



# FUTURE OF EUROPE OBSERVER

## Contents

A new space for debate .....	1
International implications on the European Crisis .....	2
Greek debt Crises – Facts and Figures.....	3
European political actors proposals.....	5
Euro rescue measures 2010–2013 – An economic overview.....	6
Political reactions on the Fiscal Compact (2012).....	7
Final report of the European Council (13/14. December 2012)	8
Important elections, consultations and summits in 2013 .....	9
Possible Reform of EU primary law – Legal constraints .....	10
2020 – EU challenges ahead ....	11
Objectives and Patterns of the reform processes within the EU .....	12

## The Future of Europe Observer (FEO)

The Future of Europe Observer accompanies the debate in the European Union on governance and regulation.

Vol. 1 No. 1 March 2013

## A new space for debate

\*by Ludger Kühnhardt

Eventually, crises in integration have, time and time again, deepened the structure and content of European integration. Thus, there is hardly reason to believe that this pattern would not repeat itself as a consequence of the state deficit crisis which has plagued the European Union since 2010. The state deficit crisis has brought to light the clear structural discrepancies between full monetary union and incomplete fiscal and macroeconomic union.

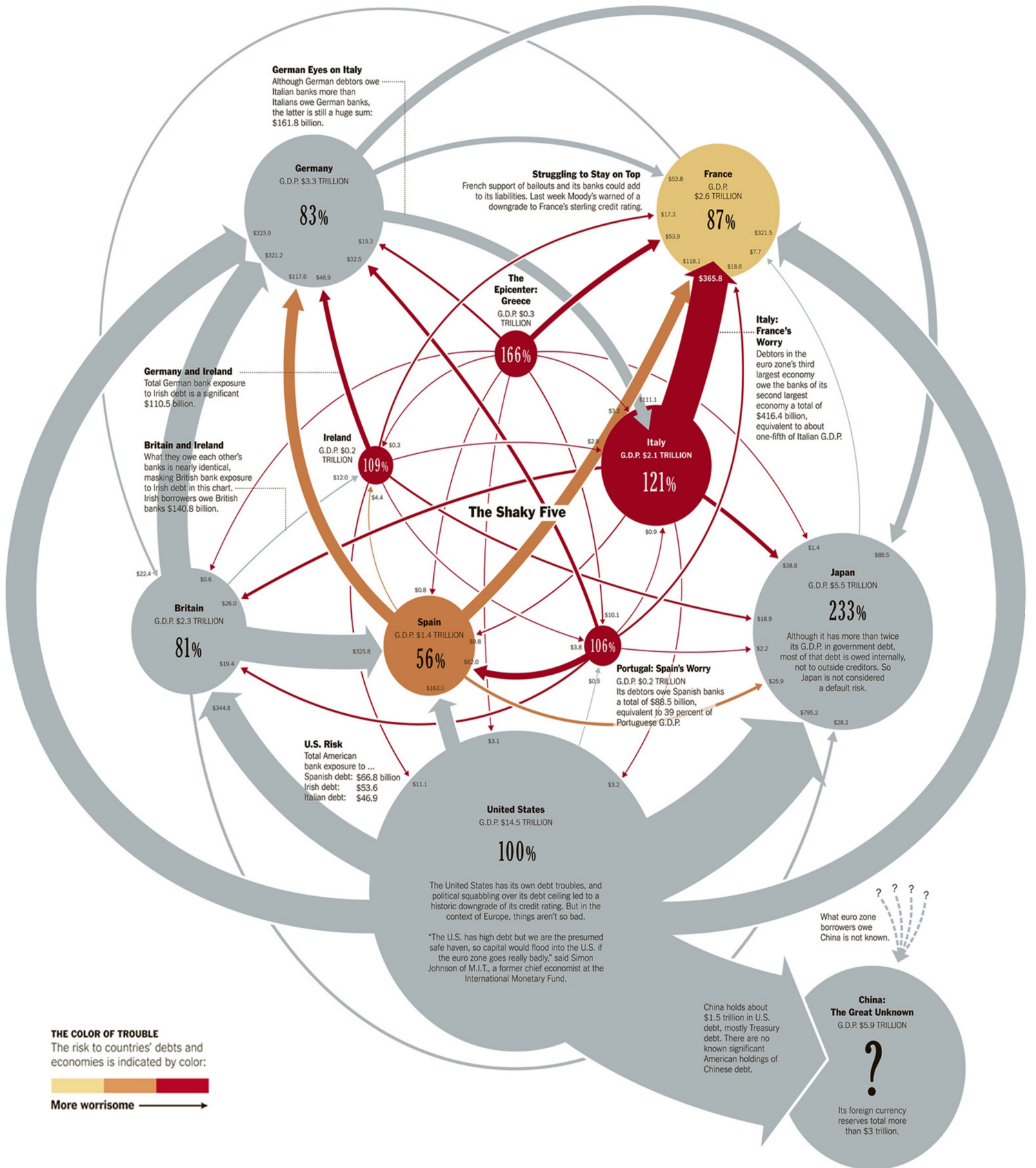
The root causes of the crisis were national in nature; all efforts to find solutions, no matter how daunting, gradual, and incomplete, are European in nature. With the ratification of the European Stability Mechanism and the establishment of several new procedures (European semester, six-pack, two-pack), the European Union has taken real steps to advance the notion of shared sovereignty over budgetary matters. As a result, yet another key area of national sovereignty has been transformed into one of shared sovereignty at both the European and member state levels of the EU.

