

Notre Europe

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Germany and Europe: New Deal or Déjà Vu?

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PRELIMINARY REMARKS AND ACKNOWLEDGMENTS

I would like to thank a number of French, German and European friends who have read and commented on this article (sometimes with a critical eye) and whom I prefer not to name. Two other important remarks: this article does not contain any secrets for those intimately involved in the discussion on the future of Europe. This paper is a synopsis, resulting from a number of interviews I conducted over the past few weeks with individuals connected to the European debate. For some, one remark or another made on the new directions of Germany and France's foreign policy may seem to be overly critical or abstract.

The objective of this paper is not to be critical for its own sake. Rather, the purpose is to illustrate the different paths Germany or France could take to re-infuse energy into the European project and European integration that they had contributed so much to, to everyone's benefit, and the Transatlantic relationship.

This goal, however, is difficult to achieve. First, in such a short paper, subjects cannot be addressed in enough detail. Secondly, the problems are simply difficult to resolve and nobody, me included, has the answers. This paper is an attempt to look at the state of German-French relations, or even better, to survey the sentiments in regard to Europe accompanied by my own perplexity regarding the many questions raised by the future development of Europe. The hope is that this paper will trigger a new creative and dynamic discussion.

As a German with a French name, closely connected to France, and working for an American think tank, I am personally convinced that only a *ménage à trois* linking Washington, Paris, and Berlin can open the door to a more prosperous and better integrated Europe in the framework of a stable Transatlantic relationship. Throughout the past three years, I was disconcerted by the break in Germany's traditional European policy and the growing self-inflicted marginalisation of France that ended with a "Non" to the European Constitution. This article is therefore very much a call for "Back to the Future"

My thanks also go to my three wonderful interns Dominic Maugeais, Francois Gagey, and Christopher Pierer von Esch, who participated in the research and conducted the bulk of the translation into French and English.

This article represents my own opinion and in no way reflects the opinion of the German Marshall Fund of the United States, nor *Notre Europe*. The German Marshall Fund considers itself to be a platform for Transatlantic dialogue. This paper was completed November 29th, 2006.

I. Germany and Europe: Structure of a Relationship

It is not necessary to gaze too far into the past to realise that Germany and Europe, even before the Second World War, have had a particularly close and yet curious, and, in part, ambivalent relationship with each other. When looking back at the beginnings of the European integration process, it has always been especially about Germany. The 'German Exception' as a 'European tradition'¹, is Wolf Lepenies' description of the process in his fascinating book for which he received the Peace Prize from the German Book Trade. In the frequently quoted 1994 Schäuble-Lamers' paper about the 'Core of Europe', it is stated: 'Although Germany is bigger and stronger than each individual neighbour, it is not bigger and stronger than all of its neighbours put together'². The idea to embed Germany to prevent it from developing new hegemonic aspirations and secure long standing peace in Europe has always been the main reason behind the European Integration Process.

And that was exactly the result. Germany, the largest country on the European continent, was for decades the only true 'big and pro-integration' country in the European Community and, respectively, the European Union. France and Great Britain are entirely different cases, though large countries, each in its own, is less pro-integration than Germany (France has evidently been pro-Europe. However, unlike Germany, it has never been that committed to the specific supranational system); and Italy is indeed pro-integration and supranational, but not as large as Germany. Being both the largest country and the most pro-integration, Germany was for many years in an exceptional position within the European Union.

In considering European Integration and strong transatlantic relations as two sides of the same coin -the two main 'parameters' of German foreign policy-, Germany has conciliated two contradictory positions.³ This distinguished the Germans from the British, who always made their transatlantic ties a priority, and the French, who projected their own foreign policy ambitions onto the process of European integration and who have had, since the beginning, a choppy relationship with the US. Germany did share its commitment to transatlantic relations *and* the European project with Italy, but Italy however, as has already been mentioned, is not exactly Germany. Germany in Europe has thus always provided for the cohesion of two approaches: big *and* pro-European, transatlantic *and* pro-European.

1 'Deutsche Besonderheit' als 'Europäische Normalität' in: Wolf Lepenies: Kultur und Politik. Deutsche Geschichten, München 2006, S. 37.

2 'Denn Deutschland ist zwar größer und stärker als jeder Einzelne seiner Nachbarn, aber nicht größer und stärker als seine Nachbarn zusammen.', in: Wolfgang Schäuble and Karl Lamers: 'Überlegungen zu Kerneuropa', CDU/CSU Papier 1994.

3 For detailed information see Hans-Peter Schwarz: 'Republik ohne Kompass. Anmerkungen zur deutschen Außenpolitik', Berlin 2005.

The EU consequently relied on two basic requirements: American support, or at least the United States' confidence in the European integration process, and German financial backing. Therefore, from Adenauer to Kohl, Germany has always been willing to bargain for Europe, to pay for European compromises and to hold back on its own 'national interests' for the good of the European integration process, which represented more than in any other country, the 'raison d'Etat'. The rationality behind European integration was at once a substitute for identity and, as Germany had been given a specific multilateral approach by Genscher, a source of pride. For decades, the European discourse was characterised by the congruency of the German and European interest. Germany, the biggest backer of the EU, and completely absorbed in the project of the EU, held back on its own considerations in order to secure its quintessential and vital interest: a peaceful coexistence with its neighbours.

In the context of the introduction of the Euro, the discussion followed a similar pattern, although cracks began to show for the first time. Abandoning the Deutsche Mark was a huge decision and had a profound impact. The price to pay for Europe appeared to be too high and, consequently, battles within Germany were fought in order to prevent its adoption.

Nevertheless, Helmut Kohl's determined statement that 'only the Euro will make European integration irreversible' was carved in stone and the political will of the 'war-generation' was strong. The job would be completed. However, the establishment of the European Central Bank in Frankfurt showed on the other hand that Germany's actions were not purely altruistic. Nevertheless, the key to this dynamic rested in the fact that Germany, providing the anchor currency within the European Currency System (ECS), agreed to adopt a 'single currency' (and not only a 'common currency'). The abdication of short term 'national' advantages for the common good, was for years a key principle of German policy making.

1.1. GERMANY'S EUROPE POLICY: WHAT IT WAS AND WHAT IT IS

It would be unfair to say that Gerhard Schröder's accession to the Chancellery was the break in this tradition. Even before, during the last years of the Kohl Administration, cracks began to appear. The promotion of the 'subsidy principle' as an alternative to the transfer of powers to Brussels was already the subject of a joint letter signed by President Jacques Chirac and Helmut Kohl in the summer of 1996. The Treaty of Amsterdam in 1997 disappointed those that had wanted more integration, especially in matters of security and justice (the third pillar). The pressure exerted by the German Bundesländer (states), meaning Germany, is part of the reason for the failure. In its efforts to promote integration, Germany had concentrated exclusively on the Euro. It could have done no more.

However, on the rhetorical level, there was a radical renewal in the discourse under Chancellor Gerhard Schröder – and this was clearly his goal. The notion of a "historically unencumbered Foreign Policy", as well as the nascent principle of the "German national interest in Europe", was part of this renewal in discourse along with the expression of new "national" aspirations on the international scene. These aspirations culminated in 2005 when Germany expressed its desire for a seat on the United Nations Security Council (this idea was presented to its

European partners as a wish for the creation of a European seat). The discourse had truly taken on a new tone.

