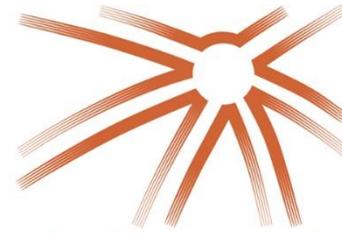


JACQUES DELORS INSTITUT
BERLIN



New
Pact *for*
Europe

Rebuilding trust through dialogue

New Pact for Europe

National Report

GERMANY

MAY 2017

www.newpactforeurope.eu

NEW PACT FOR EUROPE– Rebuilding trust through dialogue

Project description

Launched in 2013 by the King Baudouin Foundation and the Bertelsmann Stiftung, and supported by a large transnational consortium including the Open Society Initiative for Europe (OSIFE), the Calouste Gulbenkian Foundation, the European Policy Centre (EPC), the BMW Foundation Herbert Quandt, and the Open Estonia Foundation, the New Pact for Europe (NPE) project aims to promote a European wide debate and develop proposals on how to reform the European Union in light of the manifold challenges Europe is currently facing.

After a first successful period in 2013-2015, which included more than 80 events in 17 EU countries and the publication of two major reports, which elaborated five strategic options on the future of the EU, the NPE project entered a new phase in 2016-2017. The ultimate aim of this new phase of the NPE project is to work out the details of a wider ‘package deal’ to equip the EU with the tools it needs to meet the internal and external challenges it faces. This proposal will contain solutions generated by connecting the discussions on the key policy challenges, and propose changes in the way the EU and its policies are defined to avoid future fundamental crises.

Building on the analysis and proposals elaborated in the previous phase, the NPE has in this period explored how the EU can better serve the interests of its member states and citizens, through a series of 30 national and transnational debates on key policy challenges (including the migration/refugee crisis, internal and external security, as well as economic and social challenges).

National Reflection Groups have been created and met specifically for this purpose in ten EU countries (Belgium, Estonia, Finland, France, Germany, Greece, Italy, Poland, Portugal and Slovakia), followed by transnational exchanges between these groups. This national report is the result of the work and discussions of one of these National Reflection Groups.

The discussions within and between representatives of the ten National Reflection Groups will be discussed by a European Reflection Group of eminent persons, which includes all the national rapporteurs. It will be tasked to produce a final NPE report taking into account the national and transnational debates, scheduled to be published at the end of 2017.

The project also benefits from the overall guidance of an Advisory Group of high-ranking policy-makers, academics, NGO representatives and other stakeholders from all over Europe. It is chaired by Herman Van Rompuy, President Emeritus of the European Council and former Prime Minister of Belgium.

For more information on the NPE project, please see the project website: www.newpactforeurope.eu



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The views expressed in this report reflect the result of the work and discussions of this National Reflection Group, enriched by exchanges with two other National Reflection Groups, but they do not necessarily represent the views of each member of the group or the institutions they are affiliated with.

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FOREWORD

This report is inspired by the discussions of the German National Reflection Group enriched by exchanges with National Reflection Groups from Slovakia and Italy. It reflects on the ‘state of the Union’ from a national perspective and discusses the main challenges the EU and its members are facing, taking into account both the European and national perspective. Finally, it proposes ideas and recommendations on how the EU and its members should react to these main challenges and sets out how the EU and European integration should develop in the years to come.

This paper is part of a series of ten national reports. These reports and the debates in the member states will provide a solid basis for the discussions in the NPE European Reflection Group. The latter will be asked to take the reflection a step further through in-depth and thorough discussions at the European level. The Advisory Group chaired by Herman Van Rompuy will provide input into this process. All these reflections will lead to a final NPE report that analyses the current ‘state of the Union’ and contains several proposals on how to re-energise the European project. It will be published at the end of 2017.

EXECUTIVE SUMMARY

The German National Reflection Group (NRG) viewed the current **state of the Union** as critical. Overlapping economic, political and identity crises have eroded the political capital for further integration. The participants highlighted four main challenges:

- slow growth and socio-economic divergence in the euro area
- the EU's (perceived) lack of legitimisation leading to the rise of Euroscepticism
- the absence of a common European identity and agreeable *finalité*
- the link between internal and external security challenges.