A new debate on the future of Europe has emerged which will define the path of the European Union in the years ahead. This time, the debate on the future of European integration begins with contributions from across the EU to overcome the state deficit crisis. The evolving European consensus will construct a new dimension of European interests with regard to economic, fiscal, and budgetary policies. It will shape the scope and legitimacy of the European Union. Hence, for the time being it is worth recognizing the diverse nature of the debate and the European-wide scope of contributions to it.

This new „Future of Europe Observer“ will regularly provide a pan-European platform for contributors to share differing voices and perspectives from across the EU and beyond. We begin our journey with a background summary of the most relevant events and positions of the past three years, collected by fellows of the ZEI Master of European Studies, Class of 2013.

\*Prof. Dr. Ludger Kühnhardt is Managing Director at the Center for European Integration Studies (ZEI) in Bonn.

# International implications on the European Crisis



## Greec debt Crises – Facts and Figures



\*Compiled with online sources by Walid Barakat, Khamini Kordes, Petru Butmalai and Julius Nadeem Gill, ZEI Fellows Class of 2013.



## MES Class of 2013

ZEI Fellows are English-speaking graduates from all over the world who plan to enter positions in EU institutions, international organizations, national administrations, NGOs or national/multinational companies.

Every year ZEI welcomes participants from many different countries. The small class of up to 32 students per year allows for comprehensive individual support as well as for a close student network.



# The Center for European Integration Studies (ZEI)

## ZEI Mission Statement

The Center for European Integration Studies (ZEI) was founded in 1995 on the basis of the Bonn-Berlin-law and by a decision of the Senate of Bonn University. The institute is affiliated with the faculties of Law and Arts at Bonn University. The institute is affiliated with the faculties of Law and Arts at Bonn University.

ZEI contributes to finding solutions to unresolved issues of European integration and the global role of Europe. The work of ZEI is based on two research areas:

- European Governance and Regulation and
- Comparative Regional Integration.

Here ZEI is conducting projects on the Future of the EU, the Euro-Mediterranean Partnership, the influence of globality and regulation and competition law. The institute combines research, consultancy and postgraduate education in an interdisciplinary way considering political, legal and economic issues. Alongside its general focus on the global role of Europe, ZEI places special emphasis on Comparative Regional Integration studies to reflect the current political developments as well as the growing relevance of this field of research. The global phenomenon of regional groupings is one of the most remarkable developments since the breakdown of the bipolar world order. In recent years, regional approaches aimed at political community-building have become an important element for political, economic and cultural autonomy across the globe. These regional integration processes must be seen as one of the key responses to the challenges of globalization. The concept of European integration of ten serves as a source of inspiration. Against this background, ZEI conducts intensive research on the different integration systems around the globe. ZEI consistently broadened and strengthened its partnership and contact network. \* Compiled by Ilva Ifland (ZEI)

## Publications

ZEI documents the result of its research work in several ZEI publication series. Beside, ZEI researchers regularly contribute to national and international publications.

