Strategic Thinking in the EU – Aspiration or Reality?

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Abstract**: The aim of this paper is to show the most important points of view presented by high officials and representatives of the academic milieu from European countries on the occasion of the EPIN conference regarding the Strategic Thinking in the EU, held in Bucharest on September 30th, 2011. There were proposed to the audience several topics related to macro-regional strategies such as: Danube Strategy and Baltic Sea Strategy, the Europe 2020 Strategy and some key points on strategic thinking in EU foreign policy. The conference consisted of three sessions in which speakers stressed out the main topics of the day. The first session outlined the main aspects regarding the Baltic Sea Strategy and the Danube Strategy. The Europe 2020 Strategy was the central point of the second session of the conference, and in the last session, the speakers highlighted some important aspects on the strategic thinking in EU Foreign Policy. The series of speeches was completed by a Conclusions session in which the most important results of the debate were brought to the attention. Also, it left open for further discussion the need for the strategic thinking of the EU to become a reality.

Keywords: European Union, macro-regional strategy, Europe 2020, crisis, Euro-zone, EU foreign policy, cooperation.

At the end of September 2011 the European Institute of Romania, together with CEPS-Brussels organized the conference “Strategic Thinking in the EU”, under the aegis of the European Policy Institutes Network (EPIN). Benefiting from the support of the Representation of the European Commission, the conference gathered high officials and representatives of the academic milieu from European countries. The conference proposed to the audience (public administration, diplomatic representatives, academia, NGOs, media) topics related to the macro-regional strategies: Danube Strategy and Baltic Sea Strategy, the evolution and results of the Europe 2020 Strategy and several key points on strategic thinking in EU foreign policy.

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** This paper reflects the Summary Report on the EPIN Conference “Strategic Thinking in the EU”, organized by the European Institute of Romania (EIR) and the Centre for European Policy Studies (CEPS - Brussels), with the support of the Representation of the European Commission in Romania, in Bucharest on 30th September 2011. The purpose of this paper is to make know the EPIN conference discussions among the RJEA readers, the members of the European Policy Institutes Network (EPIN) and other potential contributors to the journal.
This event was one of the series of EPIN conferences focused on increasing the awareness of the national initiatives in the European context and of the cooperation actions in delivering prompt answers to hot topics and dilemmas present at EU institutional level. The European Policy Institutes Network gathers 32 think-tanks and research institutes from all over Europe, dealing with debates and analysis of contemporary European topics.

Quoting the speech of the President of the European Commission (addressing to the European Parliament on September 28th), Niculae Idu, the Head of the Representation of the European Commission in Romania, reviewed some of the special topics on European agenda: the dilemmas on the future of the euro-zone, the perspectives of the Single Market, the situation in Greece, emphasizing the need for increased credibility for the euro and for the European project in general, the need for further changes in the Treaty, the increased role of the financial sector and the constant target of economic strengthening (growth and jobs). The Commission will present a proposal for a single, coherent framework to deepen economic coordination and integration. In its actions, EU should maintain fairness, inclusiveness and solidarity and in relation to EU actions in the world, it will be crucial for the EU to maintain its commitment (Eastern Partnership and relations to the Southern neighbours, etc.). In conclusion, it was stated that the present crisis will be a “test of willingness to act together”. “Intergovernmental cooperation is not enough to get us out of this crisis”. The need to enhance the role of EU institutions becomes thus crucial.

Macro-regional strategies, the Baltic Sea Strategy and the Danube Strategy, were the central point of the first session of the conference. The moderator, Agnes Nicolescu, Head of Studies and Analysis Unit with the European Institute of Romania, introduced the topic of the session by raising the issue of the existence of a possible rift between focused regional cooperation and the larger EU institutionalized policy framework.

The Deputy Director of the Centre for European Studies, Lund University, Rikard Bengtsson, concentrated his presentation on the Baltic Sea Strategy, its opportunities and challenges. Originally a parliamentary initiative, set up in October 2009, the Baltic Sea Strategy was built around four pillars: environment, prosperity and economic development, accessibility and attractiveness, safety and security. Although the scope is very broad, gathering 15 priority areas, the idea of the strategy is about coordination.

Based on no new legislation, no new institutional arrangements and no new specific funding, the framework of the Baltic Sea Strategy is about improving EU regional policy in a distinct area and complementing the existing EU policies. The most important achievements of this strategy are the new projects developed in the shipping, transport and energy sectors and the consolidated network that came out of this enhanced coordination process. The funds allocated belong to the structural funds for the Baltic Sea, from the territorial cooperation share. The implementation is focusing on a regional perspective, rather than on internal and external policy developments.