Nonetheless, the German NRG viewed the EU as a positive sum game. The EU rests on shared interests, notably economic opportunities deriving from interdependence and tangible individual benefits such as free movement. At a time when liberal values are increasingly questioned, the EU's value basis was seen as an important unifying element worth defending both internally and externally.

The group underlined the need to complete the **Economic and Monetary Union**. This implies overcoming the rigid debate between risk reduction and risk-sharing. Structural reforms and investment can and should complement each other. The EU should complete the banking union, transform the European Stability Mechanism into a European Monetary Fund, and appoint a European Finance Minister responsible for the EU budget and accountable to the European Parliament.

Even if the degree of urgency has decreased, challenges related to **migration** continue to stir Germany's domestic debate. The NRG underlined the need for more European responses including the promotion of sub-national exchanges of lessons learned, binding solidarity mechanisms, a more balanced cooperation with third countries and the use of EU policies such as the Common Commercial Policy to address root causes of migration and foster sustainable development in Africa.

The German NRG was in favour of strengthening the **Common Foreign and Security Policy** to secure common European interests. The EU should use the window of opportunity created by Brexit and the new US administration, follow through with the implementation of the Global Strategy and invest more in comprehensive security. To exploit comparative advantages the EU should delegate certain geographic or functional tasks to core groups of member states and EU representatives.

To enhance its **legitimacy**, the EU should address the growing gap between expectations and output. A stronger call for output legitimacy has raised expectations for responsible and visionary German leadership. However, the discussions illustrated that Germany remains reluctant to lead for political and historical reasons. The NRG voiced a preference for a German role as a 'chief coordinating officer' or 'co-leader' in variable member state coalitions. Continued divergence could be overcome through inclusive differentiation. This implies a clearer separation of competences and a stronger focus on areas of effective delivery. Finally, the EU should address its communication gap, promoting a more appealing narrative and communicating its successes and benefits more clearly and effectively.

PART 1: STATE OF THE UNION

The national and transnational discussions on the ‘New Pact for Europe’ took place in turbulent times. The first meeting of the German National Reflection Group (NRG) was held days after the British referendum on withdrawal from the European Union (EU). The final meeting took place one month after the inauguration of an American President who openly questioned transatlantic bonds and European unity. These events and the transnational meetings have influenced the German NRGs outlook on the State of the Union.

OVERLAPPING CRISES AND COMMON CHALLENGES

Many of the NRG members had a rather negative outlook on the state of the Union and future integration prospects. They argued that the EU’s overlapping economic, political and identity crises have consumed the capital for further integration. Four categories of internal and external challenges stood out in the debate.

From a German perspective, **slow growth and socio-economic divergence** in the euro area are crucial challenges facing the EU. They are understood as pan-European rather than specific German challenges. The meetings with the Slovak and Italian NRGs showed that this divergence is felt much more intensely at the individual level in other member states. The German NRG members acknowledged that Europe’s economic crisis seems much more existential when viewed from Rome rather than Berlin.

In light of the EU’s political crisis characterised by the rise of Eurosceptic populism, the German NRG identified the EU’s perceived **lack of legitimisation** as another important challenge. Citizens are losing trust in EU institutions and increasingly feel that they are unable to influence European decision-making. The rise of Euroscepticism was also viewed as a consequence of the scarcity of clear advocates at the national level and the persistent tendency to ‘blame Brussels’ for the failure of national policies. Many NRG members identified the absence of a pan-European public space as an obstacle in addressing the legitimisation challenge. They pointed out that nationalist populists, promoting xenophobic and illiberal messages, are often better at exploiting transnational public spaces than Europe’s more established and liberal political forces.

The EU’s political crisis is closely linked to the **absence of a clear common European identity**. The participants underlined the divergence of views concerning the *finalité* of the European project. The underlying question is: what kind of Europe do we want and how do we want to get there? Do we want nationalism, intergovernmentalism and closure or do we want liberalism, supranationalism and openness? These fundamental questions produce very different answers when projected onto crucial policy challenges, such as the migratory influx that Europe has been facing.