- ZEI Discussion Paper
- Schriften des Zentrum für Europäische Integrationsforschung
- Jurisprudential Publications at ZEI
- Regional Integration Observer



# European political actors proposals

## Strengthening confidence, strengthening Europe

The June European Council Summit in 2012 showed that EU leaders didn't lose sight on the future of the European integration. The following text was made to present reactions, opinions and short and long-term proposals of the European Commission (EC) and the European Parliament (EP) summarized in three groups decided on the criteria of their relevance.

### Financial Stability

In the field of financial stability, the need for a „Genuine Economic and Monetary Union” has been supported by EC President J ose Manuel Barroso and MEPs alike. Barroso has stated the genuine EMU should be a “reality as quickly as possible”, adding that there is a, “need to urgently embark on the path towards a banking union, fiscal union, economic and political union.” MEPs hold similar opinions as Guy Verhofstadt, Leader of the ALDE-Group in the EP, declared that “the Commission should come forward with a legislative package on creating a real banking union and an integrated budgetary framework with a redemption fund.” President Barroso has also proposed that the ECB act as the single financial supervisory mechanism for the Euro area, while EP President Schulz adds that the role of the ECB “as a banking supervisory authority must be kept strictly separate from its role as a central bank [...] the ECB must be accountable to the European Parliament.”



\*Compiled with online sources by Bengi Lostar, Relja Božić and James Dittrich, ZEI Fellows Class of 2013.

### Growth-Fiscal Friendly Consolidation

In order to create friendly fiscal conditions in the EU, the European Council called for structural reform and targeted investment for sustainable growth – a measure that Barroso called a “strong political and economic signal.” He endorsed the Commission's country-specific recommendations and highlighted the significance of the future EU budget as “our most important instrument for targeted investment and indispensable tool for growth and jobs.” The Parliament sees growth and jobs in the Europe 2020 Strategy and claims that this strategy cannot be achieved with a budget that has been cut to the bone. MEPs welcome the commitment to making the EU budget a tool for growth but stress that agreement on the multi-annual budget plan can only be reached if the EU's own resources system is reformed.

### Single Market

Deepening the single market by removing barriers and promoting growth in the digital and network industries as well as research efforts swiftly translated into innovation meeting market demands, is another step towards a more genuine EMU. The Commission's Single Market Act II put forward twelve key actions for rapid adoption by the EU institutions. These actions are concentrated on four main drivers for growth, employment and confidence: integrated networks, cross border mobility of citizens and businesses, the digital economy, and actions that reinforce cohesion and consumer benefits. Long term solutions on structural funds, meeting EU strategy goals, are requested especially by supporting innovation programmes and strengthening cohesion policy. All efforts toward a more genuine EMU will work in different areas of European policies, with cross-cutting cohesion policy, to build Europe up from the recent economic crisis and create a more sustainable and competitive Europe in the future.

# Euro rescue measures 2010–2013 – An economic overview

## 2010

- 12. April: Agreement to provide up to € 30 billion to Greece at a Joint Conference of the ECB and the Commission
- 18. May: Greece receives first bail-out loan (€ 14.5 billion)
- 07. June: Establishment of EFSF
- 28. November: Bail-out for Ireland (€ 85 billion)
- 1. December: Establishment of EFSM

## 2011

- 11. March: Agreement on „Pact for the Euro“
- 05. May: Bail-out for Portugal (€ 78 billion)
- 11. July: Signing of the treaty establishing the ESM
- 07. August: ECB buys government bonds from Spain and Italy
- 13. October: EFSF becomes fully operational
- 08. December: ECB announces support for bank lending and market activity

## 2012

- 09. January: EU grants € 3 billion to Ireland and Portugal through EFSM
- 01. March: Signing of the Stability pact
- 14. March: Second Greek bail-out (€ 130 billion)
- 09. June: Spain seeks bail-out to rescue its banking sector
- 27. June: Cyprus seeks another bail-out
- 20. July: Spain receives bail-out (€ 100 billion)

## 2013

- 21. March Portuguese Banif bank receives € 1,1 billion for recapitalisation
- 24. March: Euro zone finance ministers approve Cyprus rescue plan

\*Compiley with online sources  
by Maja Kranjc,  
Raija Hawly, Yasen Gyurov  
and Fernández Óscar  
Rodríguez, ZEI Fellows  
Class of 2013.