But a new pitch was not the only change in the discussion. From Gerhard Schröder to Angela Merkel, four transformations in the shaping of Germany's European Policy had slowly evolved:

- With the inauguration of the first Schröder Administration, for the first time in Germany history, a post war generation for whom European integration was less essential ascended to power. Europe 'at any cost' was no longer a rationale for integration and this sentiment percolated through the entire administration.
- A direct consequence was that Germany, historically a strong proponent of both the European Parliament and the European Commission, the Union's sole real supranational institutions, henceforth neglected both institutions and instead concentrated on the European Council, the intergovernmental element of both institutions⁴. This evolution could be termed the 'francosisation' of Germany's European policy, which had just a decade earlier hoped to gain France's support for a strong Parliament and Commission (this was explicit in the Schäuble-Lamers' paper). Seldom had the Commission been so criticised as during the Schröder chancellorship. The EU Commission was accused of interfering in German industrial and economic affairs (Volkswagen, Holzmann, Kirch) when it attempted to implement the EU competition law, which had been drafted by EU Commissioner, Walter Hallstein, at the behest of Germany. And in 2000, during the Nice Treaty negotiations, the concept of "regional public services" was put on the table: Germany preferred that specific regional economic structures (such as the public regional transportation networks) remain exempt from the EU's Competition rules.
- This led to the third point, namely, that the German states (Bundesländer) were increasingly becoming important actors in the shaping of Germany's European policy – and, at that, not always in a constructive fashion. The amendment of article 23 of the Constitution regarding the role of the German Bundesländer in decision making in matters of European policy (the amendment became necessary following the ratification of the Maastricht Treaty in 1992) has led in the last decades to increased participation in European activities on the part of the German states. In the meantime, almost all of them have their own autonomous representations to the EU Commission in Brussels. Former EU Commission President Jacques Delors once joked that 'Germany in Europe' meant 'Germany and its sixteen states'. In all the areas where the Bundesländer have jurisdiction (for example, education and training, policing, Justice and Home Affairs), Germany has increasingly become the partner presenting the most difficulties on the European level. Indeed, the German states do not all always speak with one voice or necessarily in tune with the federal government.

⁴ This is also the case for Germany's human resources policy at the European Commission, which is often described as insufficient.

- In addition to the difficulties regarding the vertical coordination of Germany's European policy between the Federal government and the states, the horizontal coordination of Germany's European policy between, on the one hand, the various ministries and, on the other hand, the Chancellery and the ministries is becoming increasingly problematic. In fact the squabbles over powers between the Ministry of Finance, which has historically seen itself as responsible for the internal market, and the Foreign ministry, which sees itself responsible in a broad range of areas relevant to European policy, dates back to the 1960s and the era of Adenauer and Ehrhardt. Today, however, they have taken on another twist. Unlike other European states, Germany has neither created the position of a Minister for Europe, nor like France, does it have a General Secretariat for Interministerial Coordination (the French SGAE).⁵ With the investiture of every new government, the appointment of a State Minister for European questions in the Chancellery is immediately considered to be an affront to the Foreign minister.⁶ And even though the establishment of a strong European section in the Chancellery is discussed at every election, its implementation has been systematically postponed. On this point, another difference between the Schröder Administration and the Grand Coalition must be underlined. Like Kohl and Genscher, Schröder and Fischer made a good team (the division of the office between Chancellor and Deputy Chancellor helped). The Chancellor always had the final say, which worked extremely well in the case of Schröder/Fischer. The important decisions and / or policy orientations in international and European politics, such as a common position with France during the Iraq Crisis or the idea of a "Paris-Berlin-Moscow Axis", were made in the Chancellery and not by the foreign Minister. As head of a Grand Coalition, Merkel has neither been able to maintain the traditional fusion of Foreign Minister and Deputy Chancellor, nor even give the "smaller" party the Foreign Ministry. In addition, the Foreign Minister, Franz-Walter Steinmeier (SPD), comes from the administration rather than the party's policy wing, which is unusual for Germany. On top of that, it is unclear who from the Socialist party is in charge of European policy and could forge compromises on Europe within the SPD. In any case, it is not Party President, Franz Müntefering. Furthermore, following the investiture of the new government in 2005, the Economic Ministry took back a variety of competences in European policy that Schröder had entrusted to his first Finance Ministry, led at that time by Oskar Lafontaine. Today, Michael Glos heads the Ministry and is therefore in the hands of the CSU. Through this Ministry, Edmund Stoiber's euro-sceptical party has sought to take control of key areas of European policy, particularly the Lisbon Agenda and Energy policy in order to leave the Foreign Ministry with only its most plain cross section of traditional competences. And finally the fact that Wolfgang Schäuble, perhaps Germany's most eminent expert in European policy, is now Minister of the Interior, lends hope to the idea that progress will be made in the area of cooperation for security and justice, but does not necessarily facilitate inter-

5 Secrétariat Général aux Affaires Européennes

6 Presently, Günter Glos is the Secretary of State for Europe in the Federal Foreign Office.

ministerial coordination. These may only be the fine details, but they do nevertheless give an idea of the difficulties, as well as how Chancellor Merkel will prosper in the coordination and the implementation of a “Command and Control Structure” in the area of European policy (in this structure the fragile balance of powers between the parties of the Grand Coalition must be taken into account).

Let's now turn back to the main changes in the German EU policy: a stronger focus on the German 'national' component in Europe (for example the contribution from Germany to the Union; during Nice Treaty negotiations in December 2000 Germany made clear its wish to have more seats in the council even when that request was to the detriment of France); a *Francosisation* of German policy vis-à-vis the European institutions; finally the most important change occurred when Germany, on the Iraq question, aligned itself with France and against the U.S.. For Germany, this decision represented a tectonic shift in the parameters of its foreign policy⁷. The entire European Union was affected by this earthquake. The point here is not to judge whether or not the German position on Iraq was correct, or to say that the Bush administration's irresponsible Middle East policy was the trigger. The point is that in such a situation the EU could not function properly. The combination of a more 'national', more 'commission-reticent' Germany, a Germany, with France, and against the U.S., but also against the majority of the EU member states (Spain, Italy, Great Britain, Poland, etc.) lead to a situation in which Germany broke with its European traditions and deprived the EU of its lifeblood. Germany had abandoned its two European characteristics: being both a large pro-integration country and being at the same time pro-European and transatlantic.

Following Ms. Angela Merkel's inauguration in 2005, it was immediately noticeable that changes in course, above all in transatlantic relations, had been plotted. Naturally, this change in tone was favoured, or even made possible, by the evolution of the situation in Iraq. Yet, a large number of issues that will be at stake during the German EU Presidency depend on whether Germany will be able to find its way back to its two main and traditional lines of European policy, especially if it wants to re-launch the European Constitution. In this process, the future of Franco-German relations (after the French Presidential elections) as well as the future of US-German and US-French relations will be critical. The re-balancing of this pivotal triangle or *ménage à trois* –Paris-Berlin-Washington- is decisive. The German EU Presidency may be just the right opportunity to re-establish an equilibrium that will lay the foundations for both an advanced integration and, at the same time, a successful enlargement.

⁷ Gregor Schöllgen: 'Der Auftritt. Deutschlands Rückkehr auf die Weltbühne', Berlin 2004.

1.2. THE GERMANS AND EUROPE: FELT IMPRESSIONS

Sometime between the end of 1990s and the beginning of the 21st Century, the idea of a 'United States of Europe', a 'European Federation', which had long been part of the German discourse on Europe, vanished. Kohl's hope for "the common house of Europe" also vanished, and with it, the passion from the discussion on Europe. Europe became cold. The loss of enthusiasm for Europe took place slowly and quietly. It was a form of asphyxiation. The concept volatilised from the political and intellectual debates on Europe. In the 1990s, the concept of a "Political Union", understood as a necessary complement to the Monetary Union, dominated the debate in Germany. However, the term 'political union' has never really been clearly defined nor have the steps to achieve this union been determined. Slowly, a European policy with an existential orientation, namely that of Europe and more of it, as a priori good for Germany had eroded away. In this context, it is hardly surprising that the press summarised – wrongly - Ms. Merkel's speech on Europe of May 11, 2006 as "less of Europe is more Europe."⁸

1.2.1. THE POPULATION

The main reasons for the gloomy debate on Europe in Germany over the past few years are the introduction of the Euro, which triggered a difficult debate in 2002 on the 'expensive Euro'⁹ and the worry about the economic and political repercussions of enlargement to the East, including an extremely contentious debate on Turkey. It is of no value to speculate on the real economic consequences of the introduction of the Euro - to know for example if in spite of statistics that attest to a constant inflation rate, the establishment of the Euro led to a rise in prices or if the exchange rate between the Deutsche Mark and the Euro was unscrupulously over evaluated. The fact is that the price hikes, real or imaginary, have led to a loss of credibility regarding the Euro and a great deal of the unhappiness directed at Brussels as a consequence. 51% of Germans believe that the Euro stimulated inflation.¹⁰ The statistics do not say if the anticipated price increases for an espresso at the café or a dry cleaning actually rose (or if the eventual price hike took place a few weeks before or after the introduction of the Euro). Nonetheless, four years after the introduction of the Euro, many Germans still use the Deutsche Mark as their reference and feel less well off or are at least are under the impression that their buying power has diminished. Also, macroeconomic discussions and analyses of the theoretical impact of international crises such as September 11, 2001 or the bursting of the 'new economy' bubble would have had on the individual national currencies, have been absent from the debate.

