

Europe's reactive and protective muddling through: the results of a summit in fire-fighting mode

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Summary

The EU's October summit was dominated by one issue; the migration and refugee crisis, with EU leaders intent on putting on a public display of unity after weeks of bitter arguments, and concentrating on fire-fighting and immediate measures to tackle the most pressing reasons for, and impacts of, the crisis. Longer-term measures to address some of the root causes of increased migratory flows, support for the integration of newly arrived refugees or the introduction of new channels of legal migration, were not discussed. The Summit also spent little time on two issues that had originally been expected to be a key part of the agenda: the forthcoming British referendum on EU membership, where irritation with the slow pace of talks and British vagueness about its demands were in evidence; and the governance of Economic and Monetary Union (EMU), where EU leaders missed another opportunity for a thorough debate about future perspectives on the basis of the 'Five Presidents' Report'.

Full report

The European Council meeting on 15 October 2015 was almost entirely dominated by a single issue: the migration and refugee crisis. After many disagreements between national governments, EU leaders were keen to display unity and demonstrate that they can take decisions and set orientations despite their differences. Given the urgency of the situation, the Summit concentrated on fire-fighting, with a focus on immediate measures to tackle the most pressing reasons for and impacts of the crisis. Particular emphasis was put on actions designed to prevent more people coming to the EU, to secure the Union's external borders, and to speed up and intensify the relocation of refugees and the return of other migrants who do not qualify for international protection. Longer-term measures to address some of the root causes of increased migratory flows, to support and speed up the integration of migrants once they have arrived in the EU, or to introduce new channels of legal migration, were not on the Summit's agenda.

Given the diversity of opinions and different pressures on individual countries, the Union and its members are struggling to identify and implement a balanced approach which reflects these different positions and interests. The fact that every policy being discussed is strongly contested is fuelling doubts as to whether the EU and its members will be able to match their rhetoric with concrete actions by cooperating more closely and tackling the root causes of the crisis.

The Summit, which was reduced to a one-day gathering, started with a short exchange on the UK referendum and the governance of Economic and Monetary Union (EMU).

There was, however, no substantial debate about the British in/out referendum as there was nothing of substance to discuss. An in-depth exchange was postponed to December and the UK government is now expected to present concrete proposals in early November. There is increasing irritation and annoyance in Brussels and other capitals that 'technical talks' have lacked pace and real substance. However, there still is a widespread consensus that it is everyone's strategic interest for Britain to remain in the EU. Although support for Prime Minister David Cameron is weakening, EU leaders are ready to work constructively with London to find a compromise which is acceptable to both sides and respects certain 'red lines', but there is much uncertainty about the timetable and potential outcome of the referendum. Given the slow pace of negotiations, the date has been pushed back to late 2016 or even 2017.

With respect to EMU reform, EU leaders missed another opportunity to have a thorough debate about future perspectives. The very lukewarm initial reaction to the balanced and realistic Five Presidents' Report and the European Council's decision to postpone the discussion once again indicate that substantial EMU reform is not in the cards for the foreseeable future and the migration/refugee crisis is now absorbing everyone's energy at EU level.

One year into the current political cycle, the EU and its members are again in fire-fighting mode. The migration/refugee crisis is fully preoccupying EU institutions and governments, while the 'euro crisis' and the 'Ukraine crisis' are not yet over. In general, the EU's ability to tackle all these interrelated crises effectively is restricted by a number of limiting factors which can be summarised in four words: mistrust, complexity, divergence, and disappointment. One could argue that this is not new, but things have got worse in recent years and the migration/refugee crisis seems to be fuelling this. As a consequence, it seems that the best we can hope for in the immediate future is some kind of 'reactive and protective muddling through', with EU institutions and member states mainly preoccupied with fighting the many forces of disintegration.

Migration/refugee crisis: public harmony, no major changes in direction and a strong emphasis on security

Given the magnitude of the challenge and the political significance of the topic, it was no surprise that the October Summit concentrated almost exclusively on the migration/refugee crisis.

It was the fourth time in six months that EU leaders have dealt with the issue in the framework of a European Council meeting. Following major disagreements between governments in recent weeks and months, the heads of state and government seemed keen to avoid any kind of public confrontation and instead put on a display of unity to demonstrate that they can take decisions and set policy directions despite their differences. They wanted to convince the public that the situation is under control and that there is gradual progress at EU level. Particularly contested issues such as the introduction of a permanent relocation system, potential in-depth reform of the Dublin Regulation or agreeing on a list of so-called 'safe countries' were not at the top of the agenda. EU leaders did not launch any new major initiatives, but rather confirmed decisions already made.