In addition, the German NRG highlighted the **security challenges** that Europe is facing. The experts mentioned the destabilised European neighbourhood combined with an increased fluidity of national borders. Transnational terrorism stood out as the key pan-European challenge.

STILL A COMMUNITY OF INTERESTS AND VALUES

Despite overlapping crises, the German NRG members continued to view the EU as a positive sum game based on a set of shared interests and values. In terms of **common interests**, the NRG members underlined prosperity, economic interdependence and related opportunities. They mentioned the single market, advantages of an economic division of labour as well as the EU's financial assistance programs and instruments. Other relevant common interests were peace between the member states as well as the EU's collective weight in the world with regard to global challenges and commons such as climate change and international security, but also as a regulatory power.

The NRG members particularly underlined the unifying effect of the EU's **immediate and tangible individual advantages** for citizens in their daily lives. They included the freedom of movement, the euro, common roaming rules, and Erasmus. The "generation EasyJet" was seen as the primary beneficiary (and potential advocate) of these advantages.

The **EU's common value basis** was subject to controversial discussion. During the first NRG meeting in July 2016, many participants questioned the EU's ability to promote its values internally and referred to the situation in certain member states such as Hungary and Poland. During the final meeting in January 2017, the participants' views of the EU's common value basis were markedly more positive. This shift in perspective was mainly attributed to the course of the new US administration. Some NRG members noted that there has been a substantial re-politicisation of civil society. The fact that liberal values are no longer taken for granted and that Europe can be considered one of their main defenders could be a new source of energy for the EU. Others warned of a more divisive 'Trump effect' implying a boost of nationalism and further political polarisation in Europe.

PART 2: THREE KEY POLICY CHALLENGES

The participants discussed the impact of the EU's overlapping economic, political and identity crises on three policy areas and challenges: the development of the Economic and Monetary Union, the EU's response to migratory flows, and common action regarding shared security challenges. The following summarises the NRG members' perspective on these challenges as well as their views concerning the role of Germany and the EU in addressing them. Each section closes with the main policy recommendations that crystallised during the discussion.

ECONOMY: BRIDGING OLD DIVIDES

Due to the relatively good economic situation in the country, German citizens do not have the same sense of economic 'crisis' as those of other member states such as Italy and Spain. However, Germany's political elites are clearly aware that unemployment (in particular youth unemployment), inequality, and a lack of opportunities due to low growth represent risks for the EU and the common currency. Overall, there was consensus on the need to foster growth, enhance economic policy coordination, and **complete the eurozone**.

On **how to foster growth**, the German NRG largely agreed on the need to complete the single market and exploit its underused potential, for instance in the digital sector. On economic policy coordination and the completion of the eurozone the group disagreed whether the emphasis should be put on fiscal discipline, rule compliance, and the avoidance of moral hazard or on risk-sharing, solidarity and political discretion. The group suggested overcoming that rigid debate: risk reduction and risk-sharing can and should work in parallel. Also, structural reforms and investment can and should complement each other. This approach would require mutual concessions on either side of the so-called North-South divide.

A recurrent question in this context was what kind of **leadership** Germany should show in the economic domain. Germany has been described as a reluctant hegemon, which failed to provide the needed leadership in the crisis. It has also been depicted as a malevolent hegemon that has pushed others to comply with the rules that are in line with its national interest. The participants wondered whether and how Germany could become a benign hegemon.

The transnational debates illustrated how uncomfortable Germans are when faced with external demands for leadership. This uneasiness has historical roots, but also stems from **different and often contradictory expectations**. Other member states seemingly agree insofar as they prefer responsible and visionary leadership to the hegemonic power, but they tend to fill the former with different content. From a Slovak perspective, desirable German leadership may mean keeping a strong hand on fiscal discipline. The Italians, instead, emphasised that responsible German leadership means ensuring that the costs of policy measures are fairly distributed across member states. Finally, the German public is likely to have quite a different understanding of a fair distribution of costs than the Italian one. As a result of these competing expectations Germany is criticised, whether it projects leadership or fails to do so.