## Political reactions on the Fiscal Compact (2012)

*„Moving towards central supervision is a key element for decoupling banking and sovereign crisis and a step towards a genuine EMU. A functioning financial market union requires...common rules on banking deposits and on the resolution of banking crisis.“*

Mario Monti, Oct. 11, 2012

*„Willing to allow the euro zone’s permanent rescue fund, the ESM... can take direct responsibility of problems..., but legacy assets should be under the responsibility of national authorities.“*

Jeroen Dijsselboem, Sept. 25, 2012

*„Well spent money on cohesion policy is the key to the economic growth which is now needed in Europe... Financial responsibility and fiscal discipline will only be possible when a real agenda for growth is found.“*

Donald Tusk, June 21, 2012



\*Compiled with online sources by Christina Wunder, Elvana Tafilaku, Ángel Grisel Fernández and Tanguy Danzé, ZEI Fellows Class of 2013

*„Solid finances are one side of the medal. But... experience has shown that we can only overcome the crisis if we... at the same time work hard towards achieving good results in terms of our competitiveness.“*

Angela Merkel, June 29, 2012

*„Spain bets for more Europe, for a bigger economic, fiscal and banking Union; for greater market integration... We need to solve the sustainability problem of the debt in the countries like Spain and Italy.“*

Mariano Rajoy, June 28, 2012

*„I don’t see a lot of enthusiasm for having an ambitious European budget. We are in favour of “more Europe”. But that evolution has to be done on the basis of an equilibrium between budgetary discipline and financial solidarity.“*

Elio di Rupo, June 27, 2012

*„The reality is that some countries simply have different objectives than others... Sticking our heads in the sand and insisting blindly that everything must be done in the EU27 format doesn’t make sense.“*

Petr Nečas, June 28, 2012

*„France, who is inside then Euro zone, doesn’t intend to force anyone to join us. So we have to conceive a multi-speed Europe, in which everyone can come at their own pace.“*

Francois Hollande, July 11, 2012

*„We need to see banks properly regulated and serving their customers and the wider economy. We need to see trust restored...the whole government is working for this and we are going to take action right across the board.“*

David Cameron, June 29, 2012

## Final report of the European Council (13/14. December 2012)

### Measures proposed by the European Council in relation to the political, economic and administrative future of Europe

#### Economic Policy (Compact for Growth and Jobs)

- Investing in growth
- Deepening the Single Market
- Connecting Europe Facility
- Digital Single Market by 2015
- Promoting research and innovation
- Enhancing competitiveness of industry
- Regulatory framework for growth
- Tax policy for growth
- Boosting employment and social inclusion
- Implementing Europe 2020 Strategy
- Harnessing the potential of trade

#### Completing the European Economic and Monetary Union

- Direct bank recapitalisations by the European Stability Mechanism
- Reinforced Stability and Growth Pact, Treaty on Stability, Coordination and Governance (TSCG) and the „six-pack“
- Establishing a stable and efficient banking system
- Idea of individual arrangements of a contractual nature with EU institutions
- Social dimension of the EMU, incl. social dialogue
- Solidarity mechanism
- Integrated financial framework
- Integrated economic policy framework
- Integrated budgetary framework

\*Compiled with  
online sources  
by  
Marion Schlot-  
mann and Max  
Jan Kemperink,  
ZEI Fellows  
Class of 2013.

