

CREATIVE COURAGE:

NEW IMPETUS
FOR A
STRONG
AND
SUSTAINABLE
EUROPEAN
UNION



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BASICS: OUR EUROPEAN VALUES

We know the outcome of the German elections. German citizens not only expect problems in Germany to be solved, but also that brave steps will be taken to secure Europe's future. A future based on common values. The European Union is mainly a community of values, based on human dignity, human rights, freedom, democracy, the rule of law and peace as well as the principles of solidarity and subsidiarity. We want "Unity in Diversity" in Europe. Today we need to defend these values and principles more than ever before. It is these values and ideas, rather than single "deals" that are to be the guiding principle of the European Union.

Over and over again we have proven to be reliable allies to our neighbours and partners in Europe and world-wide, for we fully support a united Europe. The power of the EU resides in the rule of law. Conflicts can be solved peacefully with the authority of the law. The rule of law guarantees peace in our part of the world, in the European Union. However, we must never stop striving for the continued integration of our continent. Even if the European Union is not paradise on earth, it is the better part of the world because of its values. We need to do everything in our power to preserve these values.

This does not mean that we cannot express disapproval. On the contrary: only if we are brave enough to carry out reforms will the project of European Integration continue to be supported by its citizens. Current events and the new challenges they bring have always shaped and further developed the Community. Ten years after the Lisbon Treaty (13 December 2007) was signed, we need to be aware of unexpected developments and that the debate about continued European integration needs to be conducted with courage and determination. This debate needs to be guided by ambition and realism. This is not just about "more Europe" in general, but in the first instance about a European Union that can act with more authority. The speeches of the European Commission's President, Jean-Claude Juncker, and of the French President, Emmanuel Macron, in September 2017, have made important contributions to this debate.

The challenges are manifold. Priorities are: the European Union's Single Market needs to be developed further and the Eurozone must become more stable; the free movement of workers as the Social Pillar of the EU; far-reaching reforms in the areas of security and defence; the relationships with our neighbours and new kinds of cooperation, although there have been initial important achievements towards the refugee crisis, we need a common European Asylum and Migration policy.

This paper seeks to show potential steps to reach these objectives. There are compelling reasons why all the efforts of member states should consistently be based on these common values. After all, they are the basis of the stability that has lasted for more than sixty years. We need, above all, a confident European Union that takes its strength from these values and that is able and willing to be an internationally reliable partner.

THE EUROPEAN UNION'S SINGLE MARKET: POLITICAL COURAGE INSTEAD OF DESPAIR

The creation of the Single Market has been a milestone in the history of European Integration. The common economic area has been one of the major engines of prosperity and progress; today it is the largest and most successful trading area in the world. The basis of this Internal Market is formed by the four fundamental freedoms of the EU: the freedom of movement of persons, comprising the free movement of workers and citizens, the free movement of goods, the freedom to provide services and the free movement of capital and payments. However, there is no political process without setbacks. This has also been true of the four fundamental freedoms in recent years: the restrictions in the Schengen Area with respect to freedom of movement, due to the strong pressures of migration, the tax avoidance attempts of multinational companies in Europe or the United Kingdom's decision to leave the European Union, have all been harmful to the Internal Market.

However, Europe's founding-fathers would certainly not have been disheartened by this. Rather than feeling despondent, we need a strong initiative to give new impetus to the Internal Market Strategy published by the European Commission in 2015. Overcoming barriers to people, goods, services and capital in the European Union will remain a permanent task. It can only be carried out by showing political commitment. However, the Internal Market is not an end in itself. The ultimate objective is to achieve Europe's political, economic and social self-determination in a globalised world.

This can also be attained in the future, provided our economies are strong and united, linked by a common economic area and relevant to trade partners. However, we need a **more effective enforcement of single market rules** as there are still obvious deficits: compared with other economic areas, the freedom of movement across borders is still limited. The free movement of services is still hampered by manifold obstacles. The Eurozone crisis has adversely affected the freedom of capital and it needs to be facilitated with a banking and capital market union.