Given the urgency of the issue and the many constraints limiting the EU and member states' scope for action to fight the root causes of the crisis (especially with respect to the conflict in Syria), the Summit concentrated on immediate measures to address the most pressing reasons for, and impacts of, the crisis. Particular emphasis was put on actions aimed at: (i) preventing more people from embarking on a risky journey to Europe; (ii) securing the EU's external borders; and (iii) progressing with the relocation of refugees and the return of migrants who do not qualify for international protection.

There was almost no discussion of other long-term measures – related, for example, to integrating migrants/refugees into societies; providing additional support for local communities in EU member states faced with the huge task of accommodating large numbers of migrants/refugees; and creating new legal channels of permanent or circular migration. These issues have been sidelined, along with potential measures related to reforming EU policies that indirectly affect the rate of migratory flows to Europe in areas such as agriculture, fisheries or the environment.

Despite their attempts to display unity, every area of policy being discussed is strongly contested between member states, fuelling doubts as to whether the EU and its members can 'walk the walk' and match their rhetoric with concrete actions. Given the disagreements between EU countries and their unwillingness to pool more sovereignty at European level, there is a good reason to believe that they will fail to make significant progress in deepening their cooperation and tackling the main root causes of the current crisis.

The magnitude of the crisis and the difficult attempts to strike a balance

In the first nine months of this year, well over half a million people from outside Europe have entered or tried to enter the EU, mostly through Greece or Italy. Although we cannot predict how many more migrants/refugees will follow, many more are likely to knock on the EU's door in the months and years to come. On a global scale, some 60 million people have fled their homes and around 20 million of them are displaced in the EU's immediate neighbourhood, especially in Turkey,

Lebanon, Libya, and Jordan. And although over 86% of the world's refugees are hosted by developing countries (according to UN figures), Europe must prepare itself for millions of potential new arrivals.

The key motivators for people leaving their homes are linked to a growing loss of hope that the situation in their country will improve, dire living conditions, and a very substantial decrease in international aid. The conflict in Syria, which started in 2011 and has led to more than 250,000 deaths, is currently by far the biggest driver. Around 40% of those arriving in Europe come from Syria, followed by Iraq, Afghanistan, Somalia or Eritrea. About four million Syrians have fled to Jordan, Lebanon, Turkey, Iraq and Egypt, where many live under deplorable conditions, and it is likely that many more might follow given the recent escalation of the conflict in their country.

Many EU countries – first and foremost, Italy and Greece but also Austria, Croatia, Finland, Hungary, Slovenia, Germany and Sweden in particular – are directly or indirectly affected by the recent increase in migratory flows. However, reactions to the escalating crisis have been very different and although the picture is often more complex, one can broadly distinguish between two major camps.

On one side are those who argue that Europe has a moral, humanitarian, historical, and legal obligation to provide refuge for asylum seekers. They say previous experiences have shown that societies are strong enough to provide assistance and welcome people forced to flee their homes. Putting up fences between EU countries is no solution to the challenge. The Union and its members should rather welcome refugees reaching our borders and ensure everything possible is done to share the burden between member states and support the integration of the new arrivals in their host societies. Many in this camp also argue that the inflow of people is positive from an economic perspective given that most EU countries are faced with shrinking and aging societies.

On the other side are those who argue that Europe will (soon) run into trouble given the high and undefined numbers trying to reach the continent. They emphasise the need to secure the EU's external borders and ensure that an inability to protect the Union's frontiers will not undermine the free movement of people within the Schengen area. Many in this camp believe that 'open doors' and 'generous' state support has, and will, motivate many more people to come, and that it will be very difficult and costly to integrate millions of people into our societies and economies. Some even argue that our societies are threatened by 'foreign infiltration' (*Überfremdung*) and the integration of large numbers of (Muslim) migrants constitutes a potentially dangerous and unsurmountable challenge.

Given the diversity of opinions and the different pressures on individual EU countries and political actors, the Union and its members are struggling to identify and implement a balanced approach that accommodates the different positions and particular concerns of individual countries and governments.

At this EU Summit, particular emphasis was once again put on fire-fighting measures aimed at securing borders, limiting the incentives for people to come to Europe, and ensuring that those who do not qualify as asylum seekers are returned to their countries of origin.