The group generally saw the EU as an enabling force that could foster growth. However, there was some reluctance when it came to sharing sovereignty at the European level. Several experts viewed the **role of the European Commission** with scepticism. Some questioned whether it was effective, political and quick enough to trigger the needed changes. Others feared that the Commission would overstep its mandate and become too political, creating legitimacy problems. A controversial question was whether decisions by the European Commission should be more rules-based or more discretion-based. A depoliticised Commission would imply a technocratic approach of enforcing rules regardless of the political context. A politicised Commission would have more discretion to make qualitative assessments of the conduct of economic policy. In this case, there should be more democratic oversight. The group agreed that to overcome the mismatch between expectations and delivery, the EU should refocus its actions on clearly defined policy areas with direct benefits for EU citizens.

There was a consensus that the need for economic integration was most pressing inside the eurozone, where the need for parallel risk and sovereignty-sharing was strongest. However, the NRG members also noted that the emergence of a **two-speed Europe** would come with political risk. They underlined that the EU and the euro area should become equivalent in the long-term. Therefore, the next steps should be taken in a context of differentiated integration.

Policy recommendations

- There should be a **mix of investments and structural reforms**. The investment component would involve (i) creating regulatory certainty to overcome the lack of trust of private investors, (ii) increase public investment both at the national level (more room for manoeuvre in the national budgets) and the European level. Structural reforms should be better prioritised and take into consideration whether and possibly how to compensate losers.
- The **EU budget should be transformed from a rigid, divisive and often ineffective tool to a true European instrument** to be used at the strengthened political discretion of the European Parliament after proposals from the European Commission. Brexit could represent an opportunity for budget reform. NRG members generally considered the flexibility aspect to be of higher importance than the size aspect of the budget. Many NRG members mentioned the option of reducing the share dedicated to the Common Agricultural Policy (CAP) and supported the idea that the budget could be financed from genuine own resources, such as an EU tax. Examples included a CO₂-tax or corporate tax replacing national taxes without raising the total tax burden.
- Euro area members should contribute to alleviating divergences when these pose a fundamental threat to the existence of the Euro area. These divergences can be cyclical and could be addressed through a **macroeconomic stabilisation mechanism**. Some NRG members were, for instance, in favour of an EU-wide unemployment scheme. NRG members agreed that divergences can also be related to risk and could be addressed through a **completed banking**

union, but there were different opinions concerning its timing and scope. Some argued that a common backstop for the banking union should be considered once risks in the financial sector are reduced through measures such as higher capital requirements for banks. Others were in favour of establishing a backstop immediately and complementing it with a full European Deposit Re-Insurance Scheme. If divergences are structural and permanent, they could be addressed through **reforms to foster growth** and some **limited compensation schemes** to facilitate convergence to the top. The member states and the Commission (or EU Finance Minister) could agree on verifiable reform targets (contractual arrangements). The Commission would then financially reward the achievement of targets.

- EU member states should appoint a **European Finance Minister** responsible for the EU budget and accountable to the European Parliament.
- Risk-sharing in the EU should be the role of a **European Monetary Fund**, based on the existing European Stability Mechanism. That Fund would be of intergovernmental character as it involves direct contributions from the member states. It would act as lender of last resort in the euro area against conditions and could take over the function of a common backstop to the banking union. The Fund should take over the current role of the “Troika” in negotiating the conditions for assistance programmes. Opinions differed concerning the Fund’s involvement in the budgetary surveillance of member states. Some were in favour of a permanent monitoring role including debt sustainability analyses as well as regular country reports to ensure rule compliance. Others preferred making the degree of the Fund’s involvement in the budgetary surveillance of member states dependent on the amount of emergency assistance they receive.
- In the long term, it could be envisaged to **merge the European Finance Minister role and the role of Chairperson of the European Monetary Fund** into a single actor. He would be ‘double-hatted’, being simultaneously a member of the Commission and President of the Eurogroup. He could be responsible for ensuring rule compliance, coordinating economic and fiscal policies, and negotiating emergency assistance programmes. He would be accountable to the European Parliament or to a joint committee involving European and national parliamentarians.