Strengthening the fundamental freedoms means strengthening the single market. This can only be achieved in Europe if we are all prepared to change! If we are able to bring about these improvements, this will also strengthen the Eurozone which in the future can become the "best of all currency areas." If we want to enjoy further benefits of cross-border economic activities, we need to promote digitalisation and the integration of energy markets.

A more integrated European Single Market also entails making further progress in the harmonisation of corporate, taxation and insolvency law. This does not have to be total harmonisation. Similar to VAT rules, there could be upper and lower limits. On the one hand, such a "corridor solution" would exclude unfair practices. On the other hand, it would also provide some leeway for competition.

With their joint action the European Member States have given decisive impetus to a successful international fight against unfair transfer of profits and tax avoidance practices (BEPS/Base Erosion and Profit Sharing: OECD/G20 Action Plan). We should welcome the fact that France and Germany have now set themselves the objective of adopting a common position on the basis for calculating corporate tax as well as finding sensible methods – initially bilaterally – for taxing the digital economy. This may well lead to an agreement beyond the two countries. In this area, a “Europe at different speeds” may be a positive contribution to European Integration in general.

Successful economic areas are always conspicuous for their openness and strong partnerships. Such agreements can help to shape and orientate the process of globalisation which is obviously incomplete. The trade agreement with Canada (CETA) is a case in point. If you want to favour innovation and increase incomes and the variety of goods, it is not helpful to turn away from international trade and promote nationalistic and populist strategies of protectionism. With that in mind we need to try and advance the **EU’s Free Trade Initiatives**, such as those with Japan, Australia, New Zealand, Mexico or Mercosur.

The network of the EU’s Single Market is as important to these partners as it is to the European Union, especially for Germany. It is their shared interest. This also applies to intensive cooperation with the US, which might have different economic priorities at the moment, but which in the long run we will need to convince that a joint European-US project is also beneficial to that country. Economic nationalism is not a sustainable idea for the future.

DEMANDS:

- 1. More effective enforcement of single market rules.*
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- 2. The EU should promote and influence digitalisation –
by completing the digital internal market.*
—
- 3. We need to promote free trade initiatives with partners such
as Japan, Australia, New Zealand, Mexico or Mercosur.*

THE FREE MOVEMENT OF WORKERS AS THE EU'S SOCIAL PILLAR

Workers' freedom of movement should be given a particular role in strengthening the Single Market. The free movement of citizens completes the freedom of movement, but it does not translate into the mobility of workers within the EU. However, a real European open labour market would be in line with the social dimension of Europe. Despite the free movement of persons, intensifying the movement of workers in Europe has not been achieved. There is both a shortage of skilled workers in the north and mass unemployment in the south at one and the same time.

We must support a **European unemployment insurance fund**, as suggested by the French President Emmanuel Macron, if it means greater mobility and free movement of workers and more open labour markets between member states. The fund should mainly be regarded primarily as an insurance product. Previous ideas have mainly been based on re-insurance schemes which create a balance between the various stages of the economic cycles of member states. This re-distribution mechanism, however, would not increase workers' freedom of movement and might also impede structural reforms in labour markets.

For such an unemployment insurance fund to promote effective free movement of workers, the existing platform of cooperation, EURES, where national authorities and public employment services are coordinated by the Commission, must be expanded into a **European Employment Agency**. A European Employment Agency should be used to ensure greater openness of national labour markets.

It has been clear since before the economic and financial crisis that the freedom of movement of persons cannot be achieved without the corresponding framework conditions. In other words, the free movement of persons cannot be complete as long as individuals are not fully integrated into the labour and training markets and EU citizens cannot get support when dealing with national authorities and regulations. All in all, most people are insufficiently integrated into the host country's society and above all, there are still linguistic barriers.