8 Government Declaration made by the Chancellor Angela Merkel on European policy made in the German Bundestag May 11, 2006, Bulletin der Bundesregierung Nr. 44-1 vom 11. Mai 2006.

9 'Teuro' (In German teuer = expensive).

10 Eurobarometer 65. Public Opinion in the European Union, Spring 2006. National Report. Executive Summary. Germany.

The introduction of the Euro, which required immense political will considering that 80% of the population was against it, had thus negatively impacted the discussion of the future of Europe. Europe is no longer good *per se*, at least not for the wallet.¹¹ East Germans remain sceptical: only 50% of them see being part of the EU as being an advantage. Although economic advantages were cited for many years as an important argument for Europe, 57% of Germans in the West believe today that the European Union does not contribute to economic stability in Germany.¹² In this environment, it is no surprise that a parallel debate has emerged on Germany's (supposedly) excessive net contribution to the EU budget. 44% of Germans associate the EU with wasting money. The dominant opinion in Germany is that Europe costs more than it produces even when statistics show that Germany benefits from the common market.¹³

Enlargement to the East is the second reason for Germany's more or less diminishing enthusiasm for the European Union. Even if the majority of Germans have supported expansion to the East, the subject is not well understood and people worry that EU identity will be diluted through further enlargement. Moreover, German daily newspapers consistently report on the worst concrete effects of enlargement on specific regions: butchers in Bavaria are exposed to unfair Czech competition and have to fire employees. Petrol stations in the East are more expensive than those in neighbouring Eastern countries. Construction workers in Brandenburg North have to compete against cheap labour from Poland. Without a doubt, positive effects of enlargement also exist. For example, Germans can now easily cross the border and shop more cheaply. Nevertheless, certain German border regions have had to face the reality that collective growth is often accompanied by losses on the individual level. 85% of Germans are concerned about the possibility of outsourcing to cheaper labour countries, 74% are worried about negative effects on social security.¹⁴ Extreme right parties, which have made steady progress in recent regional elections, have capitalised on this dissatisfaction.

Enlargement to the East, still badly digested, has led Germans to return to the debate on the necessity of "establishing Europe's definitive borders". 'It stops after Romania and Bulgaria' has become a catch phrase in this debate, which is intimately linked with the question of the 'absorption capacity' of the European Union. As a result, the discussion on the Balkans and a new wave of possible members is conducted with the utmost caution. Only 32% of Germans (8% less than in 2005) are in favour of further enlargement¹⁵. Turkey occupies a special place

11 Ibid; Eurobarometer, Spring 2006: Of all respondents throughout Europe, the Germans are most pessimistic about the coming five years. With only 25% optimism, they are at the bottom of the ranking in Europe.

12 All statistics taken from the Eurobarometer, Spring 2006.

13 Vgl. Canan Atilgan (Ed.), 'Europe is worth it. Why the EU is vital for its Member States', Konrad-Adenauer Foundation, Berlin 2006, pp. 79-89. See also Wolfgang Wessels and Udo Dietrich (Hrsg.): 'Die neue Europäische Union: im vitalen Interesse Deutschlands? Studie zu den Kosten und Nutzen der Europäischen Union für die Bundesrepublik Deutschland', European Network Movement, Berlin, January 2006. Nevertheless, we cannot deny that a number of economic studies have shown that businesses have profited from the Euro, but not employees. This problem must be closely followed.

14 Eurobarometer Spring 2006

15 Eurobarometer Spring 2006

in the debate. A majority of Germans are hostile to Turkey's membership. In fact, approximately only 30% of Germans welcome Turkey's accession to Europe. The argument of intercultural incompatibility, especially regarding religion, is clearly present in Germany¹⁶. With over 3.5 million citizens of Turkish origin, Germany is in a unique situation. The question of Turkish accession has a major effect on domestic politics, while it has become clear that the third generation of citizens of Turkish origin is for a large part less well integrated. Furthermore, the geo-strategic consequences of a potential Turkish accession play a minor role whereas human rights arguments such as honour killings and the role of women in Turkish society are at the heart of the debate in Germany. Ms. Merkel is in a difficult situation on this matter. She is bound by the EU decision to open up negotiations with Turkey, but her party is in favour of offering a 'privileged partnership' rather than outright membership. Lastly, there is no clear leadership or direction on the Turkish question, and this could have major consequences for the German EU Presidency, especially if the unresolved Cyprus crisis slowly overwhelms the presidency.¹⁷

1.2.2. THE PARTIES

Before analysing each of the parties on an individual basis, it is useful to take a look at the agreement drawn up by the Grand Coalition and examine it under a semantic-analytical lens. French psychologist Françoise Dolto stated, "Language is everything." And, after taking a look at the passages regarding European policy in the pact made by the coalition partners one cannot help but agree. Noticeably, Germany's Europe policy discourse has discretely evolved.

Reading the economic section of the programmeme, one is immediately struck by its scepticism with regard to the common market: it stipulates that the European Commission's powers in the area of regulation should be limited, and that the administration of aid to the regions should be left to the regions themselves. The Grand Coalition programmeme also asks that the European Commission interfere less in the political decisions relevant to the German industrial sector. Furthermore, the government also wants to maintain regional services and to provide the regions with targeted subsidies. Finally, the programmeme requires the restructuring of the European bureaucracy, a task that will fall to the German EU Presidency and could produce some very positive effects. In any case, the scenario sketched out above clearly shows a new German mindfulness of the possible reverberations of the European policy on regulation and the emergence of new sensitivities, which must be taken into account.

The section of the agreement dealing with European policy¹⁸ is even more striking. Besides emphasising that since 1998, Germany has assumed even greater responsibility on the

16 Transatlantic Trends 2006 Partners. Key Findings, p. 21.

17 On December 11, the European Council for Foreign Relations will decide on the future steps regarding Turkey's accession negotiations and serious repercussions are foreseeable.

18 Koalitionsvertrag von CDU, CSU und SPD, November 2005, Chapter 1 (Wirtschaftspolitik) and p. 147 on: 'Deutschland als verantwortungsbewusster Partner in Europa und in der Welt', <http://koalitionsvertrag.spd.de/servlet/PB/menu/-1/index.html>

international scene – seen in Germany's new national demands – the programme also insists on a return to the traditional parameters of German foreign policy, namely that European integration and a strong transatlantic relationship go hand in hand. This point of view has been reinforced by a growing number of policy makers which, in matters of security policy, have clearly put the emphasis on NATO as the *sine qua non* of German security and have given the European Security and Defence Policy (ESDP) a secondary, or even marginal, role.

The emphasis on the strict observation of the subsidiarity principle in European affairs is striking, as well as the discrete change of tone, which contrasts with the traditionally pro-European standpoint. A new valorisation of the German language within the EU shows also a break with the past, as well as the concern that the powers attributed to the member states do not become empty shells. The desire to reinforce the powers of the European Council, on a case by case basis, and scold the European Commission into withdrawing proposed directives, are also ideas that, in the fine print, suggest a new tone in Germany's European policy, which expresses caution toward the European Union previously unseen.