MIGRATION: CALLING FOR MORE EUROPE

In 2015, Germany received more than one third of all first time asylum applications in the EU. It was among the main destination countries for secondary movements from other member states. The NRG members were generally **in favour of the welcome culture** promoted by the German government, but they also pointed towards its limitations. They spoke of the **logistical challenges** related to the reception and integration of such large numbers of migrants and emphasised the important function of civil society organisations in filling capacity gaps.

They also pointed to the **risks of political backlash**. The German response to the refugee crisis has become a major domestic bone of contention and a key trigger for the rise of the Eurosceptic right-wing party Alternative for Germany. Some participants argued that there has to be a better balance between openness and internal security. This debate has gained traction since the December 2016 terrorist attacks in Berlin and divides elites and public alike. Despite political and security-related risks, most NRG members were in favour of upholding the free movement of people and opposed the restoration of national border checks.

Germany has attempted to lead the way towards a **more European response to migration**, implying more solidarity and responsibility sharing. It was in favour of a stronger role for European institutions, notably the European Commission. However, the Central and Eastern European member states rejected the German push for binding migrant quotas and perceived the role of the Commission and Council as violating their national sovereignty. Several member states criticised Germany's leadership in the negotiations with Turkey as being too unilateral and lacking prior coordination. In light of divergent member state preferences, the NRG members questioned the EU's effectiveness in the field of migration.

In the course of 2016, the German perception and approach to migration have changed. The decrease in new arrivals has lowered the sense of urgency. The debate has shifted from the European to the domestic arena and to longer-term integration policies. In addition, the German government has adopted a **more pragmatic approach**. Though it continued calling for binding European solidarity mechanisms, a stronger focus was put on EU external border protection and cooperation with countries of origin and transit. Some NRG members viewed this pragmatic turn critically. They **warned of reinforcing the walls of a 'Fortress Europe'** that contrasts with EU values. Some also cautioned against shifting the responsibility for migration management to third countries with questionable human rights standards that may be tempted to blackmail the EU.

Due to the difficulty of achieving consensus on binding solidarity mechanisms, some form of **flexible solidarity** was seen as the default option at the moment. This includes the detachment of staff to relevant EU agencies such as FRONTEX and the European Asylum Support Office as well as a partial substitution of relocation by financial contributions. However, the participants underlined that solidarity cannot only be financial, but should include an element of migrant relocation. From a German perspective, the political, cultural and logistical implications of receiving and integrating large numbers of migrants were deemed more important than the associated economic costs. Some argued that relocation should be complemented with measures to avoid secondary movements. It should, for instance, be clear that the rights and benefits attached to international protection only apply in the relocating member state.

The other concept that was discussed in this context was **variable geometry**, allowing some member states to cooperate more closely on migration-related issues. However, it was considered risky for three reasons. First, it undermines the basic understanding of intra-European solidarity. Second, it puts the integrity of the Schengen system and the principle of free movement at risk. Third, variable geometry could lead to unstable and shifting coalitions in light of electoral cycles in the member states.

Policy recommendations

- To counter the risk of political backlash, national politicians should **emphasise the opportunities related to immigration in public discourse**, both through economic studies and by enabling positive personal encounters for sceptical citizens.
- The EU should promote and fund **cross and transnational exchange, the transfer of effective solutions and lessons learned** in the field of integration (including social entrepreneurs and other civil society organisations, cities, communes and regions).
- In the medium-term the EU should develop an **effective relocation mechanism** based on flexible, but binding responsibility-sharing mechanisms, including national quotas as well as a mechanism to avoid secondary movements within Europe.
- The EU should promote **better European solidarity to secure the common external borders** while preventing human rights violations. It should also extend solidarity beyond its borders by opening **more legal pathways** to Europe. The EU should increase its contribution to international resettlement efforts. It could also make more targeted mobility offers in the framework of reinforced cooperation with countries of origin and transit (e.g. facilitation of application procedures, more visas for research, study or vocational training).
- In the long-term, the EU and the member states have to work towards a **more coherent approach to the root causes of migration** through a more unified European-Africa policy. This would imply reforming the EU's agricultural policy by lowering subsidies, reviewing the EU's fisheries policy, granting African countries easier market access and fostering investment.