Why does the EU not provide training opportunities to all young people with language and civic integration courses in other European countries? We need a **MobiPro-Programme** at EU-level, similar to the one through which Germany assists young people from Southern Europe with apprenticeship training schemes, with more efficient structures and better funding. Why does the EU not provide funding for language courses to enable every European citizen to learn another European language? For this purpose we would need a real European Employment Agency, qualifications would need to be recognized and the Common European Framework of Reference for Languages (CEFR) would need to be improved.

The strength of the European Union in the social area also lies in its fundamental principles. Hence Europe needs "to wake up with a jolt." Just as it says in the White Paper that was published by the European Commission last March: do less, but be more efficient. That also applies to the completion of the free movement of persons, but particularly of workers. Increased mobility of workers would also strengthen the single currency area.

DEMANDS:

- 1. The fundamental freedoms are already a social pillar of the EU.
A European Unemployment Insurance Fund must help
to increase cross-border mobility.*
—
- 2. EU-citizens must be able to benefit directly
from the services of an Employment Agency.*
—
- 3. EU subsidies for language acquisition and mobility
are good investments.*

THE FUTURE OF THE EUROZONE: CURRENCY AREAS ARE NOT BUILT OVERNIGHT

The common currency has probably been the most ambitious project of European integration. This is due to its aim of linking Europe politically, economically and socially, thus combining the essential reasons for European integration. Even if it is no longer a matter of urgency right now to bind the Eurozone together in a union of stability, it is still structurally crucial as the European Union's prosperity can only be ensured on the basis of a stable currency. What other steps will help us to reach the aim of making the Euro a stable currency in the long run, supported by dynamic economic development in the Member States and sound public finances? How can national and common competences be coordinated when it comes to taking decisions in economic policy?

We must return to an improved set of rules, a kind of Maastricht 2.0, which would be in keeping with the tradition of a structural policy for Europe. This will be a necessary requirement, but it will not be sufficient to ensure a stable Eurozone. Other elements will have to be added to the new set of rules and institutions that have been created during the crisis. One of these is a **public insolvency law** which would make it possible to restructure public debt by including private creditors. This would be recognized by financial markets as a credible measure, if all preventive mechanisms failed. Against this background a **European Monetary Fund (EMF)**, an extension of the European Stability Mechanism (ESM), could play a major role. The EMF would have to be able to analyse debt sustainability, as previously done by the Troika bodies, and would assume a major role in putting forward ideas for reform. This would bring several benefits:

Firstly, it would take on the mandate of the International Monetary Fund (IMF). More and more often the IMF reaches the limits of its mandate. Initially it had to be consulted to make use of its expertise on the restructuring of public finances. However, these days the EU Commission and the ESM are experienced enough to justify setting up their own institution, and because the IMF was originally created to ensure that currency turbulences did not unsettle national budgets. That purpose is realised by members being able to draw on foreign currency loans (special drawing rights). However, in the Eurozone we observe the reverse situation: unbalanced public budgets are not meant "to infect" the common currency.

Secondly, an Insolvency Regulation would remove all legal uncertainties for all parties concerned and the insolvent State would be able to start again with a clean slate. In the currency union an Insolvency Regulation must be accompanied by other measures. Bridging loans are exclusively meant to cover additional funding needs and are not meant to be used for revolving existing debt. The dollar zone, for example, follows the same logic. This means that market forces are strengthened and that donor countries' funding volumes are not overstrained. Also, capital controls would have to be introduced at the beginning of the programme of assistance to prevent the flight of capital and a bank run.