THE CDU/CSU

Formed in the 1950s by Konrad Adenauer, one of the founding fathers of the Treaty of Rome, the Christian Democratic Union (CDU) was traditionally Germany's pro-European party. However, in the CDU's¹⁹ new party platform, concerns linked to overregulation, lavish subsidies, and a democracy deficit in the European institutions are noted, whereas passages devoted to pan-European aspirations and dreams have faded. In general, the language of the party programme of 2006 is much less dynamic and much more prudent than in 1994. Very progressive phrases such as "hence, to cope with its duties that have become more and more complicated, we must delegate the faculties, powers, and the political sovereignty necessary to the European Union"²⁰ are missing from the new text. The CDU of 2006 recognises nevertheless that the European Union is a 'Political Union' and, consequently, clearly favours a European constitution that is a 'fundamental treaty on the calling of the Constitution'. All future enlargements should be subordinate to the Constitutional treaty, or rather to the pursuit of institutional reform and require the clear definition of Europe's boundaries²¹. Regarding Turkey, the CDU is in favour of open negotiations but favours a 'privileged partnership'. The CDU programme clearly lacks a geo-strategic vision regarding the European Union's neighbouring countries, and does not demonstrate responsibility toward its neighbours. The party programme also lacks a vision vis-à-vis the European integration process.

19 'Deutschlands Verantwortung und Interessen in Europa und der Welt wahrnehmen', motion proposed by the Federal Office of the CDU Deutschland, during the 20th Party Congress, November 27 -28, 2006, Dresden

20 'Daher wollen wir die zur Bewältigung dieser wachsenden Aufgaben erforderlichen Befugnisse, Zuständigkeiten und politischen Souveränitätsrechte auf die Europäische Union übertragen', see CDU Party Program (Parteiprogramm) 1994.

21 An exception was made for Croatia.

THE SPD

Despite Willy Brandt, and especially Helmut Schmidt, who is associated with the establishment in 1978 of European Monetary System resulting from the Franco-German campaign led by Valéry Giscard d'Estaing, and although the positive role of the European Union is shared by both major parties, the Social Democratic Party (SPD) has never acquired, unlike the CDU, the reputation of being a traditional pro-European party. In addition, the SPD, unlike the CDU, has always had to struggle against 'dissenters', particularly on the regional level. In 1996 during the state elections in Baden-Württemberg, the SPD attempted to garner support with an 'anti-Euro' campaign. Consequently, it received the support of only 29% of the electorate, its lowest score since the end of the war. Recently, the former head of the SPD, Oskar Lafontaine, who in the meantime has left the party, demanded a harsher tone vis-à-vis the European Union.

The SPD's party platform²² places a strong emphasis on Europe as a model for peace and social justice. Without going into the details here the SPD (like many other social democratic parties in Europe) is facing a problem as liberal trends in European policy are distancing the party from its traditional working class electoral base. This is due to the fact that the discussions on the future of Europe and globalisation have become confused. Europe as a "fortress" or Europe as an instrument to shape globalisation are the two poles of the debate. The SPD, like other parties of the Left in Europe, are faced with a growing radicalisation of the discourse, which has a tendency to defend a growing protectionism. At the same time, a moderate Left is disappearing.²³ The famous debate triggered by Franz Müntefering on the "locusts" (American hedge funds that are buying up large parts of German industry) is a sign of such change. In this debate that shook Germany, there is little space dedicated to the newly disadvantaged classes (the unqualified, those with an immigrant background). It demonstrates the SPD's inability to respond to the needs of those on the fringes of society²⁴. German unions, in decline, share the fate of a party faced with the difficulty of modernising the social welfare system without reverting to past methods. Peer Steinbrück²⁵, Minister of Finance, recently argued that regrettably within the SPD, the debate is limited to the national level and has not been integrated in the larger framework of the debate on the European social model, as is the case in the unions.

22 'Grundsatzprogramm der Sozialdemokratischen Partei Deutschlands'. Conclusions drawn from the closing debate of the Social Democratic Party congress of the 20th of December 1989 in Berlin, modified during the Party Congress in Leipzig, the 17th April of 1998.

23 „Wenn dir Mitte einknickt“, in die Zeit, 30. November 2006, no 49, p. 3.

24 Le ministre-président du Rhénanie-Palatinat, Kurt Beck, a récemment utilisé la notion « Unterschicht » pour la première fois dans ce débat.

25 „Zurück, zurück, zur Seite, vor“, in die Zeit, 30. November 2006, no 49, p. 5.

THE GREEN PARTY, THE FDP

In some ways the Green Party²⁶ has adopted the most modern concept of Europe. According to its conceptual framework, Europe must adapt to globalisation and the new global order of the 21st century (failed states, religious fundamentalism, and privatisation of violence) as well as the new global economic environment derived from it. Of the different party programmes, the Greens' looks least to the past. It makes little reference to the past successes of the European project. Rather, it directly confronts the challenges presently facing the EU. Above all, it seeks to export the idea of Europe to the EU's neighbours, aiming to eventually create a 'community of peoples for a larger and more open democracy'.

The liberal party of Germany, the FDP, also has an open and liberal conception of Europe, but remains "traditional" in its approach. In any case, it remains far from winning the debate.

THE OTHERS: THE LEFT (DIE LINKE, PDS) THE DVU, THE NPD

Among the parties of the extreme right, the German People's Party (DVU) and the National Democratic Party of Germany (NPD), the ideas are protectionist, nationalistic and, consequently, anti-European. The Left (the Party of Democratic Socialism, PDS) also opposes an open and liberal Europe and must therefore be described as anti-European in the modern sense. This is not to say in this analysis that a modern Europe will undo the social consensus – to the contrary – the social consensus should not be attached to the old social security system as suggested by the "Left" (PDS).

An in-depth analysis of the parties on many different levels is ultimately required. Nevertheless, the essential point is that no party in Germany is actually engaged courageously in the European debate, and faced with the fragmentation of the political landscape; the two large popular parties can no longer permit themselves *not* to engage themselves.²⁷

26 'Die Zukunft ist grün', (The Future is Green) party program of the Bündnis 90/ Die Grünen, March 15-17, 2002.

27 We observe a similar situation in many member states.

II. Objectives of the German EU Presidency

The German EU Presidency has been so eagerly anticipated because it will play a crucial role in reshaping the parameters of Germany's European policy at a time when public opinion has been largely unfavourable to the European project, as previously outlined. As a result, German civil servants are currently attempting to lower expectations of what can really be accomplished during the German EU Presidency of January to June 2007. Moreover, there are many issues at stake: Germany is the largest country in Europe and, as a pivotal state with its double policy orientation -Pro-European and Transatlantic- it is without a doubt the most important Presidency. At the same, Europe has been plunged into a deep constitutional crisis provoked by its strategic partner France. Furthermore, there is a general feeling of enlargement fatigue. Also, the 50th anniversary of the Treaty of Rome will take place during the German Presidency. To commemorate this anniversary, the Berlin Summit on March 24, 2007 will attempt to deliver an ambitious political declaration, which will suggest the need for a new attempt at political legitimacy and herald the past achievement of peace. The declaration will also likely define the future challenges, goals, and responsibilities of the European Union in the 21st century.

The German presidency faces some huge challenges. Not only will expectations and capacities diverge; the French elections that will occur during the German EU Presidency will hinder efforts to resolve the Constitutional crisis. During the Presidential campaign in France, the traditional German-French engine will not be available. Besides, as yet unforeseeable international crises, of which there could be many, could overshadow the German EU Presidency and possibly sap political energy from Germany. Turkey/Cyprus, Kosovo, the further stabilisation of the West Balkans, Iraq and Iran are only a few examples of situations that may require crisis management.