Cooperation with third countries – EU-Turkey Action Plan, Western Balkans, the Valletta Summit, and financial aid

With respect to cooperation with third countries, the Summit focused on four main issues: the EU-Turkey Action Plan; the follow-up to the High-Level Conference on the Eastern Mediterranean - Western Balkans route; the upcoming Valletta Summit; and the provision of financial aid.

Given the large number of migrants reaching the EU from or through **Turkey**, intensifying cooperation with Ankara has become a major cornerstone of the Union's efforts to reduce inflows. Around 2.5 million displaced people (mostly from Syria but also from Iraq) are living in Turkey and more than 350,000 asylum seekers left Turkey for the EU (via Greece) in the first nine months of this year.

Since the crisis escalated during the summer, we have witnessed a political *rapprochement* between Brussels and Turkey. The EU and member states have been very eager to persuade the government in Ankara to do more to keep refugees on

its territory and stop them from moving into Europe by improving living conditions for refugees, combating people smugglers and taking back more returned migrants. In the words of German Chancellor Angela Merkel, who visited Turkey just three days after the October Summit: “We cannot organise or stem the refugee movement without working with Turkey”.

To secure Ankara’s cooperation, the EU had offered additional financial support and a speeding-up of visa-free travel – a particular concern for President Recep Tayyip Erdoğan, who is eager to strike and present a deal to his voters ahead of elections in early November. Ankara is also seeking greater recognition of the fact that Turkey has provided shelter for more than four million refugees, at a cost (according to its own estimates) of more than seven billion dollars in the past four years, while receiving less than half a billion in international aid. The Turkish government also asked for the opening of additional chapters in the enlargement negotiations, being given the status of a ‘safe country of origin’ whose nationals would normally not be granted asylum in the EU, and EU member states’ backing for the establishment of a ‘safe zone’ in Northern Syria.

EU leaders welcomed a last-minute framework deal on a **joint EU-Turkey Action Plan** struck just before the start of the Summit following a visit by European Commission First Vice-President Frans Timmermans and European Neighbourhood Policy Commissioner Johannes Hahn to Ankara. However, the details of the deal have yet to be worked out and there are doubts as to whether the Action Plan will fulfil the high expectations.

According to the Summit Conclusions, the Action Plan agreed between the EU and Turkey foresees a number of key elements, including: (i) additional financial support; (ii) accelerating fulfilment of the visa liberalisation roadmap; and (iii) a pledge to re-energise the accession process. However, the exact details of the financial support, the content and the timetable for implementing the Action Plan still need to be worked out and it is far from clear what the final agreement will include.

There are a number of open questions. Will Ankara eventually ask for more than the three elements mentioned in the Summit Conclusions? How much additional financial support will be granted (€3 billion?) and how will it be financed? Under what conditions and when will the visa regime be liberalised? How many and which chapters will be opened in the enlargement negotiations and under what conditions? Will Ankara be ready to establish reception centres on its territory? Will Turkey be included on the list of ‘safe countries’ despite its dubious human rights record? Given the lack of trust between the EU and Turkey, how can both sides ensure the agreed actions and timetable will be respected (with some EU governments already publicly or privately expressing doubts that Turkey will fulfil its promises)? Last but not least, will all these actions really reduce the number of people moving into the EU significantly? Expressing “cautious optimism”, European Council President Donald Tusk declared at the post-Summit press conference that the Action Plan is “a major step” in view of the goal to “stem” the migratory flows that go via Turkey to the EU.

In the week before the Summit, EU foreign ministers hosted a meeting with representatives from the Western Balkans and Syria’s neighbours, Turkey, Jordan and Lebanon. In the framework of the **High Level Conference on the Eastern Mediterranean - Western Balkans Route**, ministers agreed a series of practical steps to foster more effective cooperation between the parties involved. In recent months, the so-called Western Balkans route via Turkey, the former Yugoslav Republic of Macedonia (FYROM), Serbia, Croatia and Hungary has become the most significant migration route into the EU. However, given the political tensions in the region, the Summit Conclusions remain very vague: they merely state the need to ensure an “effective follow-up”, with a particular emphasis on the management of migratory flows and the fight against criminal networks.

With respect to the forthcoming **Valletta Summit** between the EU and African heads of state or government, scheduled to take place on 11-12 November, the Summit Conclusions provide some general points of orientation without laying down any details. They state that the Malta Summit should focus on a number of issues, including: (i) effective return and readmission; (ii) dismantling criminal networks; and (iii) the prevention of “illegal migration”.