If insolvency proceedings do not make it possible to return to capital markets after a given period (e.g. after two years), the last resort must be State insolvency with debt restructuring and also an exit from the currency union. Otherwise potential disincentive effects are produced that lead

countries to act irresponsibly (“moral hazard”). The Union must try to cushion social hardship in an orderly exit procedure and ensure continued reliability of public services. The objective of insolvency proceedings must always be budget consolidation. Within such a framework the separation of bank debts from public debts also becomes more credible, which would be another important step to reform. As long as government bonds do not have to be supported by equity capital, neither the banking sector nor public finances feel the need to adhere to the essential regulatory principle of having sound finances: assuming liability for their own risks. Member States should only resort to insolvency regulations in exceptional cases and they should be encouraged to carry out stabilisation measures to prevent such procedures from being triggered.

We need credible procedures very urgently to ensure that we learn the lessons of the earlier crisis and that the currency becomes stronger. This also means that we need to ease the pressure on European institutions, such as the European Central Bank (ECB) which has almost reached the limits of its mandate. This means that the EMF should have significant intervention rights.

It is also imperative that the fiscal policies of Member States be increasingly harmonised and coordinated. The approach that has been taken by the Fiscal Pact can be improved by having an actual **European Minister of Finance**. The Minister could also represent the Eurozone in international bodies. To enable the Minister to intervene directly, the monitoring of rules at European level would need to be more democratic first. The European Parliament’s supervisory role should be binding, even vis-à-vis national parliaments. Before this could happen, the implementation of rules would have to become automatic. One possible next step could be the introduction of voting weighted according to compliance with the rules. If Member States broke the rules, they would automatically forfeit any influence on shaping the procedure and the decisions taken by all the Member States.

However, even if a European Finance Minister had the right to intervene, then this would not mean that national parliaments would forfeit their budget sovereignty. In the Maastricht Treaty the Signatories – thus also national parliaments – have agreed maximum sovereign debt levels. Within the framework of these rules, national parliaments also retain their freedom in relation to taking budgetary decisions.

Apart from having better rules and a more effective kind of regulatory compliance, there is another step to reform, which is probably the hardest one: how to share risks and liability among the various Member States. Keywords in this context are: transfer union or Eurobonds (or also so-called safe assets), also a common Eurozone budget to cushion economic crises whose effects would differ from Member State to Member State. Here a clear distinction would need to be made: Eurobonds would create a big liquidity market for investors. However, this would not constitute real progress as Eurobonds can jeopardize reform efforts in Member States.

This also supposes a communitisation of government bonds. It would be difficult to implement politically and would also be in contradiction with the Treaties. In addition, the pressing problem of failing

liability and responsibility would only be pushed to the next level, not resolved. Short-term and limited crisis interventions would become possible with the introduction of a Eurozone budget, linked to the role of a European Minister of Finance and made legitimate by the representatives of Eurozone countries in the European Parliament. However, in the medium term neither fiscal nor monetary stimuli can replace a self-sustaining economic dynamic on the basis of competitive economic and sovereign structures, also bearing in mind that such instruments can send out the wrong signals as described above. Hence the keywords in future years remain: help for self-help, supporting reforms, solidarity and subsidiarity.

The Lisbon Treaty describes the “competitive social market economy” as the economic order of the European Union. So the coordination of the economic policy of Member States, with regard to competitiveness as well as social components, remains a major task not only for the Eurozone, but for the entire European Union. Despite all the measures in favour of the Eurozone we should bear in mind that it should not be made more difficult for the non-members to join the Eurozone. It is the objective of the Maastricht Treaty to ensure that all Member States of the European Union (with the exception of the United Kingdom and Denmark) join the Eurozone, provided they fulfil certain requirements.