Clearly, the German EU Presidency cannot be expected to provide the breakthrough in the area of institutional reform. On the contrary, the German government sees itself as a "facilitator" and believes that a draft formulation to resolve the institutional crisis will not come from Germany. Rather, the goal of the German EU presidency will be to ensure that all EU states are really communicating *with* each other and actively listening *to* each other. If possible, at the end of the Presidency, a "roadmap" and a clear time table will materialise out of this important Presidency and should act as a navigator in approaching questions surrounding both the Constitution and the question of institutional reform.

The time frame and organisation of the German EU Presidency will be divided into three phases:

1. The period until the spring will be devoted to the issues of the Lisbon Agenda and Energy.
2. The second phase will deal with the preparations for the 50th Anniversary of the Treaty of Rome.

3. The third and final phase, lasting until the June summit, will ultimately deal with the future of the European Constitution.

This does not mean that other important topics will not play a role: Justice and Home Affairs and especially the issues of Migration Policy and the War on Terror, to name a few; the entire EU Neighbourhood Policy (ENP), which should evolve into a 'ENP plus' and in this context must be evaluated; a strategy for Central Asia must be elaborated; and a revised partnership and cooperation agreement with Russia must be prepared and renewed in November 2007. All have triggered a debate in Germany and beyond over the EU's "Ostpolitik"²⁸. Furthermore, other ideas and projects will surely be addressed. This includes the idea of a Transatlantic Free Trade Zone, which will likely make its way into the political debate²⁹. The agenda is therefore both heavy and complex.³⁰

2.1. THE SPRING SUMMIT

The German EU Council Presidency will also focus on the Lisbon Agenda and, in that respect, the main issue is the dismantling of the bureaucracy as well as the full implementation of the European Common Market, in the areas of telecommunications and the energy sector. At first glance, it appears to be a very technical agenda, which is linked and must be seen in connection with a variety of domestic debates within Germany. Behind the desire for an energised Lisbon Agenda lies the ambition to demonstrate clearly to citizens its link with growth and employment. Less cumbersome regulations, more leeway, greater efficiency, are buzzwords and concepts on which the hope to make the European economic space competitive in the age of globalisation is pinned. From this idea comes the desire to make the EU more accessible to "Europeans" and to reduce the fashionable prejudices that exist about "Brussels and its obsession with rules". In this respect, the focus will be on innovation, especially on the development of common European endeavours in the areas of training, research, and development. This, in turn, is connected to the theme of energy policy, which will have to place a specific focus on the development of innovative techniques that take into consideration ways to protect the environment.

Energy policy will be a priority, and as a result of the January 2006 Ukrainian gas and pipeline crisis the German EU Presidency will have to lay out a "European Action Plan" as mandated by the Austrian Presidency. This topic is not only new for the EU, but also is also highly complex

28 Iris Kempe: 'From a European Neighbourhood Policy toward a New Ostpolitik. The potential impact of German Policy', Paper in Print for Medzinarodne otazky (International Issues), Bratislava 2006, p. 10.

29 In particular, with tempered expectations, by the CDU's European policy spokesperson Matthias Wissmann, Member of the German Parliament. This issue is expected to create tension on both sides of the Atlantic. However, these tensions should be avoided and must not threaten the discussions on the European Constitution.

30 This article cannot and will not address all issues on the agenda, but essentially those questions relating to Franco-German and transatlantic relations. Thus, it will emphasise the three phases of the German Presidency and the 'New Ostpolitik', whereas other themes such as co-operation in the areas of Justice and Home Affairs will not be addressed.

and extremely sensitive. The EU Commission does not yet have any formal powers in the area of energy policy and in the area of industrial policy; sensitive national interests are at play. This debate also includes a number of non-state actors, in particular the large energy companies. At the same time, the energy question is closely linked to other issues related to the EU's future foreign policy, especially in relation to the Neighbourhood policy, Russia, and Central Asia.

The Spring Summit may thus represent a 'first take' at these complex questions. In particular, the German EU Council Presidency is likely to seek an internal EU consensus on energy and climate questions, which it would be essential to achieve ahead of the G8 Summit which Germany will also preside.

The goal of the German EU Presidency is certainly not to strive for a type of "common energy policy" or the "communalisation of the European Energy policy" endowed with institutional underpinnings. It must be emphasised that questions relating to the 'energy mix' (oil, gas, renewable sources of energy, nuclear energy etc.) are perceived by member states as prerogatives of national governments. Germany is presently in a very difficult domestic situation. The Grand Coalition quarrels over the possibility of reversing the decision to discontinue using nuclear energy - a position that is advocated by the Minister of the Economy, Michael Glos.

What needs to be reached is a common European position on research and development, renewable energy, measures to cut down on energy use, diversification, and energy security, as well as a consensus on the future of the Kyoto Protocol. In all these areas, the devil is in the detail. A number of recent power outages have exposed weaknesses in the German/European electric grid and demonstrated the complexity of energy transfer within the Eurozone. Moreover, there is the question of (national) industrial monopolies. In the past few months, a number of transnational takeovers have failed. The German company Ruhrgas AG was unable (not permitted) to take over the Spanish energy provider Endesa and France supported the consolidation of French firms Gaz de France and Suez to prevent the Italian concern Enel from buying out Gaz de France. Briefly, the consolidation of the energy sector in the Eurozone should be the first step on a bumpy road towards a common European energy policy.

2.2. THE SPECIAL SUMMIT FOR THE 50TH ANNIVERSARY OF THE TREATY OF ROME

The 50th Anniversary of the Treaty of Rome will take place during the German EU Presidency and will provide the opportunity to put forward an ambitious political declaration on the future of Europe. The goal will be to fashion a concise and clear statement. This declaration should not illustrate the historical successes of the European Union; rather it must address the opportunities, challenges and goals of the European Union in the 21st Century. Basically, it should be about an effort to develop a new legitimacy, a new basis for the EU at a time when the traditional arguments about the EU Peace Project are starting to wear thin. Developing a closer relationship with the citizen and making those areas more visible where the EU and the citizen really interact (for example where it guarantees the competitiveness of the European economy) should be the central themes of this declaration.

In addition, the EU summit will have to put the necessary emphasis on the foreign policy capabilities and thus the readiness of the EU to assume its international responsibilities.

The Rome Treaty anniversary will also provide an opportunity to encourage a rapprochement with Europeans and strengthen the European political discussion on the regional and local levels. The German Parliament has already decided that a discussion or an event on Europe should take place in every district. In addition, numerous citizen forums and European associations are mobilising to organise a wide public debate and make an effort to use the anniversary to both encourage an open and frank discussion among European citizens.

2.3. THE JUNE SUMMIT

The dynamic which should emerge from the spring summit will shape the German Presidency's position regarding the EU Constitution. In this case, the situation is very complex. The stated goal is to reenergise the process and, eventually, present a clear roadmap and time table for the future without immediately circulating concrete proposals on how the EU can abandon the idea of holding referendums.

The German Presidency will try to conserve as much substance as possible and will not be satisfied in keeping just a few minor points. In addition, the German presidency will stress the idea that the judicial weight of a 'Yes-vote' to the Constitution is as important and significant as a 'No-Vote'. 18 'yes votes' cannot be easily disregarded. For Germany, the European Constitution is not (yet) dead, a position held by other member states.

Whether the German position regarding the Constitution is in agreement with the majority opinion within the EU member states is however questionable. Even if France and The Netherlands, following referendum defeats, are still able to find constructive ways to carry on the Constitutional process, Great Britain, Poland, the Czech Republic, Denmark, and Sweden seem unlikely to ratify the Constitutional text in its current form. Furthermore, countries in favour of the Constitution will hardly vouch for it at this point. Among those are Germany, Italy Luxembourg, and Belgium. Many other states, which have formally supported the Constitution, will certainly not be against proposing other solutions.