EU leaders have pledged to provide “real efforts” in support of African socio-economic development together with a “commitment concerning continued possibilities for legal migration”. To incentivise African countries to cooperate, EU

governments agreed in September to set up an Emergency Trust Fund for Africa providing €3.8 billion, with half of the money coming from the EU budget and the other half from national contributions. However, while the money from the EU budget was allocated quickly, there still is a huge shortfall regarding national contributions, raising question marks over whether national governments are really willing to invest significantly in deepening their cooperation with African countries by putting their money where their mouths are. There are also doubts as to whether the EU can convince its African partners to speed up and significantly increase the number of returnees and readmissions given that the system has not functioned satisfactorily in the past.

EU governments have also failed to deliver their **financial contributions** to other actions agreed at September's extraordinary Summit. The clear discrepancy between their rhetoric and actual deeds (regarding support for the UN High Commissioner for Refugees, the World Food Programme and the Fund for Syria) has been sharply criticised by the Commission and European Parliament, prompting EU leaders to repeat their promises on humanitarian aid contributions. Given the public attention focused on this issue, they are now likely to come under close scrutiny and pressure to deliver.

External border protection – limited support for a European Border and Coast Guard System

Protecting the EU's external borders was and remains one of the European Council's key goals. In the words of President Tusk: "Exceptionally easy access to Europe is one of the main pull factors" and "it is our first obligation to protect the European community and to guarantee public order".

At the October Summit, EU leaders agreed to gradually establish an "integrated management system for external borders". As a starting point, they want to make full use of the existing **Frontex** mandate for the deployment of so-called 'Rapid Border Intervention Teams' (RABIT) to provide immediate border-guard support in cases of urgent or exceptional migratory pressure – although there are doubts as to whether Greece and/or Italy will ask for this kind of support.

Going beyond the current Frontex mandate and reflecting recent proposals brought from Paris, there is debate once again about the potential development of a **European Border and Coast Guard System**. However, the creation of a common border guard worthy of its name is heavily contested because border protection is an issue that, in the eyes of many, lies at the heart of national sovereignty. The scepticism towards proposals to share border management is reflected in the Summit Conclusions, which state that any enhancement of the Frontex mandate would have to be in "accordance with the distribution of competences" under the EU Treaties and respect member states' competences. Although EU leaders have shown little enthusiasm for the idea, the Commission has announced that it will present more concrete ideas and proposals by December.

Hotspots, relocations and returns – high aspirations in midst of doubts

Following earlier decisions in recent months, the heads of state and government asked EU institutions and member states to "press ahead" with the establishment of additional '**hotspots**' in **Greece and Italy** by the end of 2015 to ensure the identification, registration and fingerprinting of applicants for international protection and other migrants and, at the same time, ensure relocation and returns. Both Greece and Italy have been 'accused' by other EU countries of failing to perform these tasks in the past.

The centres in Greece (five hotspots, on the islands of Lesbos, Chios, Leros, Samos, and Kos) and Italy (six hotspots, in Augusta, Lampedusa, Porte Empedocle, Pozzallo, Taranto, and Trapani) are supposed to fulfil two major objectives: to identify 'legitimate' asylum seekers, who should then be relocated to other EU countries on the basis of the mechanism agreed in September; and to manage the return of rejected applicants to their countries of origin.

The work of these centres is supported by 'Migration Management Support Teams' including personnel from the EU border agency Frontex, the European Asylum Support Office (EASO), the EU police agency Europol, and Eurojust. The Support Teams rely heavily on contributions from member states, and both Frontex and EASO have launched calls for national contributions. Frontex's latest call was for 775 additional border guards, screeners, de-briefers, and interpreters, while EASO asked for 370 experts to cover its needs in Italy and Greece.

Although the need for member state support was already explicitly recognised at the informal Summit in September (with a November deadline), EU countries' commitments thus far fall very short of what is required. Hence the call once again in the October Summit Conclusions for member states to meet the calls from Frontex and EASO.

Regarding the **relocation** of 160,000 refugees in clear need of protection arriving in Italy, Greece and other member states, the Summit Conclusions merely state that EU governments shall "proceed rapidly with the full implementation" of the decisions taken in September. EU leaders had another extensive and at times heated discussion about the future of the relocation system and were once again unable to agree on a permanent relocation mechanism, which comes as no surprise given the major differences between different actors.

The Commission, Germany, Sweden, Austria, and the Netherlands are pushing hard for a new asylum regime sharing the burden between member states; Hungary, Poland, Romania, Slovakia, and the Czech Republic remain strongly opposed to creating a binding and permanent relocation mechanism; other EU countries, including Spain and to some extent France, have doubts about the idea. In a statement issued before the Summit, the Visegrad countries underlined that any measures that put the Union's 'common effort' at risk, including a permanent relocation scheme, should be avoided.