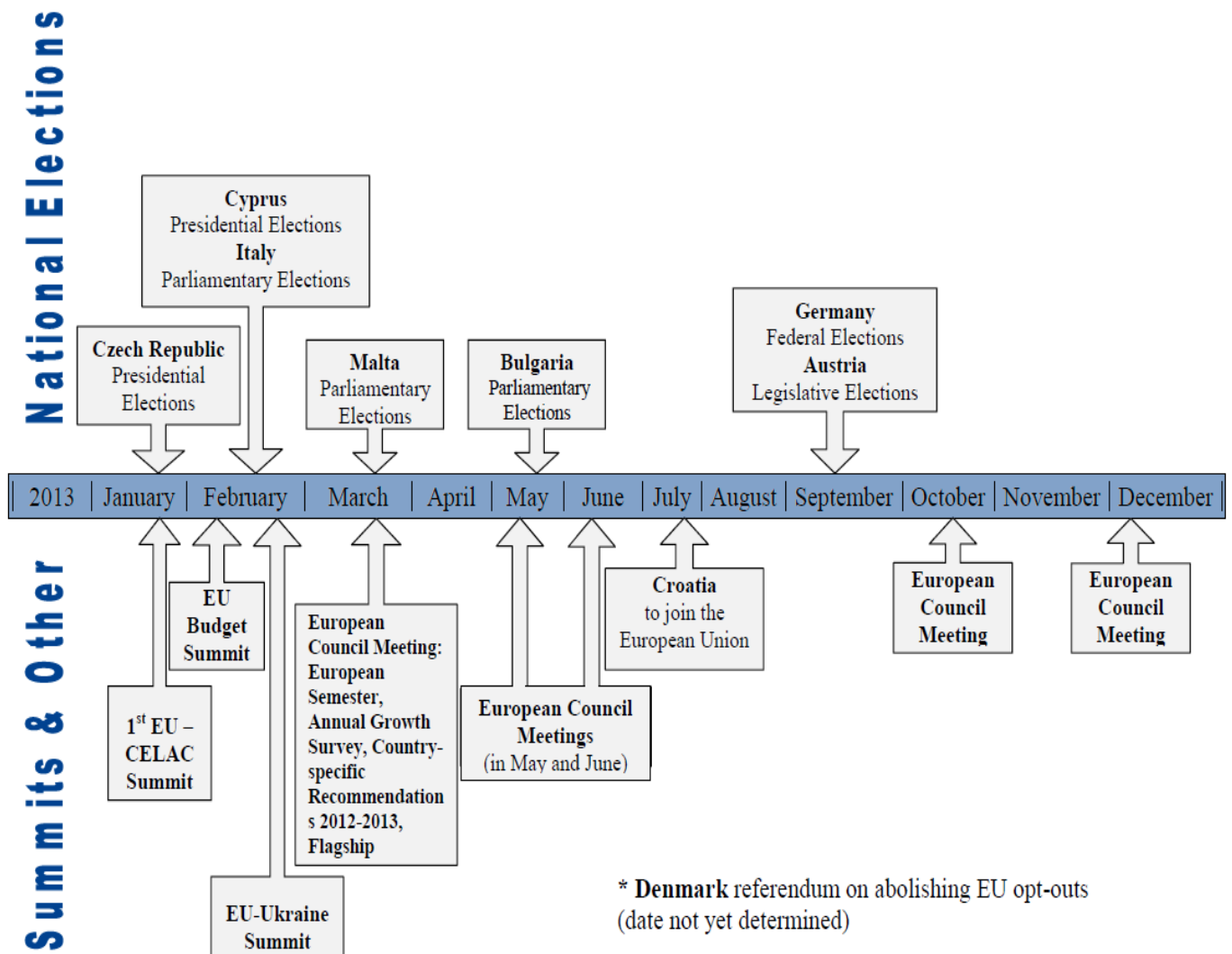




# Important elections, consultations and summits in 2013



\*Compiled with online sources by Valeria Petaeva and Erika Ruth Koerner, ZEI Fellows Class of 2013.



## European Governance and Regulation

ZEI provides on a new webpage sources, texts, data and analyses for an analytical positioning of the various contributions to the debate about „The Future of the European Union”. Since the ratification of the „Fiscal Compact“ in 2012, the discussion in the EU is becoming more and more a reflection upon the future of the Political Union. ZEI accompanies as of now this process of discussion with a systematic documentation and classification of the present public standpoints of those involved in the decision making on both European and national levels.