DEMANDS:

- 1. The Eurozone will develop into a Union of Stability, if fiscal liability and political responsibilities coincide. Based on this, solidarity and subsidiarity remain the two sides of the same coin.*
—
- 2. A credible no-bail-out clause requires an insolvency regulation for the states of the Eurozone and an orderly procedure to exit from the Euro zone as last resort.*
—
- 3. An ESM that has been developed into an EMF and a European Finance Minister play an important part as institutional support of this Eurozone architecture and its binding regulations and they can also enjoy the confidence of financial markets, even in times of crisis.*
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- 4. Coordinating the economic policy of EU Member States remains an important task for the „competitive social market economy” (Treaty of Lisbon).*

WORKING FOR A MORE EFFECTIVE SECURITY AND DEFENCE POLICY

One area where citizens are expecting a stronger, more effective and visible European Union is the Common Security and Defence policy. The crises of recent years have demonstrated that the EU is not a small island of privilege, isolated from the conflicts and risks of geopolitics. The European security order has been shaken up by the Russian aggression of the annexation of the Crimea, which is illegal according to international law, and the war-like situation in Eastern Ukraine, reviving long-forgotten stereotypes of frightening Russian neighbours. Germany and the EU have been pushed to the limits of social cohesion by large influxes of refugees, in the wake of the utterly cruel war in Syria. And the terrorism of the so-called Islamic State has brought hatred and violence right into Europe's capitals.

These crises and threats are showing us that the European Union must increase its level of protection by pursuing a Common Foreign, Security and Defence Policy that is confident, jointly organised and provided with the necessary resources. Joint action is all the more necessary now, due to the future exit of the United Kingdom from the European Union ("Brexit") and Donald Trump's policy in the US, based on national interests. The Federal Chancellor, Angela Merkel, has said that we must assume more responsibility, not only in Germany, but in the European Union as a whole.

Recognizing this, the EU launched a new dynamic with the Common Security and Defence Policy (CSDP) last year. A strategic foundation, appropriate to the present situation, has existed since summer 2016, embodied by the "Global Strategy" of the High Representative for Foreign and Security Affairs. In response, the German Minister of Defence and her French counterpart have introduced a new initiative of cooperation that has been adopted by the EU summits in Bratislava and Brussels.

These memoranda of understanding have led to tangible intermediate results. Just to name three examples: firstly, a new military planning-unit of the EU has been set up which complements the civilian unit and which helps to manage EU operations. Secondly, there is at long last there is the political will to activate the Permanent Structured Cooperation, introduced by the Lisbon Treaty, which enables individual Member States to strengthen their cooperation in military matters under the umbrella of the European Union. Thirdly, the European Commission has launched a **European Defence Fund** that is to provide up to 5 billion Euros per year for the joint development and procurement of defence equipment.

All these measures are important steps in the right direction. It should be noted in particular that the Defence Fund gives incentives for having a more coordinated European Defence Industry and impetus for more meaningful military planning at European level. The European Defence Agency should be tasked to implement the planning which would make it more attractive and bring it closer to its original role.

A further positive feature is that the European Commission is becoming really proactive for the first time in terms of CSDP.

However, this positive impulse needs to be developed still further, with the objective of creating a **European Defence Union**. In this context, it is crucially important for the EU to increase its capacity to act and also demonstrate a real political will to engage. This means that the CSDP must focus more strongly than previously on providing operational resources.

Consequently, the Member States as well as the Union will have to provide more resources for crisis prevention, crisis management and defence and to cooperate more closely on development and procurement. It also entails getting closer to the **target** agreed by NATO to spend **two per-cent of GDP** on defence. The objective is to set up real European avant-garde, military missions, such as the so-called Battle Groups that can then be used for crisis management, e.g. in Africa. As discussed by President Macron and Federal Chancellor Merkel, France and Germany as the biggest EU countries are to take the lead in this. However, they need to keep the door always open for other Member States who want to take part.

The objective of such a more effective CSDP of this kind would be a **European Defence Force** comprising all the armed forces: army, navy and air force. The European Army is a term that provokes defensive reflexes and questions: what would such a Force look like in practice? Who would decide deployments? How can this be reconciled with national sovereignties, e.g. the German Parliamentary Participation Act?

