

For all its defects, the Constitutional Treaty is re-stitching the rip caused by the French and Dutch referendums. However, it is in the medium-term that the risks will intensify, says former WTO director-general Renato Ruggiero.

# Ruggiero: Europe is walking uphill

EUROPE 1

by Danilo Taino

giero. The informal three-party directorate comprised of France, Germany and the U.K. is undermining the Commission's roles and powers, and when the President of the Council of Ministers is named...

**A**ccording to Renato Ruggiero, things should not go badly for the European Union in the short term. It is as regards the medium term that uncertainties prevail. In this interview, the ambassador (and former Italian Foreign Minister as well as former WTO Director-General) in fact sees more unknown factors than certainties and notes, above all, that Europe is changing its skin under pressure from a kind of mobile directorate, alternatively two-member (Germany and France) or three-member, with the addition of the U.K. And there is no guarantee that he likes the new Europe: federalist institutions, particularly the Commission, are losing importance in a big way; the key decisions are dictated by the member States, particularly the three strongest ones and, what is more, the new Berlin-Paris-London triangle is a transient one, held together by national interests alone and certainly insufficient to guide the Europe of the future.

The good news first. Ruggiero took part on behalf of Romano Prodi in preparing the fiftieth anniversary of the European Community in Berlin in June and the summit meeting that solved the business of the so-called European Constitution. So as

far as the latter dossier, which brought Europe to a standstill for over two years, is concerned, few know it as well as the ambassador, who is optimistic about it. "Europe is emerging from the tunnel it went into after the French and Dutch referendums, which rejected the new institutional treaty", he says. "The German presidency showed great skill in convincing its partners that the problem had to be solved in June and not postponed to the autumn. Chancellor Angela Merkel started out with determination and she broke through: she won the British over, and that allowed her to easily drag Paris in. This success has made it possible for the constitutional process to start again. From the European Council meeting in June to date, one gets the impression that no-one, with the isolated exception of Poland, wants to fight".

According to Ruggiero, the text of the new Treaty should therefore be approved under the Portuguese presidency of the EU, in October at the earliest and in December at the latest. Then national ratifications will be held in 2008, probably avoiding acrobatics without a net: "Both Nicolas Sarkozy and Gordon Brown seem to be going ahead with



the idea of not seeking a referendum to ratify the treaty”, says Ruggiero. “The Netherlands is creating a few problems, but I think it can be overruled”.

Basically, the scenario “is not a negative one: no-one wants to bring the June agreement up for discussion again, not least because I think they’re scared of Mrs Merkel”. Besides, the EU is moving forward on another two objectives, energy security and the environment, on which “we have taken a few steps forward, even if we cannot yet cry victory”. There are two problems in this regard, according to the ambassador. One of these is full acceptance of the reasons for and rules of the internal market, “that Germany and France do not wholly love”: this means the possible creation of situations in which Berlin and Paris favour (and try to impose) the national interest over the general interest of the Community in matters of gas supplies and industrial policies. The other is a problem of “burden sharing” of costs deriving from the reduction of the European contribution to the overheating of the planet. “The target is to reduce consumption as well as emissions of greenhouse gases by 20% and increase renewable energy sources by 20% by 2020: this is costly and the problems of the Eastern European countries, which have recently become members of the EU, will have to be taken into account”. Issues that have not yet been fully solved, therefore, but are certainly in movement. However, the rosier part of Ruggiero’s analysis ends here: then it is worries that prevail. “The Europe that has emerged from the test of the constitutional process is different from the Europe previous to the two ‘No’s of the French and Dutch referendums”, he says. “The role of national governments is increasingly strong, to the detriment of that of the European Commission, which appears to be at the centre of a movement to streamline supra-national institutions. We have a 27-member EU in which there are at least 12 new States, with political experiences that are a far cry from those of the traditional EU partners, who act differently from the way the old Europe moved and have a different voice: which mainly echoes in the Commission. Today, for example, one tends to appreciate the fact that, during the June summit, the Commission prudently acted in the wake and

the shadow of Mrs Merkel. Nonetheless, the Brussels executive actually gave a different impression, i.e. it seemed to have given up on its battle. The result was that the British won an easy victory in asking for the symbolic elements of Europe as a body to be deleted from the new Treaty: the Community flag, hymn and motto. In no country do symbols mean more than in the U.K. And London easily managed to get them deleted. And yet they were an essential part that the Commission should have defended against the reasoning of nation States. When one says that the EU is distant from citizens, one should also ask oneself what could be more important than the flag and the hymn for the identification of citizens themselves.”