## Possible Reform of EU primary law – Legal constraints



\*Compiled with online sources by Kamo Gabrielyan, ZEI Fellow, Class of 2013.

To reach a „Genuine Economic and Monetary Union“ there are new laws to be adopted and implemented in national level. Application of the simplified revision procedure by the European Council under TEU article 48(6), is conditional upon the principle that the amending decision does not provide for an increase of competences of the European Union. Moreover, this principle, as well as the fact that the article applies solely to the members of the Euro zone don't necessarily mean that the analyses of other EU member states' legislation should be put aside. Moreover, the Council might decide to adopt acts which would be implemented in national level as international treaty simplifies the ratification procedure in most of the countries. This process reforms might or most definitely will lead to some legal constraints on the Member State's level.

Countries can be divided into eight groups given the amount of votes required in the parliament when amending their constitution or EU primary law. UK has special procedural rules which are regulated by European Union Act of UK, 2011. In most of the member states submitting of a bill as an international treaty or as a bill within the urgent procedure requires only majority of votes in parliament. Possibility of conducting referendum misses only in Belgium, Bulgaria, Cyprus and Malta.

Member State	Majority needed in case of a constitutional amendment initiated by a reform of the EU primary law	Number of chambers in the parliament
<ul style="list-style-type: none"> <li>• Estonia</li> <li>• Greece</li> <li>• Slovakia</li> </ul>	3/5	1
<ul style="list-style-type: none"> <li>• Czech Republic</li> <li>• France</li> <li>• Spain</li> </ul>	3/5	2
<ul style="list-style-type: none"> <li style="width: 50%;">• Latvia,</li> <li style="width: 50%;">• Luxembourg</li> <li style="width: 50%;">• Finland,</li> <li style="width: 50%;">• Lithuania</li> <li style="width: 50%;">• Hungary</li> <li style="width: 50%;">• Slovenia</li> <li style="width: 50%;">• Cyprus</li> <li style="width: 50%;">• Portugal</li> </ul>	2/3	1
<ul style="list-style-type: none"> <li style="width: 50%;">• Austria</li> <li style="width: 50%;">• Netherlands</li> <li style="width: 50%;">• Belgium</li> <li style="width: 50%;">• Poland</li> <li style="width: 50%;">• Germany</li> <li style="width: 50%;">• Romania</li> </ul>	2/3	2
<ul style="list-style-type: none"> <li>• Bulgaria</li> </ul>	3/4	1
<ul style="list-style-type: none"> <li>• Denmark</li> <li>• Sweden</li> </ul>	5/6	1
<ul style="list-style-type: none"> <li>• Ireland</li> <li>• Italy</li> <li>• Great Britain</li> </ul>	Majority	2
<ul style="list-style-type: none"> <li>• Malta</li> </ul>	Different procedure	

## 2020 – EU challenges ahead

### Renewing Europe's economic and social model

Sustainability of renewed EU economic and social model will depend on EU ability to restore and deepen dynamic equilibrium between the economic, social and environmental dimensions of development. The EU must fight all forms of protectionism and further develop internal market. Furthermore it needs to develop and implement the concept of “flexicurity” in the labor market. The community should also foster culture of entrepreneurship in enterprises among its citizens.

### Growth through knowledge; empowering the individual

The EU is falling behind in the skill race and it is even more obvious when you acknowledge the fact that only 27 Europe Universities are among world's top 100. She must introduce the following measures: from the earliest age students must be instructed “to learn how to learn” and how to acquire skills, also bring about a network of top level high education establishment that will be completely financially and administratively autonomous. The Union should help creating interconnections between the industry and educational establishment, thus help reducing the gap between supply and demand of expertise. Creation of Innovation Union and European Research Area must become a reality.



### The challenge of demography - Ageing, migration and integration

The two main demographical problems of Europe are the ageing population and declining of native labor force. Common immigration policy with special aim at attracting the most qualified, talented and motivated immigrants, while in the same time steps are to be taken in order to prevent human loss in sending countries. Integration of immigrants in the society will also be a key of this policy in future.