These questions are justified, but they cannot divert attention away from the fact that Europe needs to channel its efforts towards more than just having the guiding principle of the Defence Union. Defence in Europe, particularly deterring major nuclear powers, remains the task of NATO. However, what is urgently needed is military crisis management capability on the periphery of Europe which would also relieve the burden of NATO and serve to create a more self-reliant European Union. Therefore it is not sufficient in the long run to think in terms of islands of cooperation. Rather, this is about using the experience gained with Euro Corps and Battle Groups to develop a joint security policy of the Member States, decided by the European Council and implemented and monitored by the Commission, the European Parliament and national parliaments. Part of this initiative also involves having real **EU Military Headquarters**. To be effective, this Common Security and Defence Policy needs to be able to draw on forces with joint planning, procurement and management. From the German perspective it is desirable for France, in its role of UN Security Council Member, to take a leading role.

DEMANDS:

1. *The EU must improve its Common Security and Defence Policy (CSDP) because of the critical security situation.*
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2. *Structures and processes cannot be an end in themselves, but should be used to provide additional effective military capabilities.*
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3. *The EU and its Member States should invest more funds in defence – and harmonise the procurement and use of its defence capabilities.*
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4. *As the most compelling objective of CSDP is military crisis management on the periphery of Europe, we need to pursue the aim of a European Defence Force.*

ENCOURAGING POSSIBILITIES FOR AN IMPROVED EUROPEAN REFUGEE, ASYLUM AND MIGRATION POLICY

According to the latest Eurobarometer survey, 85 per cent of Germans and 69 per cent of Europeans are calling for a common European Migration Policy. Although we were wrong to ignore how much the European Union has actually achieved in this area, Germany should continue to promote more far-reaching steps in the European Union, among them legal migration, border security and cooperation with third countries.

Migration can be beneficial for all parties concerned. However, every state – and the EU – needs to be able to regulate migration. After illegal migration to the European Union peaked in 2015, various measures, such as the introduction of “hot spots”, the expansion of Frontex into a European Coast and border protection force, the closure of the West Balkans Route and the EU-Turkey Agreement led to a big decrease in EU-migration figures. Whereas the most important migration route in 2015 was the route from Turkey to Greece via the Eastern Mediterranean, it is the Libya to Italy route that has been the primary route since 2016.

This means that the political challenge remains unchanged: however, the experience of the last three years proves that European and national measures can work and that migration management is possible. Nevertheless, more cooperation in various areas at European level would be required. The following aspects should be given priority:

Coast and Border Protection must be further strengthened. In October 2016 it was decided to improve and transform the Border Guard Agency Frontex and considerably improve its funding, i. e. to extend its mandate. So the EU’s external boarder was more closely guarded and regular weak spots were identified. The Border Agency has also been able to call on a Member State to carry out specific measures. In addition, for the first time, Frontex has been given the remit for the first time to send European border guards into national territories. Liaison officers have been deployed in the affected Member States and can assist in cases of weak border management. Guarding the external EU borders and coasts has therefore clearly become a competence of the EU. However, some Member States have not fulfilled their obligations with regards to funding and staff commitments. The border protection budget is also to be increased. Securing the EU’s external borders has become an important task for the future.

It is important and justified that politically persecuted persons should find protection throughout the European Union. However, there is still a huge difference in standards among Member States, as far as admission conditions, recognition practices and integration measures are concerned. The European Commission has put forward proposals in recent months to make the European asylum system more humane, more functional and fairer. The Common European Asylum System is still comparatively new and, just as there are differences in the decisions taken by the German federal states, there are likely to be differing approaches within the EU. However, the objective still should be a **European Asylum Status**. It is imperative to have a common list of secure countries of origin. An agreement on this is needed urgently.