The decline in the role of the Brussels Commission accompanies what is probably the most significant new factor in European politics in 2007: the emergence of three leaders who are very different from their predecessors. Angela Merkel has been in the German chancellery for two years, but in recent months she has put her stamp – different from that of her predecessor Gerhard Schroeder and even more so from that of Helmut Kohl – on the EU presidency in the first half of the year as well as the leadership of the G8, which she will head until December. Sarkozy is a brand-new President, extremely different from his predecessor at the Elysée, not only hyperactive but also an unabashed nationalist. Brown, more than Tony Blair, has always shared the British establishment’s moderate scepticism of Brussels.

“In fact a directorate has been created, now two-member, now three-member”, says Ruggiero. “And it has an intense life on which all the relevant decisions as regards Europe now depend: nothing formal, but the two or three leaders meet every six weeks. They agree on some points and disagree on others, depending on the issue: at the latest summit meeting in Berlin, for instance, Merkel and Sarkozy did not totally agree on the issue of reviving the EU’s competitiveness. And the three disagree on the current credit and financial crisis: the French and Germans say it is the result of excesses and speculation, which it is necessary to take action on and put into order; the Anglo-Saxons are more prudent

on the need for government intervention. Another issue on which the three have differing positions is the attitude to adopt towards public investment funds of countries such as China, Russia and the oil producers, i.e. the so-called sovereign funds. The issue is not a simple one, even when one talks of allowing investments in Europe in some sectors only if there is reciprocity: it is very difficult to establish what this means and entails. I think it is a question of finding agreed measures, because if limitations were imposed on investments by sovereign funds in these countries, there could be enormous political and global consequences. The mass of these funds is in a position to influence Western markets and economies for the better or, on the contrary, for the worse. Conflict is therefore the first element to eliminate to reach an agreement in areas where values that international society is not yet ready to liberalise come into play, whether it is energy security or the defence industry. That said, it seems to me that the



Contrasto\_REA



Contrasto\_REA

three members of the directorate have divergent opinions anyway even on this important subject. Nevertheless, it is now they who discuss and decide the most relevant policies in the Union”.

Basically, in the Europe of Merkel, Sarkozy and Brown, Ruggiero sees the re-emergence of the predominance of nation States and the defence of the interests and viewpoints of each individual capital, which goes in parallel with the dimming of the Commission’s role. This is no way definitive, he adds: it is probably a passing phase. The trend is certainly towards the Council of Ministers taking on an increasingly important role compared to the Commission and, within the Council, towards the predominance of the trio. If the humiliation of European

institutions continues, the ambassador says, “there will be a very serious step backwards”. Like the founding fathers of the Community, he is convinced that the centrality of nation States has brought Europe misfortune. “Maybe there is too much of Renato Ruggiero in what I am saying”, he reflects; “too much of my experience and that of those who built Europe. Maybe, or rather certainly, we need new men with great vision. It could also be that Europe’s nation States do not always play a wholly negative role. But all the elements of concern are there”. It is not a big step from national interests to fights, especially in times of crisis, and the distance is even shorter from fights to the weakening of the European Union: in sum, momentary national egoisms are not to be taken lightly. All the more so in Italy. Obviously, “the two or three-member directorate is worrying for Italy; it is a construct that relegates it to a marginal position. It is not so much that Italy has failed its commitment to Europe: it

\_Thanks in part to the determination of Angela Merkel, who won the British over, Europe is emerging from the tunnel it went into after the French and Dutch referendums had rejected the Treaty



is the country's image that has failed and this is very, very bad". When the French-German axis was at the heart of the EU, things were different. It was a mechanism driven by a pro-European idea, very similar to that which still prevails in Italy and hence it was more natural and easy for us to join and contribute to processes such as the single currency, Schengen and the European constitutional treaty itself. "We will regret that axis", says the ambassador. Things work differently today; the defence of national interests prevails over that of European interests and Rome finds itself wrong-footed. So what are we up against? Ruggiero believes that the Berlin-Paris-London triangle is only a passing phase, not something that can lead Europe in the future. "Different situations will have to be created at a certain point", he says. "But there will be no immediate move towards strengthened collaboration", i.e. towards forms of diversified co-operation among groups of countries within the EU, which

seems to many to be a preferable evolution for continental integration. In fact, the federalist elements of European construction will probably weaken further in the medium term. "I imagine that the nomination, foreseen in the new treaty, of a President of the EU Council of Ministers, a five-year post that will be held by a politician of a certain stature, will weaken the Commission even more and give ever-increasing importance to the Council and policies inspired by national capitals".

In this context, the hope of reversing the trend, for a pro-European, is tied to a reaction from the Brussels Commission and the historically more "federalist" States such as Italy, which, although Ruggiero does not say it, is of little importance at the moment. ■

Both Gordon Brown and Nicolas Sarkozy seem to be going ahead with the idea of not seeking a referendum to ratify the institutional treaty, which raises the hope that no one wishes to question the June agreement