\*Compile with online sources by Branko Vucinic and Risto Gjorgjiev, ZEI Fellows Class of 2013, based on the Final Report of the Future of Europe Group, chaired by German foreign affair minister Guido Westerwelle.

### Energy security and climate change

In the future the EU will be faced with increasing need and declining supply of energetic resources (up to 60%). In order to overcome these challenges the EU must initiate a “New Industrial Revolution”. This will embody development of sustainable green economy, increase energy saving in the industry, transportation, constructions and households and stepping up of renewable energy source.

### Internal and external security; the internal challenge

Multi- polar system of international relations brought to the EU new security threats such as environmental degradation, organized crime, terrorism and energy dependence. In order to tackle these challenges the community must implement a new European security model, which has to improve current institutions and help create more integrated ones with new responsibilities.

### EU and its citizens

Institutional reforms need to be implemented so that we ensure that citizens participation in EU policy making process is higher, thus also being able to remove doubt of “democratic deficit”.

The “Europe 2030” is just another proof that the EU is proactively working on being able to accept and overcome the ever changing international relations and its own internal.

# Objectives and Patterns of the reform processes within the EU

by Thorsten Kim Schreiweis\*

The European Union has now reached a crucial juncture in her current state. The economic and sovereign debt crisis of her member states clearly shows the need for further economic integration and the emergence and strengthening of a „Genuine European Economic and Monetary Union“; a unified actor capable of guiding the process to overcome difficulties resulting from the crisis and economic upheavals. In the wake of global economic turbulence, the EU concentrated her efforts on administrative and financial management of the urgent problems she was dealing with. In the meantime, the situation on financial markets has eased, accompanied by greater confidence in the Union's efforts to rescue the euro. Now that the immediate economic shock has subsided, the EU is able to step back and take time to assess the political dimension of the crisis.

The political debate should go beyond the scope of a full economic or more institutionally integrated EU. More importantly, solidarity within the EU is the better question to be considered at this stage. The Union has always been very sensitive to the question of solidarity and claimed herself more than just a single market and an economic and monetary Union: the current financial crisis has become a litmus test for which the EU prides herself in being a commu-

nity with common values and principles.

At present, the voices stirring up fear of adverse consequences for the member states' domestic economies, are prevailing. The nations' reluctance is enormous and fails to recall the purpose of the solidarity which would help solve many of their growing concerns: currency security, member state economic interests, and others. Although it is clear that there is no easy solution for complex and multi-causal economic problems, anyone who considers the crisis effects felt by ordinary EU citizens cannot deny the need for solidarity. Europeans are not connected solely by a common market or currency. Indeed they share a common civilization and dignity which applies to all citizens of Europe. Solidarity is not a one-way street, but a two-way process in which the weaker takes as

little as he can afford, while the stronger gives as much as is needed. That is not to say that a proper discussion on responsibilities and liabilities regarding the causes of the economic crisis should be hindered. Rather, this step should not be used as a rationale to deny citizens of culprit countries the assistance they now so urgently need.

\*Thorsten Kim Schreiweis is Research Fellow at the the Center for European Integration Studies (ZEI) in Bonn.

universität**bonn** ZEI Center for European Integration Studies

## Study Europe in the UN city Bonn

### Master of European Studies - Governance and Regulation

- » Political, economic and legal aspects of the EU
- » Outstanding international faculty
- » Students from around the world
- » Intensive learning in a small class
- » Career Development Program
- » More than 15 years of expertise
- » Accredited one-year postgraduate program

Your stepping stone to an international career!

[www.zei.de](http://www.zei.de)

## IMPRINT

ISSN: 2196-1409

Center for European Integration Studies  
Walter-Flex-Strasse 3  
53113 Bonn  
Germany

Editor: Thorsten Kim Schreiweis  
[tkschreiweis@uni-bonn.de](mailto:tkschreiweis@uni-bonn.de)

The Future of the European Union Observer is published three times a year. Authors are responsible for the views expressed in their contributions.