

The European Union in 2005: Internal Crisis, Lack of External Projection*

José Ignacio Torreblanca

Senior Analyst, Europe,
Elcano Royal Institute
Professor, UNED, Madrid

Alicia Sorroza

Research Assistant, Elcano Royal
Institute, Madrid

The internal crisis

The double, clear and ample “No” to the European Constitution in France and The Netherlands, in the referendums of 29th May and 3rd June has plunged the EU into a crisis of legitimacy. This crisis was starting to brew some time ago due to the lack of agreement on priorities between the citizens and the European elite. As the Eurobarometers were clearly showing, while the EU concentrated on institutional reform and the enlargement process, the citizens’ priorities were centred on unemployment, the economic situation, immigration and organised crime.

The opinion surveys and analysis undertaken after the referendum in France (Flash Eurobarometer 153, *El “No” francés del 29 de mayo de 2005: comprender, actuar*, ARI no. 150/2005 of the Elcano Royal Institute) show that the French voted almost exclusively on national issues and, above all, on economic ones. The French “No” came mainly from the left, as a punishment for the Chirac Presidency and the economic situation: up to 82% of those questioned said that economic consid-

erations affected their decision to vote against the Constitution. This helps to explain the apparent incongruity of the behaviour of the French electorate, when the percentage in favour of the European Constitution at the beginning of the campaign was over 70%.

Whatever the reasons behind the negative vote, it is clear that the French “No”, followed by another just as strong in The Netherlands has sunk the European Union into complete disarray. The absence of an alternative or emergency plan, or a “Plan B”, is easily explained: Declaration number 20 of the European Constitution (in which it was established that if by October 2006, four fifths of the member States had ratified the text, but five or less States had “had difficulties”, “the European Council would meet to examine the situation”) implied that the 25 had counted on having some kind of rejection in some of the member States. However, it was taken for granted that it would be in countries, such as the United Kingdom, Denmark or the Czech Republic, which would allow the European Union to establish agreements that would permit the integration process to progress. On the contrary, the “No” of a founding country, especially France, has had a paralysing effect because this country had been a key player in drawing up the constitution and the integration process could not continue without it. Therefore, in spite of the majorities laid out in Declaration number 20, the French and Dutch “Nos” have demonstrated that, at least with regards to the ratifying procedures, the European Constitution is an international treaty which

means that the unanimity requirement is unavoidable.

What is evident is, that with or without the Constitution, any attempt to solve the crisis in the European Union after the French and Dutch “Nos” will continue to be ineffective until politicians undertake a fundamental review into how they operate and how they can manage to involve citizens more closely in debate on European policy.

However, in the very short term, the lack of consensus in the strategies for solving the crisis has demonstrated that it is difficult to isolate and has provoked a cascade effect over a series of European policies. The first victim of this situation has been the European budget, blocked in June 2005 by the British decision to take advantage of the lack of European leadership to try and knock down the European agricultural budget. The second victim, in spite of the opening of the accession negotiations with Turkey on 3rd October, has been the future enlargement. It seems evident that there will now not be any further enlargement than that already planned with Romania and Bulgaria, at least until the constitutional entanglement has been cleared up. The third victim has been European foreign policy, after having seen the existing political consensus questioned concerning the CFSP – ESDP capabilities and measures, especially with respect to the figure of the Union’s minister of Foreign Affairs and a European foreign service. The fourth has concerned the immigration policies, the fight against terrorism and, in general, everything relating to the Area of freedom, security and justice.

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They have been put into question by the paralysing of the implementation of the EuroOrder in Germany and caused great uncertainties with respect to future working methods.

The British Presidency: an unsuccessful new course

The British Presidency began marked by Prime Minister Blair's decision to not allow a budgetary agreement to be reached in the Brussels Council on 16th – 17th June. This would have given the European Union the oxygen that it needed to move on after the "Nos" in France and the Netherlands to the European Constitution in May and June. The refusal of Blair to accept any of the successive compromises offered by the then rotary EU President, the Luxembourg leader Jean Claude Juncker, left it very clear that Blair, bolstered by recently winning his third term in office, had decided to set a new course and to take the lead in a European Union that was in crisis.

However, in the brief time period between Blair's vibrant speech in June before the European Parliament and the Council at *Hampton Court* at the end of October, the British Presidency entered into crisis. Firstly, the attacks on London in June completely changed the UK's priorities and agenda. Beyond the logical preoccupation concerning the problems of the coexistence of Islam and British society, London's response was not the result of a European action (instigating common policies in the fight against terrorism and, more broadly, the Area of Freedom, Security and Justice). Secondly, the British Presidency's objectives were hardly compatible with the objective of listening to the citizens proposed by Blair in the European Parliament: whether in reference to the opening of accession negotiations with Turkey, the proposals to reform the European social models or the liberation of trade within the framework of the Doha Round of the World Trade Organisation (WTO), European public opinion showed itself to be hostile, and not favourable, to Blair's policies.