EU governments and institutions are anxious to secure a swift (voluntary or forced) **return of people not in need of international protection** to their countries of origin. It thus comes as no surprise that the Summit Conclusions call for: (i) member states to "step up" the implementation of the Return Directive and to create a return office within Frontex to scale up support to member states; (ii) Frontex's mandate to be extended to include the right to organise joint return operations on its own initiative and enhance its role regarding the acquisition of travel documents for returnees; (iii) effective implementation of all readmission commitments, whether undertaken through formal readmission agreements, the Cotonou Agreement with African, Caribbean and Pacific group of states, or other arrangements; (iv) increasing the EU's leverage on return and readmission, using the "more-for-more" principle. The Commission and High Representative will propose "comprehensive and tailor-made incentives" for third countries within six months.

However, the experience of recent years has shown that the implementation rate of return decisions is rather low in practice. In October, the Justice and Home Affairs Council endorsed the EU action plan on returns proposed by the Commission, but despite all the proposals included in the Summit Conclusions, there are serious doubts that member states will be able to implement the plan effectively and significantly increase the number of returns. Security concerns in countries of origin, missing identification documents, the lack of readmission agreements, the unwillingness of third countries to let returnees back in and the challenges involved in finding migrants who have been able to hide from authorities to avoid being sent back after risking so much to reach the EU have made it very difficult to send people back to their 'home country' once they have arrived in Europe. It is therefore no surprise that EU governments are concentrating their efforts instead on limiting the number of migrants reaching Europe in the first place.

UK in/out referendum – mounting frustrations, vague commitments and many uncertainties

The October Summit could have been an opportunity for a first substantial collective discussion about the British (in/out) referendum, which Prime Minister Cameron has promised to hold before the end of 2017. However, as there was nothing of substance to debate, EU leaders merely had a short exchange on the UK referendum and now expect the British government to present more concrete proposals in early November, so that they can come back to the issue in December.

In Brussels and many other EU capitals, there is increasing irritation at the British government's failure to go beyond very vague demands, and at the lack of pace and substance in the 'technical talks' between London and Brussels, which officially commenced in the summer. There is growing frustration that David Cameron has not been able or willing to spell out clearly what he wants by listing specific demands and explaining how they could be achieved in practice. Given the high level of distrust towards the UK government, there are strong concerns that British demands will continue to change constantly, and thus fail to provide a solid basis for negotiations.

The Summit Conclusions merely state that the European Council was "informed about the process ahead concerning the UK plans for an (in/out) referendum" and that EU leaders will revert to the issue in December. Under pressure from other

EU leaders, Prime Minister Cameron announced that he would put his proposals in writing in a letter to President Tusk in early November. He is then expected to have a series of bilateral meetings with other EU leaders to prepare the ground for a first substantive collective political debate at the highest political level just before Christmas.

It is currently very unclear what London will ask for in terms of substance, and how detailed and binding its proposals will be. There is speculation that the list of potential requests might include: a statement that Britain will not be bound to the principle of “ever closer union” (Article 1, Treaty on the European Union); the introduction of a ‘red card’ procedure giving national parliaments the power to block the adoption of EU laws; a statement that the euro is not the official currency of the EU; and the introduction of (additional) safeguards for non-euro countries. However, what all of this might mean in practice is even less clear.

Despite the irritation in Brussels and other capitals, there still is a widespread belief that it is in the strategic interest of both the UK and the other 27 member states that Britain remains in the EU. Partners are thus ready to work constructively with the UK government to find a compromise acceptable to both sides. There are, however, some clear red lines: regarding, for example, the free movement of people, the principle of non-discrimination on the grounds of nationality and the integrity of the Single Market. In addition, as nobody wants to open a Pandora’s box, national capitals are not willing to amend the EU Treaties and are unlikely to change their minds any time soon, especially not ahead of the French and German elections in 2017.

Support for Prime Minister Cameron is weakening in key countries such as Germany, and continuous criticism that the EU is “too weak, too bossy, too interfering” and London’s refusal to take more than 20,000 refugees over five years when Berlin is ready to take up to a million this year, have not helped to improve the political climate. All this is strengthening the voices of those arguing that the EU could live without the UK being member of the club. Some even argue that it might be easier to further deepen EU integration if its “awkward partner” leaves the Union.