Among the main challenges this strategy encounters at present, one can mention the political challenge (efforts to be made to keep the political attention to the Baltic Area, given the new shift of focus onto the Danube Strategy), the governance challenge (to be more focused rather than too broad, given the leadership vacuum), the external dependence challenge (arrangements to be made for interactions with Russia).
**Miheia Diculescu - Blebea**, Director of EU Strategies and Policies Direction, Romanian Ministry for Foreign Affairs, concentrated upon the Danube Strategy, a macro-regional strategy, as a re-launch of the EU cohesion policy. Underlining the potential role in Romania’s economic development, the macro-regional strategies can represent a proper answer to the new economic crisis reality. The Danube Strategy, a Romanian-Austrian initiative, is to determine the redefinition of the regional cooperation concept, at the same time focussing on developing the transport, environment, energy security sectors.

Danube Strategy involves different countries, either EU member states, candidate states, or non-EU countries. Despite the heterogeneous character of the strategy, a positive impact could be the accelerated pace to align the non-member EU states to the European standards. Given the development potential of the Danube area, this project could become one of the most important territorial development initiatives in EU. The key areas of the strategy need common platforms (among central and local authorities, private sector and civil society) for concrete projects. The inter-ministerial working group, the national forum for Danube Strategy implementation envisage concrete project launch, with added value for the citizens.

In the conclusions part, the moderator drew attention to the law enforcement challenges and to the different degrees of integration in the Danube region and the possible negative impact on the further development of the strategy. The specificities of both the Baltic and Danube regions will at the same time determine the specific policies to be implemented in the two cases.

During the discussions at the end of the session, participants have highlighted the execution difficulties, the governance issues, the sharing of the responsibilities for more implemented projects, but also the way the regional approach can help in negotiating the multi-annual financial framework for 2014-2020. The Polish Ambassador in Romania compared the degree of cooperation among the states in the Baltic Sea Area to the cooperation in the Danube region. The longer history of cooperation in different fields seems to favour the Baltic Sea Area, so the Danube countries will have to do their best to strengthen the initiative.

**Almut Möller**, Head of Program at the German Council on Foreign Relations, started off the second session (**Europe 2020 Strategy. One year on**) with several remarks on the initial success of the Lisbon Strategy and its enthusiastic welcoming, as well as its failure, which has resulted in the current Europe 2020 Strategy being relatively ignored. At the same time, comments have been made on the current economic crisis and its effect of undermining the survival of the Europe 2020 Strategy.

For **Valentin Lazea**, Chief Economist at the National Bank of Romania, the situation in Europe is clouded by the problem of the fiscal sustainability of euro area sovereigns, a fact which has negative consequences such as: a shift from long-term/strategic thinking to short-term/tactical thinking questioning some provisions of the Lisbon Treaty and finally a reluctance to finance a larger European budget. The European Financial Stability Fund will probably need larger contributions, as well as a new mandate, in order to be able to purchase bonds of troubled states. Also, issuing joint euro bonds is probably not feasible in the near future, because it would entail the re-opening of the European treaties and it would spread moral hazard by helping troubled states avoid painful reforms. Despite this tense environment, some progress has been achieved in promoting a more competitive Europe, especially through the first European Semester and the Single Market Act.
In May 2010, the European Commission has issued a paper on the main five structural bottlenecks to growth at the national level for Romania. Some of them have already been addressed, as follows: reducing the high general government structural deficit and ensuring long-term sustainability of public finances; ensuring a well functioning and stable financial sector and further improving the functioning of the labour market. Meanwhile, a series of issues remained unsolved, such as the strengthening of the efficiency, effectiveness and independence of the public administration, including the absorption capacity of EU structural funds and the problem of ensuring a stronger contribution of the education system. As regards the Europe 2020 Strategy, Romania sent its national targets in April this year but no assessment of the progress has been made so far.

George Pagoulatos, Professor of European Politics & Economy at Athens University of Economics and Senior Fellow with ELIAMEP, identified what he considers to be three major effects of the debt crisis: the poisoning of the European economy, the hijacking of financial resources and the undermining of strategic decisions in favour of tactical ones. The expanding crisis of the Greece debts and its inability to provide long lasting solutions affect the Euro zone.

Whereas the United States got rid of their public debts accumulated during World War Two with the help of economic growth, Europe is unable to do the same thing because it is an economy based upon services, has an aging society and the costs of cleaning up the environment are much too high. The European economy is caught in stagnation, while the Euro zone periphery is forced to adopt austerity measures which aggravate the crisis. The only solution for the periphery would be to ensure an export-based growth, a situation that depends on the international climate. The main problem of Europe 2020 Strategy is that it does not represent a European policy but the sum of national economies’ priorities. The European Commission cannot force the reluctant governments to apply reforms. However, the Europe 2020 Strategy represents the best thing we can have in the given circumstances.

The effort to raise taxes in a shrinking economy is a counterproductive one, as there is a limit of tax augmentation. There is yet large room for manoeuvre as regards expanding the taxation basis. An increased attention should be given to the fiscal paradises, which were too long tolerated. The Economic and Monetary Union consists mainly of rules, rules whose observance cannot be enforced. Since the European Union did not use the good times in order to alleviate the public debt, better fiscal surveillance is needed. In case of high public debts, the prevailing idea should be to tax fiscal transactions and temporary nationalize the banks.