Thirdly, the insistence on opening negotiations with Turkey has had a very high cost in various aspects. On the one hand, the decision was taken against the openly hostile European public opin-

ion to the Turkish candidacy. Whereas, on the other hand, the link between the opening of negotiations with Turkey and Croatia raised by Austria has clearly shown that the accession conditions can be manipulated if one has "sponsors" who are sufficiently insistent (in this case, Austria). The opening of these negotiations has been at a high cost for the legitimacy of the enlargement process. Finally, the pressure to open negotiations with Croatia, added to the wave of pending decisions concerning the Macedonia, Bosnia-Herzegovina and Albania candidacies, have generated a wave of scepticism with respect to expansion that will inevitably result in a generalised halt to the enlargement process.

The 17th December budgetary agreement

The financial perspectives for the 2007-2013 period are the first ones to be drawn up by the enlarged twenty-five member Union. The budgetary agreement reached on 17th December situates the level of expenditure for the enlarged 25 member Europe at 862,363 million euros for the period 2007-2013. The two largest parts of the European budget will continue being, as is customary, the direct agricultural aid, which approximately uses up 34.5% of the budget (293,105 million euros), and the cohesion and structural policies, which take up another 35.2% (298,989 million euros).

From the European perspective, the most important aspect of the budget is its global quantity. The 2004 enlargement added ten new members, all with large financial necessities in terms of cohesion and structural policies. We also have Romania and Bulgaria waiting for a new expansion and that would mean that in less than five years the European Union would have increased its population by more than one hundred million. A large majority of these people (practically 90% of the inhabitants of the new member States) live in regions with levels of income which are much less than the Community's average, as well as 75% of the income that qualifies a region to receive structural funds. As a consequence, the differences in incomes are much greater in the enlarged

Union: while the Union's ten richest regions have an average income of 189% of the community average (EU 25 = 100), the ten poorest regions have an income of 36%. With millions of new farmers and thousands of kilometres of new external borders, the Union will have practically doubled its members. However, this immense task is being undertaken with a European budget similar to that of the European Union in 1985 (around 0.95% of GDP), before the admission of Spain and Portugal. Consequently, although the disagreements between the European partners have not stopped them reaching an agreement, they have directly affected its quality. Paradoxically, the European Union is expanding, while the budget is going to be reduced.

A Lack of External Projection

An adverse political context for foreign and security policy

At first, the prospects for 2005 were not very optimistic. The "Nos" to the European Constitution in France and The Netherlands, added to the failure of the Luxembourg Presidency in the final part of the budgetary negotiations, led to internal paralysis which inevitably translated to the areas of foreign affairs and security. Despite these omens, 2005 managed to produce an agreement on the European budget, as well as reach the necessary consensus amongst the 25 to approve initiatives, such as the European Strategy against terrorism. In this context, situations such as the terrorist attacks in London in July, the deteriorating situation in Africa or the difficult situation at the European borders in the Maghreb, amongst others, demonstrate the pressing need for effective European action. As in other areas, the cost of the "Europe No" is high, and particularly negative for Spain, as it is especially vulnerable to situations of instability in its border regions, particularly in the Maghreb and Sub-Saharan Africa. Furthermore, the delay in the application (or the erroneous transposition in the case of Germany) of some measures, such as the EuroOrder, hinders the advance of Spanish judicial investigations linked to acts of terrorism. These facts

demonstrate the negative consequences of the delay and the inability of the EU partners to endorse a common foreign policy, to elaborate a real internal security strategy for the European Union and to apply the European Security Strategy with the speed and forcefulness that events dictate.

At a time like this, dominated by a serious constitutional crisis which is reflected in a crisis of confidence with an important economic component (demonstrated by the adverse data relating to unemployment, deficits and economic growth in the Eurozone), the development of a solid security and foreign policy, based on a hard core of European interests and values appears to be one of the ideal elements to legitimise and bring the European project nearer to the increasingly sceptical European citizens.

Although one can not speak of a halt in the European Union in the development of the necessary instruments for a European security and defence policy, this area could be one of the most affected by the non-ratification of the European Constitution, as its text incorporated some new institutional features to give a greater impulse and substance to this policy. In particular, the delay *sine die* in creating a minister of Foreign Affairs could lead to negative repercussions for the CFSP/ESDP. During 2005, the European Union increased its responsibilities and operations in the area of internal and external security, however, the Secretary General of the Council, Javier Solana, had to work with a negligible budget, only similar to that for cleaning and maintenance expenses of the Commission's buildings.

The external missions of the Union in 2005 and the question of abilities

There are three key regions which merit special attention from the EU during 2006: the Balkans, with the thorny question of Kosovo's statute; the Middle East, considered the area where the EU must be more committed in the future; and finally, Africa.