There is even more uncertainty about the timetable and potential outcome of the in/out referendum. Following elections in May and the surprisingly clear Conservative victory, there was some speculation that the referendum might take place in early 2016 to seize the political momentum and get the issue off the table quickly. But now, given the slow pace of negotiations, the potential referendum date has been pushed back to late 2016 or even 2017. Regarding the outcome, it is very difficult to predict whether the British electorate will vote ‘In’ or ‘Out’. Most experts still believe that a majority of voters will vote in favour of staying in the Union. However, the campaign has only just started and the outcome of the negotiations will certainly influence how much and how concerted the support will be among those ready to fight for the UK to stay in the EU.

EMU completion – no reform appetite and a focus on new priorities

EU leaders have missed another opportunity for a thorough debate on the future perspectives for Economic and Monetary Union. The European Council merely “took stock of the discussions” on the Five Presidents’ Report (FRP) and “reiterates that the process [...] must be taken forward”. The fact that EU leaders have postponed the discussion until their December meeting is another indication that substantial EMU reform is not likely in the years to come and that the migration/refugee crisis is now absorbing everyone’s energy at EU level.

A year ago, a Euro Summit in October 2014 called for work to continue to “develop concrete mechanisms for stronger economic policy coordination, convergence and solidarity” and “to prepare next steps on better economic governance in the euro area”. As a result, the President of the European Commission, in close cooperation with the Presidents of the Euro Summit, the Eurogroup, the European Central Bank, and the European Parliament (added belatedly to the list), presented their so-called ‘Five Presidents’ Report’ just before the June EU Summit. Following the basic logic of previous reports, it called for progress to be achieved on four interrelated fronts in two consecutive stages before and after 2017:

- **Economic Union**, which in Stage 1 (2015-2017) includes the creation of a system of Competitiveness Authorities monitoring whether wages are evolving in line with productivity and assessing economic reforms; strengthening the Macroeconomic Imbalances Procedure; a greater focus on employment and social performance; stronger coordination

of economic policies within a revamped European Semester; and in Stage 2 (to be concluded by 2025) a more formalised and binding convergence process with agreement on a set of common high-level standards defined in EU legislation.

- **Financial Union**, which includes two main elements: (i) completion of the Banking Union by setting up a bridge financing mechanism for the Single Resolution Fund (SRF), creating a common backstop to the SRF through a credit line from the European Stability Mechanism (ESM), introducing a fully-fledged, privately funded European Deposit Insurance Scheme (EDIA), and a more effective instrument for direct bank recapitalisation in the ESM; (ii) launching the Capital Markets Union to ensure more diversified sources of finance, a strengthening of cross-border risk-sharing and providing a buffer against systemic shocks in the financial sector.
- **Fiscal Union**, which in Stage 1 includes a review of the ‘Six-Pack’ and ‘Two-Pack’ and the creation of a European Fiscal Board providing independent budget assessments; and in Stage 2 the setting up of a macroeconomic stabilisation function for the euro area, which – according to the report – could build on the European Fund for Strategic Investments (‘Juncker fund’).
- **Political Union**, which in Stage 1 includes enhanced European Parliament engagement in the Annual Growth Survey and Country-Specific Recommendations (CSRs), more efficient interaction between the EP and national parliaments, national parliamentary debates on the CSRs, steps towards a consolidated external representation of the euro area, the integration of intergovernmental agreements (Stability Treaty, Euro Plus Pact, SRF Agreement) into the EU’s legal framework, and stronger Eurogroup involvement in the European Semester and a reinforcing of its presidency; and in Stage 2 the full integration of the ESM into the EU Treaties, a full-time president of the Eurogroup, and the setting up of a euro area treasury accountable to the European level.

The Five Presidents’ Report is a balanced and realistic document both in terms of its content and the process it foresees. It aims to attract the support of (key) member states in order to avoid the fate of its predecessor (Four Presidents’ Report), which despite all its good ideas, proposals and intentions did not win national governments’ support.

As stated at the end of the report, the FPR aims to offer a roadmap that is “ambitious yet pragmatic”, and this is what it does. It is not over-ambitious, as it avoids proposals that are highly contested in a number of member states. It is pragmatic, as it differentiates between short-term measures that can be implemented on the basis of the existing EU Treaties and longer-reform efforts (after 2017) which, in many cases, would require changes to the Union’s primary law. From a political perspective, it takes into account the fact that negotiations with the UK ahead of the in/out referendum and the elections in France and Germany in 2017 do not offer the best grounds for fundamental EMU reform in the upcoming years. However, the FPR does not only aim to keep the reform process alive, but also opens the door for more substantial innovations later. The Commission has announced that it will present a White Paper, assessing progress made in Stage 1 and outlining the next steps needed to complete EMU in Stage 2, in spring 2017.