SECURITY: OVERCOMING THE STATUS QUO

The growing number of complex crises and challenges surrounding Europe has led to a **heightened threat perception** in Germany. The start of the Ukraine crisis in 2014 marked the return of power politics on the European continent. The Syrian conflict and its repercussions have clearly illustrated the inextricable link between external and internal security challenges. The new US administration enhanced this feeling of insecurity by calling Alliance solidarity – one of the key pillars of German security policy – into question.

The transnational meetings illustrated that Germany's **outlook on security threats is rather global** compared to other member states. It comprises challenges such as cyber terrorism as much as conflicts to the East and South of the EU. Many NRG members underlined the need for a stronger focus on Africa to preventively address the manifold challenges emanating from failed or failing states (i.e. rule of law, governance, terrorism and migration).

Germany's role in European security has been subject to intense domestic deliberation. In 2014, the political elite responded to rising external expectations for more leadership and announced a more proactive foreign,

security and defence policy based on the notion of international responsibility. Germany is now in a difficult transition phase marked by a rift between rhetoric and its ability to deliver. It has played a leading role in the context of the Ukraine crisis, broken old taboos by providing weapons to the Kurdish Peshmerga and increased defence spending. However, leadership in the military domain is still limited by the traditional culture of military restraint and a risk adverse public. In light of these constraints, the elite tend to opt for a German role as **'chief coordinating officer'** in the EU. Most NRG members were in favour of such a role. However, some argued that Germany should articulate the content of its 'international responsibility' more clearly and decide how to balance hard interests and altruistic aims.

Most German NRG members were in favour of **strengthening the Common Foreign and Security Policy** to secure common European interests, namely freedom, security and prosperity at home and abroad. The EU was seen as a necessary but not a sufficient condition to attain these objectives. The example of sanctions was mentioned where national and EU decision-making have to go hand in hand. Some participants called for a stronger focus on internal security and the protection of the European way of life. Overall, the group was in favour of promoting the EU as a provider of comprehensive security that goes beyond a narrow defence perspective, in terms of policies, actors and spending.

However, agreement on comprehensive security does not liberate the EU from **tough and substantive policy choices**. Three exemplary foreign policy dilemmas were controversially discussed in the group. The first was the choice between engaging and deterring Russia – a choice that also divides the German public. The second concerned external border protection: how can the EU rebalance its 'hard' and securitised approach with a 'softer' approach that is in line with its values and norms? The third example was the EU's aim of restoring stability in its neighbourhood. How should stability be restored, in partnership with whom and at what cost? Some participants warned of restoring authoritarian stability in the short-term to the detriment of structural policies that could bear fruit in the long-term.

The participants also critically engaged with the **further development of the Common Security and Defence Policy**. Some questioned whether there could be real progress. They argued that the debate on European defence was status quo-oriented due to long-standing obstacles. The unanimity rule, differing national interests and priorities, and the member states' sovereignty reflexes when it comes to pooling military assets were mentioned as examples. Despite these constraints, the group generally agreed on the need for a **strong Franco-German couple** leading the way to overcome these obstacles. More broadly, a narrative based on defence could help relaunching the European project, but has to be complemented with integration prospects in other policy areas.

Policy recommendations

- The EU and the member states should use the sense of urgency created by Brexit and the Trump administration and **make the implementation of the Global Strategy a priority**. Despite the electoral calendar it should follow through with its deliverables such as the creation of a civil-military EU Headquarters and launch permanent structured cooperation.
- The EU and the member states should concretise the EU Global Strategy by developing **functional and regional sub-strategies** that spell out specific common objectives and interests as well as concrete projects and steps to attain them. One example would be a comprehensive Libya strategy going beyond the narrow focus on migration and including governance as well as development aspects.
- The EU and the member states should make sure that the new salience of security issues is reflected in common investment in the three Ds (Diplomacy, Development and Defence). The **share of the EU budget dedicated to comprehensive security should be increased** to avoid duplication and enhance the EU's effectiveness in light of common priorities. This would imply increasing the share of the 'Global Europe' envelope in the upcoming negotiations on the Multi-Annual Financial Framework. Currently, this envelope represents 0.1% of the EU budget, which is roughly equivalent to 3% of the CAP's budgetary share. Some NRG members were in favour of a full communitarisation of development aid in the medium-to long-term.
- EU and member state politicians should break with the status quo orientation and **promote the Europeanisation of foreign policy through maximalist policy proposals** such as a common market for arms and military goods and a European arms exports regulation.
- In the medium- to long-term, the EU should exploit complementarities between national and European foreign and security policies and work towards **a more functional division of labour in foreign and security policy**. The elaboration of policy proposals concerning specific geographic or functional domains could, for instance, be collectively delegated to interested **core groups**, including a mix of small and large member states. The High Representative could coordinate these groups. The negotiations on the Iran nuclear deal were mentioned as an example where a core group produced tangible results.