It must be a priority to relocate those who have come to the EU to find protection. We cannot leave it up to Greece and Italy to deal with this issue. Solidarity within the EU means: if a Member state has to deal with a major problem, then this becomes a concern for all the Member States of the European Union. Moreover, no Member State of the European Union should withdraw from international obligations and refuse to adhere to applicable European Asylum Law. So there needs to be a **Sharing of Responsibility** in the distribution of asylum seekers and a reform of the Dublin Convention. However, there have been initial signs of solidarity within the European Union: the European Commission quickly provided funding to support Greece to look after refugees; but despite the increasing numbers of resettlements from Greece and Italy the distribution of refugees is still a problem. The ruling of the European Court of Justice in the action brought by Hungary and Slovakia against refugee quotas must be accepted and implemented as EU Law. However, more solidarity cannot be obtained by applying more pressure. It would be preferable if the next EU Budget were to make more funding available for those Member States and regions that only take part in the distribution of refugees to a limited extent. These should then make a higher proportional contribution to the funding of the EU and foreign and security policy instruments as well as overseas aid. Nevertheless no Member State should be able to withdraw from the EU Refugee Relocation System.

Further progress needs to be made in the extension of "hotspots." Since the beginning of the crisis the Commission and the Member States have provided extensive support for initial reception centres for refugees in Greece and Italy where new arrivals are registered and their asylum applications checked. These hotspots have made it possible to reach registration rates of almost 100 per cent. As migration routes have shifted and in view of the strong migration pressure in Italy, the recommendation must be to expand Frontex and the European Asylum Support Office (EASO) into an **EU Asylum Mission** in the Italian hotspots.

However, there has been an improvement in the humanitarian reception centres for refugees arriving directly from crisis areas. Since July 2015 more than 16,000 vulnerable migrants have been relocated by 22 European Countries, among them also Switzerland. This creation of **Humanitarian Corridors** from their region of origin to the EU for vulnerable migrants will become more important in the future. Soon UN Protection Missions will check asylum applications in countries such as Niger and Chad and persons admitted for asylum can be relocated in the European Union.

In mid-2016 the European Commission also decided to create so-called migration partnerships to strengthen cooperation with countries of transit and of origin. Bilateral agreements with important transit countries (Niger, Nigeria, Mali, Côte D'Ivoire, Senegal, Lebanon, Jordan and Ethiopia) are to be concluded in order sustainably to improve the political, economic and social situation by using the complete set of instruments of the EU and its Member States. Templates for these agreements could be the US-Cuba Declarations of 1994 and 1995 and also the EU-Turkey Agreement. The main elements of these agreements would be the following: as of an effective date, migrants who enter the EU will be returned to their countries of origin if there are no grounds for asylum (they must

be given the opportunity to apply for asylum). Countries of origin undertake to readmit their own nationals. In exchange, **legal migration channels** for fixed quota will be set up. These are up for re-negotiation every year (in the case of the US-Cuba Declaration 20,000 Cubans were allowed to enter the US with visas, after an application procedure). The benefits of such a regulation are clear: migration is regulated on a flexible basis, traffickers and smugglers would lose their “business model”, and the risk of unregulated migration would decrease. Destination countries as well as countries of origin would benefit from such a system, the former from working migrants, the latter from the transfer of remittances. As a result, the burden on asylum systems would be less and returning made easier.

In recent years, we have seen that there can be controlled migration and solutions can be found with the cooperation of EU Member States and countries of transit and origin. It is important to conclude agreements with the various partners and to show determination.

DEMANDS:

1. *The protection of EU coasts and borders must be further extended.*
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2. *In the “hotspots” where migration pressure is strongest, a flexible European Asylum Mission should be set up.*
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3. *We need more extensive asylum regulation at European level. A European Asylum Status is required.*
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4. *Migration partnerships with Third Countries must be intensified.*