At the end of the report, the five presidents called on the European Council to endorse its proposals. But at their June Summit, the heads of state and government did not endorse, but merely “took note” of the report, without providing a clear sense of direction. Despite EMU’s remaining systemic/structural deficits, EU leaders failed to indicate how the reform process should be organised in the years to come.

The initial reactions to the Five Presidents’ Report in June and the European Council’s decision to postpone a thorough discussion on the future of the euro area again at this Summit, indicate that the appetite in most capitals for additional major EMU reforms is very limited. Multiple considerations and fears are blocking further steps: (strongly) diverging ideas on how to enhance cooperation within the euro area; concerns that any attempt to reform the EU Treaties would open up a Pandora’s box with an uncertain outcome; a lack of political will to transfer further powers away from the national level; and fears that a new treaty might again fail at the ratification hurdle in one or more member states, with memories of the ‘constitutional trauma’ of 2005 – when the ‘no’ in France and the Netherlands marked the end of the Constitutional Treaty – still haunting many policy-makers. And now, with the migration/refugee crisis at its height, EU governments and institutions feel compelled to concentrate all their energies on other, more pressing issues.

A look beyond the horizon – the prospect of ‘reactive and protective muddling through’

One year after the beginning of a new political cycle, the EU and its members are again in fire-fighting mode. The migration/refugee crisis is fully preoccupying the attention of EU institutions and governments, while the ‘euro crisis’ and the ‘Ukrainian crisis’ are not over. Despite their very different natures, all these crises and the reactions to them have a number of things in common.

First, they did not come out of the blue. Since the inception of the common currency, the EU and its members have been warned about the potential consequences of the structural/systemic deficits of the euro construction. Migration experts and those following developments in the EU’s direct neighbourhood rang alarm bells early, warning that millions of refugees might be preparing to knock on Europe’s door. The EU and the ‘West’ were also warned of a potential escalation of the conflict in Ukraine and President Putin’s motives should have not come as a surprise either. But despite all these warnings, the EU and its members were not prepared when these crises erupted.

Second, once a crisis reaches full speed, the EU and its members focus on immediate fire-fighting and struggle when they have to deal with the root causes of the challenges they now face. Actors at all levels try their best to manage the direct effects and consequences of the crisis. But after cumbersome efforts to reach and implement compromises at both national and European level, they run out of steam when the fire seems to be coming under control and become (more or less) content with kicking the can down the road and avoiding the worst – at that point, collective fatigue and complacency take over. This is what happened in the case of the ‘euro crisis’ after 2012 when the danger of a ‘euro meltdown’ decreased and this could also happen in the migration/refugee crisis once the number of people knocking on Europe’s door can be (somewhat) contained.

Third, none of these crises can be tackled at national level alone, as the magnitude and the nature of challenges require a common European response. The ‘euro crisis’, the migration/refugee crisis and the crisis in our relationship with the EU’s biggest neighbour have demonstrated the high degree of interdependence between member states and the limits of national policy-making.

Given all of the above, there are a number of questions which arise. Why are Europeans unable to individually and collectively prepare themselves proactively before a crisis erupts? Why can’t they master not only the direct effects but also the underlying reasons and the collateral damage caused by different crises? Why do the EU and its members struggle to implement the many good ideas and proposals for joint action and reform, although there is a widespread perception that effective responses can only be delivered at the European level? Why do we run out of energy once the fire-fighting has produced results, and what are the potential consequences of the fact that crises continue to linger even after the worst seems to have been avoided? Last but not least, what does all this mean for the future of the EU?

Depending on which crisis one has in mind, there are obviously different considerations and answers to the above questions, but it seems that there are a number of general factors which limit the EU’s ability to provide adequate responses:

- **Limiting factor I – mistrust:** Over the past years, an increasing lack of trust has led to deep rifts within the EU at different levels. Firstly, there is mistrust between member states, involving not just governments but also national societies. Europe has witnessed a resurgence of national stereotypes, nationalistic chauvinism, historical resentments and a damaging ‘blame game’ between national governments and even between ‘ordinary’ people in different EU countries. Secondly, there is increasing mistrust between national governments and EU institutions, which significantly hampers cooperation between ‘Brussels’ and national capitals. Thirdly, there is mistrust within EU countries towards the political classes. The inability of political actors to tackle problems effectively in an increasingly complex national, regional and global environment, coupled in some cases with false promises and unfulfilled expectations, has led to a negative spiral undermining trust in traditional political elites (‘the establishment’). One could argue that this is not only a European phenomenon, but the EU is still widely perceived as an ‘elitist’ project and is thus questioned more quickly and fundamentally than traditional political entities.