Matthias Oel, Special Adviser of the President of the European Council H. van Rompuy, remarked that the Europe 2020 Strategy continues to be relevant as there is no other way to exit the crisis. The main political question of today is: how can we overcome the crisis? Another challenge of the political class consists in convincing people of the necessity to take the crisis exit measures and identify the right equilibrium solution between austerity and economic stimulus. These two should be combined, and a series of measures such as increasing the retirement age and the acceleration of jobs creation should be adopted in Europe. Among the measures adopted by the European Union with this purpose, the speaker mentioned the package of six legislative initiatives adopted by the European Parliament this autumn as regards the budget area. The Lisbon Strategy partially failed
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due to the high number of targets and the absence of national responsibility. Europe 2020 Strategy wants to compensate this by establishing a limited number of targets tailored at a national level. This Strategy must be put into context, an important element being the Euro Plus Pact that completes and at the same time represents a step forward in relation to the Europe 2020 Strategy. Thus, the European Union intends to create a new instrument for growth and competitiveness.

Piotr Maciej Kaczynski, Research Fellow with the Centre for European Policy Studies (CEPS), the moderator of the third session (Strategic thinking in EU Foreign Policy), emphasized two major tasks of the foreign policy of the European Union, namely the global economic governance and the strategic relations with USA, Canada and with the EU neighbours.

Thomas Renard, Research Fellow with EGMONT Royal Institute for International Relations, underlined the peculiarities of the global context, the rise of new emerging powers in a world which is less and less European, marked by interconnectedness. Until recently, the motto of the EU referred to a global Europe, but this would come to an end, as we know now this is not possible. The speaker raised the question whether there is a crisis in the strategic thinking of the EU. For him, the answer to this question is no, in the sense that if the answer were to be affirmative, this would suppose that there is or there was a strategic thinking of the EU. Instead, there were and there still are a lot of strategies within the European Union. What is lacking is the interconnectedness between these thematic strategies and an overall strategic vision. The speaker emphasized the importance of strategic partnerships and identified as a serious problem the ill-conceived strategic thinking.

Liliana Popescu, Associate Professor with the National School of Political and Administrative Studies in Bucharest, addressed the question whether the EU is a unitary actor with unitary thinking. Her answer is that the EU did not develop a strategic thinking, but has instead adopted by default, over the last decades, a certain approach to its external policy, namely the liberal internationalism. Mrs. Popescu defined strategic thinking from the perspective of a unique opportunity to create value for the EU, mainly through economic means. What is needed at the level of the EU is the analysis of what is going on in the world in order to evaluate afterwards if individual member states are more effective as such or whether it is necessary to have more than a Res Publica.

Jordi Vaquer, Director of the Barcelona Centre for International Affairs, insisted upon the European Neighbourhood Policy (ENP), a long-term project which hopefully will have some good results. The European Union tried to apply a strategic thinking to the ENP and one can consider that there is a strategic thinking behind this policy. The main challenge facing the ENP is that it basically covers many different regions and that its relevance is undermined by the fact that countries like Turkey or Russia are absent from this policy. At the same time, the EU could have a greater impact in Northern Africa, rather than in the Middle East.

Antonio Missiroli, Head of the European Dialogue Section with the Bureau of European Policy Advisers (BEPA), considered that a strategy could be a blueprint for action, a doctrine, and guidance for action and raised the question whether the EU indeed had effective strategies. The answer to that question is ambivalent, as the European Union has strategies that were not defined as such, for instance the four freedoms. In order for
the EU to have a strategy, all 27 Member States need to define their common interests. The speaker concluded his speech by saying that if we do not get together, we might face absolute decline.

Several questions were raised concerning the need for a strategy, the lack of leadership and vision linked to the lack of strategic thinking, the need to integrate the capabilities of the existing institutions (think tanks) and those of the emerging global powers, as well as the need for a public strategy.

During the Conclusions session, the three moderators of the conference drew up on some of the most important points made: Agnes Nicolescu underlined that both the Baltic and the Danube strategies deal with groups of countries trying to cooperate in a context of serious structural deficiencies. Almut Möller emphasized that even in serious stress, there has been some progress and improvement of the economic instruments and Piotr Maciej Kaczyński ended the conference underlining the importance of all the EU actors to act together in order to have “more Europe”.

Given the discussions upon the strategic documents drafted by the EU institutions and the steps of their practical implementation, there is also a visible need for the strategic thinking of the EU to cross the bridge from aspiration to reality.

This event will certainly be followed next year by several other seminars and conferences, dealing with fresh and hot topics on the EU agenda. The European Policy Institutes Network is firmly committed in bringing EU’s evolution closer both to the specialist and to the general audience.

In-depth analysis on some key aspects of EU strategic thinking is further developed in a series of interviews (granted to the staff of the European Institute of Romania) with EPIN representatives and EU officials, published in EIR Newsletter, available online at http://www.ier.ro/index.php/site/form_newsletter.