Therefore, for Germany, the Constitutional process will be a balancing act. On the one hand, it will try not to dampen efforts and, on the other, it must avoid unrealistic expectations. It is unclear whether the Constitution in its present form has a future, and, if so, what modifications are necessary. At this point, different solutions are being discussed:

- The omission of Part III, the most complicated and voluminous part of the Constitutional Treaty, which is not all accessible to the citizen, and was decisive in the rejection of the treaty is the first solution offered. However, the prevailing wisdom from a legal point of view is that the omission of Part III is not an option, as this section contains the entire existing "acquis communautaire" and for that reason must be preserved.
- The "inverse" proposition is the addition of a number of citizen-relevant chapters, on themes such as the job market and European social policy, immigration, or energy. According to conventional wisdom, the solution is, in adding and not omitting. This option

also does not present any legal problems. That such modifications, especially looking at the failed ratification processes in France or the Netherlands, would make a difference is doubtful. Citizens of these countries may see these changes to be nothing more than cosmetic.

- In addition, a number of suggestions to restructure the constitution or remove certain clauses have been made. In his speech on September 8, 2006 French presidential candidate, Nicolas Sarkozy, suggested a two-step plan: the implementation a mini-Constitution, followed, at a later date, by the renewal of Constitutional discussions. This suggestion was met with reluctance by the Germans, who have ambitions of reviving the old treaty. Nevertheless, this partial solution is being studied by the British, which would allow the 'large' Constitution to be avoided.

Apart from the discussion of concrete policy options, there is also an increasing belief (although not yet mainstream) in Germany that the need for a European Constitution or even the need for substantial institutional reform before 2009 is no longer absolute. For many years there was a consensus in Germany, that enlargement and deepening must move in sync and that anticipated future expansion absolutely required further institutional reforms if a new European constitution was not in place. This also appears to be the case in the recent discussions on the absorption capacity of the EU, especially in relation to their capacity to integrate future expansions. Institutional and financial capabilities, as well as the "acceptance on the part of the population" are thus criteria for absorption capacity. However, there seems to be some movement in the debate to dissolve this measure and that future expansions will depend on the adoption of a new European Constitution. In the meantime, it has been said that for the accession of Croatia, which is presently in negotiations with the EU, without prior comprehensive institutional reforms, other legal solutions are conceivable.³¹ The substance of this argument cuts two ways and is fuelled by diverging motivations; on the one hand, the principles for future accessions are not threatened (at least for Croatia, Turkey, and the states in the West Balkans) by the collapse of the Constitution. On the other hand, however, the sceptics of expansion, whose commitment to the Constitution is minimal, hope that without a Constitution – or in any case without substantial reforms – no future expansion, perhaps with the exception of Croatia, will take place. In this context, it is unlikely that the Germans, who are pleading for the revival of the ratification process, will support the idea, as some are calling for, that the European Constitutional process be lead by a small group of countries, i.e. a core Europe to the exclusion of those that have yet to ratify the Treaty.

Looking at the Constitutional process even in Germany, it is hard to see any good will. In a policy speech given before the German Society of Foreign Affairs on November 8, 2006, Chancellor Merkel hardly mentioned the European Constitution. From her address, one can

31 Only Article 213 (1) of the Treaty of Nice would have to be implemented, meaning with the accession of the 27th Member State, the European Council must unanimously decide on a system of rotation within the European Commission; the number of Commissioners would become inferior to the number of member states. Nevertheless, for the German Presidency, the edification of this decision is not a priority.

conclude that Germany will not make the success of their EU Presidency contingent on getting a breakthrough on the Constitution; rather it will concentrate on taking practical steps in certain areas. Progress on the ESDP (European Security and Defense Policy), the WTO, energy policy as well as environmental protection, are four areas that were discussed in Ms. Merkel's address. In fact, three of the four, WTO, Energy, and environmental protection, are not even existing EU topics, but are featured on the G8 agenda as well.

2.4. THE NEIGHBOURHOOD POLICY'S OBJECTIVES

The energy policy, the European Neighbourhood Policy, as well as a new Central Asian strategy, a key focus of the German EU Presidency, cannot be overhauled without a new take on the EU's policy towards Russia. Presently based on the Partnership and Cooperation Agreement (PCA), it will in fact have to be renewed in November of 2007. In this context, in Germany and elsewhere, an active debate on the new European "Ostpolitik"³² is taking place. In this debate, Germany has placed a special emphasis on its relationship with Moscow. This debate will, nevertheless, depend on two main factors:

- First and foremost, every discussion on the EU's relationship with Russia is seen within the realm of the Transatlantic framework. The European partnership with Russia must be made in coordination with US policy.
- Furthermore, the outcome of the debate will depend on the vision and political developments that will occur in France and Germany. It was Jacques Chirac and Gerhard Schröder, who suggested a few years ago the idea of a Berlin-Paris-Moscow axis, which irritated a number of other European states, in particular Poland and the Baltic states. Following the Presidential elections, France's new political orientations will be crucial both with regard to Russia and the USA.

It is difficult for Germany and France to have the same point of view on Russia and the East. It has in fact always been thus. Even in the 1970s when Germany, under Willy Brandt, initiated the policy of „Wandel durch Annäherung“ (change through rapprochement), France under the leadership of President Georges Pompidou was quite unhappy. Even during the contentious discussions on expansion, the French –quite wrongly- considered Central and Eastern Europe as part of Germany's backyard³³. In many French journals, the discussions on Central Europe took on an almost mystical character. Most recently, France lost a great deal of sympathy in the region when Jacques Chirac snapped during the build up to war in Iraq in 2003; "Ils ont encore raté une occasion de se taire" ("they missed another opportunity to keep quiet"). And

32 See Iris Kempe, op. cit.

33 Wrongly, because not only was France economically very implicated in these countries (with its large retail chains – such as Auchan and Carrefour – but, moreover, in the 1920s the countries of Eastern Europe were, equally for France, a "cordon sanitaire". France, a heavyweight in the region, could have built up strong relations with these countries.

the old fault lines reappeared once again during the most recent European Neighbourhood Policy (ENP) discussions.

Whether or not a distinction should be made in the financial aid given to the neighbours to the East, on the one hand, and those to the south (the Mediterranean sphere) on the other, is a major source of tension. A similar discussion took place between Germany and France at the European Council meetings in Essen in 1994, when the idea of making a financial distinction between those states that should eventually become members of the EU and those that should remain outside was aired. A similar tempest is brewing within the EU at the moment, whereby not only France, but all of the southern EU countries (Portugal, Spain, Italy, and Greece) want the southern states to be treated equally, even when they have no prospect of joining the EU. And because France's geo-strategic outlook is to the South and Germany's to the East, it would be the perfect opportunity to initiate a Franco-German convergence and synergy.

This explains why the Germany Presidency does not want to focus on an East/ South divide; rather it prefers an „individualised“ ENP based on well developed, country specific bilateral initiatives. The German EU Presidency also underlines that its insistence on a strategy for Central Asia is not necessarily imposing its German priorities, but is a rational way of sharing the load. In essence, by concentrating on Central Asia, it leaves to Portugal (who has more expertise in the matter) the responsibility of looking after the perspectives of the neighbourhood policy toward the South.