- **Limiting factor II – complexity:** The EU and its members are not simply moving from one crisis to the next – i.e. from the ‘euro crisis’ to the Ukraine crisis and now to the migration/refugee crisis – they are rather accumulating multiple crises. The complexity of the situation is magnified because all these crises are somewhat interlinked and recipes for addressing them sometimes clash with each other. At times, it seems the combined magnitude of challenges does not make them ‘too big to fail’ but rather ‘too big to succeed’. As a consequence, the popular and long-standing argument that Europe lacks political leadership seems rather banal – leaders are in many cases objectively overwhelmed by the severity and complexity of the tasks they are facing.
- **Limiting factor III – divergence:** Europe is confronted with an increasing level of divergence in both ‘real’ and ‘thinking terms’. The economic gap between member states has grown during the economic crisis and the migration/refugee crisis has revealed differences in the capacity of individual countries to cope with the large numbers of people arriving at their borders. There is not only divergence in real terms, but also differing interpretations and readings of the root causes, nature and threats of the different crises. At times, it seems as if people are ‘living on different planets’, making it much harder for them to understand each other and find a common basis for compromises at EU level. As a consequence, the EU is witnessing increasing divisions between north/south, creditors/debtors, core/periphery, ins/pre-ins/outs, and now – in the context of the migration/refugee crisis – also between East and West.
- **Limiting factor IV – disappointment:** A growing number of people have turned their backs on Europe in recent years because of dissatisfaction with the current state of the Union. Although many citizens continue to support the basic notion of European integration, there is a widespread perception that the EU as it stands is less and less able to cope with the immediate problems they are facing. Many dispute the notion that European cooperation is still a ‘win-win’ for all its members and citizens. Instead, there are growing doubts not only among the public but increasingly also among political, economic and intellectual elites about the EU’s added value.

One could argue that all these limiting factors are not new, but the situation has got much worse in recent years: there is more distrust, more complexity, more divergence and more disappointment, and the migration/refugee crisis seems to be fuelling this. Mutual accusations of a lack of solidarity have deepened the rift between member states and the migration/refugee crisis adds additional elements and layers to an already long list of interrelated challenges. The EU and its members are once again struggling to provide joint policy responses due to diverging analyses of what caused the crisis to escalate. Last but not least, the EU’s perceived inability to manage the immediate effects of the crisis and tackle its more fundamental causes can further spur disappointment in the Union.

It is still not likely that this will lead to an implosion of the EU. There is too much at stake and there is no credible alternative, although history has repeatedly shown that nothing should be considered irreversible. At the same time, the current state of affairs and the limiting factors described above make it almost impossible for the EU to take a major leap forward in the years to come.

It seems that the best we can hope for in the immediate future is some kind of ‘reactive and protective muddling through’. Simple answers have become more attractive: let’s get rid of Greece to save the euro; let’s exit the EU to be more independent; let’s build fences to protect ourselves from migrants. Populism and populist rhetoric are thriving. Seemingly simple solutions to very complex problems have gained traction not only on the extreme left or right but also in mainstream parties. Under these conditions, fighting disintegration and protecting past accomplishments in both policies (Schengen/euro) and membership (Grexit/Brexit) promise to be difficult tasks with an uncertain outcome.

However, reactive and protective muddling through is not the right recipe – it rather is a realistic account of what is likely in the years to come. However, in parallel with the struggle against the forces of disintegration, there is a need to prepare the grounds for more profound change at a not-too-distant point in the future. Many things will have to be done. But one thing seems indispensable if the EU and its members want to counter the limiting factors they are currently facing: to increase trust, to improve mutual understanding, and to produce more clarity about future prospects and aspirations, there is a need to foster an honest debate between and within EU countries on the current state of the Union, the key challenges, threats and potential for the future, and the expectations and interests of individual countries about that future.



This debate is imperative for the eventual elaboration of a new 'grand bargain' between member states, which is out of reach now but is essential in the longer term if the EU and its members are to emerge stronger out of the multiple crises of recent years and meet the many challenges facing us.

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