The fight against terrorism: at the top of the European agenda

The coincidence of the terrorist attacks

TABLE 1 Ratification of the Constitutional Treaty: The State of Play (31/12/2005)

Member State	Procedure
Ratified	
Austria	Parliamentary
Belgium	Parliamentary
Cyprus	Parliamentary
Germany	Parliamentary
Greece	Parliamentary
Hungary	Parliamentary
Italy	Parliamentary
Latvia	Parliamentary
Lithuania	Parliamentary
Luxembourg	Parliamentary + consultative referendum
Malta	Parliamentary
Slovakia	Parliamentary
Slovenia	Parliamentary
Spain	Parliamentary + consultative referendum
Voted against Ratification	
France	Referendum
Netherlands	Parliamentary + consultative referendum
Still to decide	
Czech Republic	Referendum. But no final decision so far
Denmark	Referendum
Estonia	Parliamentary
Finland	Parliamentary
Ireland	Parliamentary + referendum
Poland	No decision so far
Portugal	Referendum
Sweden	Parliamentary
United Kingdom	Parliamentary + referendum

Source: http://europa.eu.int/constitution/ratification_en.htm

on London with the United Kingdom Presidency of the European Union opened a window of opportunity for making considerable progress in terms of security. However, the controversy surrounding the tensions between freedom and security, and national reluctance (especially in some countries where they do not perceive the terrorist threat as so great) have impeded a European coordinated approach advancing more quickly in the fight against terrorism.

The management of immigration and control of the borders

The area of Freedom, Security and Justice is one of the fields which had advanced most during the work on the European Constitution. This means that

the uncertainty over the Constitutional Treaty will negatively affect the progress made in the European area of Freedom, Security and Justice, which had previously received a great impulse in November 2004 with the adoption of the "The Hague Programme". This programme tries to give a European answer to the challenges of illegal immigration, organised crime and terrorism through a pluriannual programme (2005-2009), with a schedule for the adoption of each of the proposed measures. Furthermore, to make it more specific, the Council and the Commission drew up a complementary Action Plan in June 2005 that was adopted in the Council of Justice and Internal Affairs. One should emphasise that Spain has been a constant supporter and promoter of the initiatives in this area. It recognised

early on the importance of European action in important questions, such as judicial cooperation in the fight against terrorism and the necessary collaboration in the fight against illegal immigration. In Spain, for obvious reasons, there is greater sensibility to these questions than in other member States that do not have such extensive external borders. Illegal immigration and the trafficking of drugs, arms, explosives and people are critical problems on a daily basis at the Spanish borders. This critical situation exploded at the border positions of the Spanish cities of Ceuta and Melilla. It resulted in loss of human life as a wave of Sub-Saharan citizens without the required documentation tried to cross the security fences that separate them from Spanish territory.

These tragic and pressing circumstances impelled the Spanish Government to jointly present with France, an initiative to the informal summit at Hampton Court (27th October 2005), which was later adopted in the European Council in December. Thus, the European Council approved a declaration on the Mediterranean and the Middle East tied to the questions on migration. This declaration sanctions various measures orientated towards real practical cooperation between the member States through the European Borders' Agency, at the

same time as insisting on the need for greater dialogue and cooperation with Africa, etc. It should be emphasised that it reinforces the necessity to give increased priority to the financing of the questions linked to immigration and analyses the possibility of assigning up to 3% of the European Neighbourhood Instrument.

Conclusion

By way of concluding and looking at the general situation, 2005 has been a crisis year without palliatives for the European Union. Certainly, the year could have finished worse, if the budgetary agreement for the period 2007-2013 had not been reached. However, the budgetary agreement reached in December has little more merit than its mere existence: while Europe expands, the European Union's budget is reducing to historical levels. Furthermore, only 5.8% of the budget will be dedicated to the creation of growth and employment, 1.1% to the policies relating to security and justice, and 5.8% to the international presence of the EU, three questions that embrace the main concerns of the European citizens. The Union also fulfilled its word and overcame the barriers of the opening of ad-

hesion negotiations with Turkey. Although, once again, it was made in a climate of pressure and threats, against public opinion and left behind it a broad rejection of the enlargement process. Therefore, seen from a distance, 2005 was marked by the rejection of the citizens to the European Constitution and the economic stagnation of the Eurozone. This is in marked contrast to 2004, a year crowned with the success of the enlargement with the ten new members and the ratification of the Constitution. The expectations with which the Union closed 2004, which imagined a cohesive Union that was internally strong and outward looking, have not been satisfied at all. The consequences are, of course, worrying. Internally, the citizens have imposed a severe rebuke on the traditional political system in Europe and in the member States. Externally, its projection and credibility as an international actor and, consequently, its influence in global affairs has suffered.

In these circumstances, the pending tasks in the European agenda for 2006 are complex and the Union's ability to satisfy them is in doubt. These include: restoring the citizen's confidence, relaunching the European economy and renewing international credibility of the Union.