STABILISATION AND DEVELOPMENT OF THE EUROPEAN NEIGHBOURHOOD POLICY

One of the core requirements for peace, prosperity and stability in the EU is the stabilisation and democratic development of the neighbourhood within the EU. The prospect of membership in the Western Balkans is a basic requirement for the peaceful development of the region. At the same time, the inability of the EU to react to trouble spots in neighbouring regions has always had major consequences for its security and society. The economic resilience its southern neighbours lack is increasing migratory pressures on the EU. For this reason it is in the EU's own interest to further the development of democracy and the rule of law as well as the economic resilience of these countries in its immediate vicinity. All in all, the EU should distinguish between three groups:

The first group would be the enlargement candidates of the Western Balkans. EU Enlargement Policy has been proven to be the most effective instrument in foreign policy instrument to promote democratic and economic development. At the summit meeting of Thessaloniki in 2003 the EU opened the prospect of accession to the countries of the Western Balkans. However, the candidate countries are still in bitter need of reforms. No country should be granted full membership without fulfilling all accession criteria. On the other hand, lengthy accession procedures also lead to enlargement and – in some cases – reform fatigue in the respective countries.

At the same time other players such as Russia, Turkey, China and Saudi-Arabia are increasing their influence in the region with sometimes alarming consequences for their social and democratic development. After complying with certain targets, these countries should be able to enjoy some benefits of membership before their accession to the EU, to make sure that reform incentives for candidate countries and the credibility of enlargement policy can be upheld.

In the second group there are some countries for whom full membership is either completely unrealistic or won't happen in the foreseeable future, such as Turkey, Ukraine or possibly also the United Kingdom after Brexit. Nevertheless it is essential for the European Union to have as close links as possible with these countries. But European Neighbourhood Policy and – in the case of Ukraine, Moldavia and Georgia – association agreements are important incentives – will not be sufficient in the long run. As an alternative to full membership, in the style of the existing European Economic Area (EEA), a **European Area of Stability (ESA)** should be set up: on the one hand, this should include close economic cooperation, like the EEA. On the other hand, this would comprise an extensive free trade zone and – to a lesser extent – the four fundamental freedoms. In the medium term, all countries should be part of a comprehensive customs union. On the other hand, the European Stability Area would go beyond mere economic cooperation and include an extended area of higher education, an extension of the Erasmus programme as well as close cooperation in foreign, security, energy and migration policy. Being a member of the European Stability Area would not lead automatically to full EU-Membership at a later date nor would this be excluded.

The third group would be made up of the Southern Mediterranean countries. They are essential partners, also to control and limit migration flows to Europe. Apart from requiring these countries to develop the rule of law and democracy, it is particularly important to strengthen their economic resilience. Whatever we offer to them must be genuine and sustainable: so the EU should conclude so-called **'Reform Partnerships' with the countries of the Maghreb**. One potential measure might be support for special economic zones where the EU would promote investment by providing guarantees and other measures. For pioneers of reform, the EU should open up the Internal Market more than in the past, especially for agricultural goods. In the long run, the countries of North Africa could form a common Economic Area with the EU: successful attempts to democratize and to introduce the rule of law might be rewarded with accession to the above-mentioned "European Stability Area."

DEMANDS:

- 1. Having achieved major progress, EU candidate countries should enjoy some advance-benefits of EU-Membership.*
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- 2. The EU must develop an attractive alternative to full membership, such as belonging to a "European Stability Area."*
—
- 3. Reform pioneers from the Maghreb should enjoy improved access to the European Market, especially for agricultural goods.*

ABOUT THE AUTHOR

HansGert Pöttering was born on 15 September 1945 in Bersenbrück/Lower Saxony. In 1979 he became the youngest elected member of his parliamentary group in the European Parliament. Hans-Gert Pöttering served as Chairman of the European People's Party (Christian Democrats) and European Democrats (EPP-ED) from 1999 to 2007. He was President of the European Parliament from 2007 to 2009. He is the only Member of Parliament to have served continuously from the first direct elections in 1979 through to 2014. Hans-Gert Pöttering has been president of the Konrad-Adenauer-Foundation since 2010. He is the author of numerous publications on Europe.

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