But the fundamental problem with the neighbourhood policy is that Europe's neighbours are waiting for something that Europe is not prepared to offer – the prospect of membership. The German EU Presidency will therefore not only offer an individualised approach, but an „ENPplus“. And yet is not completely clear what this means exactly. This comes from the fact that the ENP appears to be 'nobody's baby'. All states have an interest in the policy, but none have a direct stake. The question is: what can really be offered to the ENP states, when there is no possibility of joining the EU, and if they will not receive what can actually be offered.³⁴ Perceptions and expectations are very important. The fact is, an ‚ENP plus‘ without any prospective of membership will have a direct or indirect financial cost, which will make necessary substantial policy choices within the EU. Whether is the opening of markets or for imports or labour, deepening of free trade zones, or direct financial aid for the ENP states, there will be an associated cost. The gap between 'short term costs' and 'long term gains' is difficult to bridge. And often, in many policy discussions among the European states, we forget to mention how much political and economic development in the neighbour states helps resolve the most urgent domestic political problems within almost all member states. Whether it is crime or counterfeiting, clandestine workers, energy security, or the fight against terror, or whether is about creating new markets and economic dynamism, the EU's relationship with its

34 For more details and principles regarding the application of „variable geometry“ or “staggered integration” in the European Neighbourhood Policy see Charles Grant: 'Europe's Blurred Boundaries. Rethinking enlargement policy and neighbourhood policy', CER 2006.

neighbours is crucial. Europe cannot develop and really become Europe without its neighbours. It will fall on the political shoulders of Germany and France to develop plausible, dynamic, and very concrete strategies for the countries to the south and to the east without forgetting the essential role they will have to play if accession negotiations with Turkey and Croatia are to succeed and if the accession prospective for the states of the West Balkans should conclude successfully. In both countries, there is strong political pressure to establish fixed borders and to put on hold the deepening process. Both are anachronisms. The debate over the eventual borders of Europe is absurd, as the only eventuality is death. More than ever before, Europe cannot support the status quo and, on the contrary, must remain flexible and ready to respond to the challenges of the 21st century. In particular France and Germany must modernise the political debate. The concept of the geo-strategic Europe must be introduced and the idea of an altruistic European Neighbourhood Policy must be swept aside. The ENP must not be alms for the poor! The future of the ENP states is part of Europe's strategic interests.

2.5. A ,NEW OSTPOLITIK' FOR THE EU

In relation to Russia a lot will depend on Germany and the positioning of France following the elections, and also, what they will agree on. The German Presidency may have already placed some emphasis concerning their relationship to Russia, which is actually in preparation for the renewal of the EU-Russia "Partnership and Co-operation Agreement (PCA), set to begin in the summer. (One cannot really say that Germany and France ever have competed with each to have influence on Russia. But, on the other hand "Rapallo" was a longstanding trauma in France and French foreign policy has a Gaullist tradition, where in its 'Aquidistanz' between the former Soviet Union and the United States it did try to carve out some "independent space" for itself). Famous is de Gaulle's speech during his visit to Moscow in 1966 when he said, "Le grand peuple français salue le grand peuple russe" (The great people of France greet the great people of Russia) On the other hand, Germany, although had a very close connection to Russia throughout centuries, does not only owe its de facto existence to the United States, which from 1947 to 1989 had to provide for Germany security against Russia, and therefore was transatlantic in nature. Hence, it is important to remember that it was not always a German-French two step.

Although these former German and French foreign policy parameters have disappeared, it would be hasty and erroneous to forget their capabilities regarding their current attempt to create a new configuration of the relationship between Paris, Berlin, and Moscow on the one side, and Europe, Russia, and the U.S. on the other. Pushed aside are not only the parameters, but also the attitudes of the populations.

The 'thermometer curve'³⁵, which measures German feelings towards other states, showed that today, Germans generally have similar feelings toward Russia and the United States. These

35 Transatlantic Trends 2006. Key findings. The U.S. is at 53 degrees on the sympathy scale, whereas Russia is at 50 degrees.

large strategic chess board questions are naturally not issues for the German EU presidency. And yet one can observe that Germany must attempt both to clearly improve its relationships with both the United States and Russia. Germany is therefore in a key position, but its position has not yet fully matured. In political conversations in Berlin, there are signs that diverging approaches to Russian policy exist. On the one hand, there is the Chancellor's camp and, on the other, the German Foreign Office. Merkel, under pressure from the public has sought to distance herself from the cosy German relationship of her predecessor Gerhard Schröder with Russia, President Putin, and Gazprom. The latter can be seen in her strong criticisms geared toward Russia over the inability of NGOs to function in Russia, Chechnya. Moreover, she has sought to Europeanise and make Germany's Russia policy more transparent as well. In contrast, the Foreign Office under the leadership of Gerhard Schröder confidant, Franz-Walter Steinmaier, will likely want to put a strong German emphasis on policy regarding Russia; creating what some describe as a "Russia first" policy. With regards to Russia, the fact is Germany has strong national interests at stake and within the EU Germany holds a quasi hegemonic position. Germany has the strongest economic interests and very active (somewhat) uncritical Russia lobby group within the industry sector, the largest bank and financial interdependence, and at the same time the greatest energy dependence. 60% of German natural gas originates in Russia, and German firms (Ruhrgas and Winterhall) hold a 51% stake in the new Baltic Pipeline project, which circumvents the Baltic states as well as Poland. Thus, how can Germany, during its EU Presidency, play the role of an 'honest broker' when it comes to providing a basis for a European policy towards Russia? Germany's position regarding Russia is analogous to its position in the discussion of the introduction of the Euro: Germany had the strongest and most important currency in Europe, and yet it was still a huge benefit for Germany to give up its dominant position for a common currency. In a common market or common currency zone, the goal cannot be to place its preferences above those of others: when the gas is in fact supposed to flow to Germany and no longer to for example Poland or the Baltic States, Germany nevertheless has a problem. If Germany will freely, as in the case of the Euro, "Europeanise" its special relationship with Russia in order to think and act European in the strategic triangle of Energy policy, the European Neighbourhood Policy and a coherent policy towards Russia is questionable. In addition, France's policy orientation cannot be undervalued either: will it support a national and unilateral German approach, or will it support the 'Europeanisation' of its policy towards Russia as part of a strong transatlantic framework

III. The German–French Duo: a (quick) look back and forward

No study of German foreign policy would be complete without an analysis of its relationship with France, which has been one of the pillars of its European policy. The Franco-German relationship, which reached its climax during the Mitterrand-Delors-Kohl era, has not always been rosy. Quarrels on the introduction of the Euro, common foreign policy, security and defence policy, the CAP and budgetary questions marked the 1990s.³⁶ Traditionally, these disputes contributed to the efficacy of the Franco-German duo. In effect - two countries incarnating two radically opposed conceptions of the state (the centralised state and the federation) and political economical prisms (“dirigisme” versus the social economic market) set the pace for policy adaptation: when Germany and France were able to come to an agreement, all the other states succeeded in recognising their own interests in this compromise. According to Stanley Hoffman, Franco-German relations were “symmetry through asymmetry”: the convergence between the politics of sovereignty oriented toward the South on the part France and the economic powerhouse Germany, the resulting tension forged the motor of the Union. And together, France and Germany were the “critical mass” necessary to push Europe into action.

3.1. FROM EUROPE’S ENGINE TO LOCOMOTIVE WITHOUT CARRIAGES

In this context, the original dysfunctions in the Franco-German duo were not a sign of conflict, but on the contrary, the absence of conflict. Of course, there was the clash during the negotiations leading up to the Treaty of Nice in 2000, a consequence of diverging opinions over the creation of the financial and institutional structures of an enlarged Europe, which had already come to the surface at the Berlin Summit of March 1999 in regard to renegotiation of the EU Budget and the future of the PAC. However, Germany and France reconciled shortly thereafter with the Blaesheim Meetings, which sought to rebuild trust. The common fear was if Germany and France were not able to agree on the major themes of European policy, Europe would be without leadership.

It is interesting to note that the newly found trust evoked distrust among the other member states. As of 2001, Franco-German deals began to multiply, often to their own advantage, provoking irritation among their partners. Additionally, at the 2001 European Summit in Gothenburg, Germany, backed by France, imposed a seven year delay on the free circulation of persons coming from the new EU member states and, in exchange, Germany accepted

³⁶ For more details see Ulrike Guérot: “Frankreich und Deutschland – Lokomotive ohne Anhänger?”, in: Johannes Varwick/ Wilhelm Knelangen (Hrsg.): „Neues Europa – alte EU? Fragen an den europäischen Integrationsprozess“, Leske und Budrich, Opladen 2004, S. 285-298.

