the future of Iraq first and foremost. This means, finding an acceptable solution for the future of Iraq, which will permanently remove the threat that Iraq has been under Saddam, and create the premises for regional stability and a substantial de-escalation of military forces.

### **Arab - Israeli conflict**

Besides the Iraqi issue, the escalating Arab- Israeli conflict is the second major concern of both the Union and the GCC. The EU has supported the peace plan put forward by Crown Prince Abdullah and officially endorsed by the Arab League, and is of course actively involved in the Quartet and the implementation of the Road Map proposed by the latter. Even if progress the field of Gulf security should not be made dependent on the resolution of the festering Israeli-Arab conflict, the plight of the Palestinian people has a most direct bearing on the relationship between the Gulf countries and the West in general. Although the US will almost certainly remain the pivotal actor in this field, the EU and the GCC should continue to contribute to creation of a framework for the solution of the

conflict by launching innovative ideas and supporting new initiatives diplomatically and financially.

### **Future of EU- Gulf Relations**

The accession of Cyprus, Malta and, possibly, Turkey to the European Union will require a redefinition of the Union's relations with its Southern neighbours. A framework for close relations between the EU and countries in its immediate neighbourhood which excludes accession has been presented by the Commission in the "Wider Europe" initiative. In this context, a new umbrella approach that allows for flexible cooperation between the EU and GCC countries in areas of mutual interest as outlined above should be institutionalized. A new partnership between the GCC states and the European Union is of great interests to both sides. For some time, the potential for and the mutual gains from co-operation has been recognised. It is time to give new impetus to GCC-EU relations.

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