PART 3: WHAT KIND OF EUROPE DO WE WANT?

As a result of the EU's overlapping crises, the gap between expectations and output has broadened. The NRG members noted that **expectations have shifted from input to output legitimacy**. In other words, it has become more important that Europe delivers than how these results are produced. The citizens increasingly ask what individual benefits the EU holds for them. The NRG members still warned of neglecting input legitimacy and called for a close connection between the two dimensions.

Part of the EU's perceived lack of legitimation has to do with its **communication gap**. The EU should address this gap by promoting a more enticing narrative and communicating more effectively. It currently focuses on a rather protective and defensive narrative, which might be appealing in light of increased uncertainty in a globalised world. This narrative should be complemented with a more outward-looking vision that counters nationalist tendencies by capitalising on Europe's diversity and liberal values as assets in a multipolar world. The NRG members also suggested underlining the individual benefits and freedoms arising from the EU as well as the potential individual costs of 'non-EU' (e.g. rising prices).

National and EU politicians should invest more time, energy and resources to defend the EU's achievements and successes in public. They should facilitate the emergence of **transnational public spaces** surrounding policy issues of pan-European relevance to foster greater mutual understanding among European citizens and counter illiberal with liberal coalitions. This could be achieved by empowering European citizens through broadened options in the field of participatory democracy (e.g. European Citizens' Initiative). Other measures include transnational lists for the European Parliament, transnational talk shows, transnational platforms for civil society organisations, and stronger linkage between national media outlets.

The EU's multiple crises and the heightened desire for output legitimacy have also raised the call for responsible and visionary leadership. The transnational meetings illustrated that other member states expect Germany to take on this role and to promote policies that reflect pan-European rather than purely national interests. At the same time, the discussions showed that Germans remain reluctant to adopt this role for historical and political reasons. The NRG voiced a preference for a German role as a **'chief coordinating officer'** or **'co-leader'** in variable leadership coalitions.

The difficulty of achieving consensus among the member states remains a key obstacle to the EU's ability to deliver. The NRG suggested overcoming preference heterogeneity through inclusive differentiated integration. In a nutshell, **the EU should do less but better**. There should be a clearer division of competences between the EU and the member states in line with the principle of subsidiarity. The member states should agree on areas where the EU can add value and delegate power to supranational institutions to monitor effective delivery while balancing national interests.

A first step could be to establish **'islands of effective delivery'**. The Common Commercial Policy was mentioned as an example to follow while the digital single market could be an area of application. To deliver more effectively *and* efficiently in these areas, the EU budget should be aligned with common priorities and the member states should be willing to pool more resources at the EU level. One example was the NRG's suggestion to increase the share of common funding for comprehensive security while decreasing that of the CAP.

A single big leap towards a more effective, efficient and coherent Union might be difficult to envision in light of the current lack of political capital. However, the EU's internal crises and external pressures could trigger new (if variable) integration dynamics and should lead to the reforms needed to **move the EU beyond the mere consolidation and defence of the status quo.**

LIST OF NATIONAL PARTNERS

BELGIUM	Egmont – Royal Institute for International Relations
ESTONIA	Open Estonia Foundation
FINLAND	Finnish Institute of International Affairs
FRANCE	EuropaNova
GERMANY	Jacques Delors Institut - Berlin
GREECE	Hellenic Foundation for European and Foreign Policy
ITALY	Istituto Affari Internazionali
POLAND	Institute of Public Affairs
PORTUGAL	Calouste Gulbenkian Foundation
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