France's hostile position on the liberalisation of electricity, which was perceived as a threat to the French energy concession, EDF. Moreover, the Franco-German agricultural compromise negotiated in Brussels in 2002 was made behind closed doors without consulting the other EU member states.

Yet another example is the instances in which Germany and France accused the EU members from the East of conducting a 'disloyal' fiscal policy, when they themselves year after year did not respect the deficit allowances stipulated by the stability and growth pact.

The pretence to lead Europe and yet consistently ignore core EU rules was not appreciated by many other members. When Germany lined up next to France against the United States during the Iraq Crisis and together – at the 40th anniversary of the Treaty of Elysée- decided to speak 'in the name of Europe', the disenchantment of their partners mutated into anger. And for Germany, it was even more than that – it questioned the very foundations of its foreign policy. With France, against the United States, this had never been seen before! The months that followed demonstrated how difficult it is to construct Europe against the wishes of the United States. And on its part, Germany was clearly able to measure the costs of questioning 40 years of consensus.

In this context, the Franco-German duo did not have enough energy nor did it possess enough moral authority necessary to bring the European Constitution to a successful conclusion. The text was not ambitious enough for some; and when it was glumly celebrated by the heads of state at the Rome Summit of 2004, its symbolism was already tarnished by the intra-European disagreement over Iraq, even before the fatal French "Non" to the Constitution.

3.2. FRANCE, SEEN BY GERMANY

This evolution is all the more worrying as it has been accompanied by a gradual change in the German position vis-à-vis France. Just as Germany no longer unconditionally supports Europe, the partnership with France has also disappeared from Germany's foreign policy discourse. "Une Europe sans la France"³⁷ is the name of a book recently published in Germany. No matter what we think of the title, its very publication demonstrates that the "French reflex", necessity to consult with France before key EU policy initiatives are unveiled, is less present in Germany. The traditional bilateralism is no longer the norm. On the other hand, Franco-German co-operation is still important and poses no trouble in many technical areas. But the time for the (almost) obligatory reference to France is over. In the coalition agreement, the Franco-German relationship is characterised as a "motor for Europe", but the concept of the strategic partnership is conspicuously absent. This evolution is likely the result of a new generation of German politicians and civil servants who have a different background and therefore think differently. In this new context, it will remain to be seen if the two countries will be able to

37 Markus C. Kerber: „Europa ohne Frankreich? Deutsche Anmerkungen zur französischen Frage, Francfort on Main, 2006.

develop a new common project and engine to realise the European project, or, on the contrary, Germany will distance itself from France in the case that Paris will have too many difficulties to return to the centre of the European debate. This last scenario cannot be discounted: the French position in Europe is weakening. On the question of enlargement, France has always perceived to be reticent and the Constitution did fail as a result of the French "Non".

3.3. KEYS TO RE-LAUNCHING THE EUROPEAN PROJECT

To give new momentum to the French-German co-operation, an evolution would be necessary on two levels.

First, the Franco-German engine must be rethought. In the last few years, a lack of interest in collaborating actively with the smaller states of the Union, states that had been traditionally wooed and protected by Germany, has been flagrant. At the time when Germany's European policy had become more "French", it abandoned the consensus in favour of integration, long incarnated by the European Commission, and Germany had supported the smaller states. Besides making an effort to reach out to the smaller states, the Franco-German engine will have to cooperate more actively with the larger states of the union. This is already the case in certain areas such the collaborative effort of the "Big Three", including Great Britain, on the question of negotiations with Iran. On the contrary, the "Weimar Triangle", including Poland, has not had the same success. This is clearly linked to the new Polish government's rather unconstructive attitude toward Europe. Yet, a good working relationship with Poland is indispensable to a pan-European approach on a number of delicate issues such as a European energy policy, a neighbourhood policy, and a coherent policy on Russia. Exclusive Franco-German initiatives are doomed to fail. As well, Italy and Spain are impatiently waiting to see if French-German relations will undergo a renaissance following the French presidential elections and what direction they will take. They are concerned that France and Germany will return to their "closed-door format". Their concern is that they will have no input into the policy making process and will only be able react to Franco-German initiatives. This is particularly true in the case of the Constitution. Whatever the solution proposed by Germany or France, especially taking advantage of the momentum generated by the German Presidency in 2006 and the French Presidency in 2008, the Italians, like the Spanish, are concerned that they will be completely abandoned or neglected. Italy and Spain both ratified the Constitution, Spain by referendum. To accept and ratify a new text would be neither prudent, nor in their interest. At the moment Italy is using all of its political energy to underline the de-facto consensus it found with Germany on the Constitution³⁸, which Germany and France have not reached, in order to re-energise the debate. Some Italians wish to launch an Italian-German initiative during the special summit in March of 2007, in order to put some zing back into the Franco-German

38 This was noticeable during the conference and debates at the "IVth German-Italian Forum" organized by the Institut für Europäische Politik and l'Instituto di Affari Internazionali di Milano on October 26-27, 2006 in Milan.

relationship via the Italian-German initiative, as was the case in 1981 with the Genscher and Colombo plan. A renewed overture towards its other European partners would constitute nothing more than the tactical dimension of an eventual revival. The intellectual bases of Franco-German cooperation need to be likewise re-examined.

In Germany, like in France, the level of discussion on Europe contrasts markedly from the more open debates that are taking place in Great Britain, in Poland, but also in Sweden and Italy. Rather than examining the geo-strategic location (and interests) of the Union, the debates in Europe are focused on domestic politics and intra societal national debates (such as the debate on the “European Social Model”). Their semantics and their objectives evoked past problems; they were marked by the regret of the “missed opportunity” of the 1990s, when in 1994 after the publication of the working paper on the “core of Europe”, even before enlargement to 15 member states, a further step toward a deeper integration could have been undertaken. Political union, finality, the establishment of its borders, the junction between deepening and enlargement: whatever it is the major themes of the actual debate in *and* on Europe in France and Germany conveys a rigid image of Europe as a homogeneous ensemble, complete, uniform, which should define once and for all its objectives and boundaries. In the eyes of the French, this definition refers to “real European”, who knows precisely what the political union should resemble. But on the other hand, does the strength of the European Union not reside in its ability to change and adapt to new challenges and opportunities? Germany and France are lacking the concepts necessary to solve Europe’s problems of tomorrow. The debate on these topics must evolve if France and Germany are to regain their role as Europe’s motor.

Among the many issues that must be re-examined is notably the nature of relations that Europe must maintain with the United States and Russia, these “two external laboratories where European ideas have been experimented with: communism (in the past) and capitalism” wrote Peter Sloterdijk in 1994 in his magnificent essay “if Europe Awakes”.³⁹ These two old rivals who confronted each other with Europe in between, must find their place - again and newly – in the European system, and, in their own way. Because the two fundamental elements of the future of Europe are, on the one hand, its energy policy (which should be looked at through the prism that the implementation of a common administration of vital resources favours peace like was in the case of the European Steel and Coal Community) and, on the other hand, the European defence policy. Recently, German politicians have been very clear about the necessity of common European defence strategy, and eventually, a European army⁴⁰. Both poles, defence and energy, require an open mind and forward thinking. It requires, at the same time, a clear definition of the interests *of all of Europe* and not uniquely the national interests of France and Germany. Unilateral initiatives, *against the* United States in the area of in the area of defence policy, and *against* the rest of Europe, alone with Russia in

39 Peter Sloterdijk, “Falls Europa erwacht”, Francfort on Main, 1994, p. 28 and following.

40 See Kurt Beck, SPD Conference on the German EU Presidency of 2007, Berlin, November 6, 2006.

the area of energy policy, must be avoided. A detailed analysis of these two questions is beyond the framework of this study. It is up to the new Franco-German duo to come up with concrete solutions to these many challenges.

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