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# EU and Its Neighbours: A New Regional Integration Model after the Global Financial Crisis

*This paper argues that the Lisbon Treaty and the global financial crisis may bring new opportunities to make prominent changes to the regional integration model that EU has evolved into. The paper discusses how the Lisbon Treaty revives the variable geometry hypotheses for regional integration. It finds the new post-Lisbon institutional arrangements supplies member states strategies for integrating candidate and neighborhood countries into economic, security and regional development frameworks of the EU. The new members especially during their Council presidencies may benefit from these new 'flexibilities' and may strengthen their own positions through taking an active role in avant garde groups such as the Visegrad Group and Danube Strategy; the Black Sea Strategy and the Eastern Partnership.*

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## ***Introduction:***

The Lisbon Treaty was signed in December 2007 and took two years to be ratified by all the 27 members of the European Union (EU). In the meantime, a global financial crisis has taken its tolls on the European Union economies. The responses from core members of the Eurozone on one hand, new members to the EU on the other, widely varied. The Lisbon Treaty and the global financial crisis may bring new opportunities to make prominent changes to the regional integration model that EU has evolved into. This paper argues that the Lisbon Treaty imparts more flexibility in order to draw current candidates and neighbors of the EU closer to the evolving institutional framework of the EU. This

contribution discusses how the Lisbon Treaty revives the variable geometry hypotheses for regional integration. It finds that especially in cases of avant garde groups such as the *Danube Strategy*, the *Black Sea Strategy* and the *Eastern Partnership*, the Lisbon institutional framework gives new members new opportunities to pioneer in strategies towards further integrating candidate and European Neighborhood Policy (ENP) countries into new economic, and regional development solutions. After assessing the performance and strategies of two new member rotating presidencies, the paper concludes that new members who are considered at the **periphery** of the European Union could contribute some viable solutions to both deepening and widening problems.

### ***Race to regionalize?***

Hedley Bull predicted that without the Cold War, the world system would be more regionalized.<sup>1</sup> Katzenstein argues that the governments race to regionalize because the, regional economies of scale and opportunities for savings in transportation costs encourage intensive trade, and intraregional investments.<sup>2</sup> Furthermore, efficiency and competitiveness are often strengthened through international forms of deregulation at the regional level (2005, p.23). Katzenstein defines regionalization in his '*World of Regions*' as, "...the complementary processes of internationalization and globalization combine to make regions porous that are imbedded in America's imperium..." (2005, p. 21).

However, these processes vary due to their different institutional forms in different regional arrangements. The EU is unique in that it has many established institutional arrangements, such as the EMU, where the central bankers in Europe have willingly given up autonomy in their monetary policies in anticipation of continued movement toward a full monetary union. In contrast, the form of regionalism seen in Asia for instance, is not organized by formal political institutions, but through informal, market-based

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<sup>1</sup> Bull, Hedley. (1977). *The Anarchical Society: A Study of Order in World Politics*. (New York: Columbia University Press).

<sup>2</sup> Katzenstein, Peter J. (2005) *A World of Regions. Asia and Europe in the American Imperium*. (Ithaca and London: Cornell University Press).

arrangements. Economic regions thus may act as intermediaries between national economies and world markets.

Katzenstein explains that the regions are made *porous* by two sets of factors: the fusion of global and international processes, and a variety of processes and relations that link them to political entities operating outside and within regions. The ‘American imperium’, organized as a world system of regions ( the vertical links between regions, the core regional states with the American imperium and other actors), is more like a swirly marble cake, than a neat layer cake. The layer cake metaphor is more fitting to describe the EU’s design, rich with formal and cross-cutting institutions.

More functional descriptions have been developed by students of integration. A multilevel governance model, which became popular quickly, was theorized by Marks and Hooghe (2001) when assessing the patterns of cooperation between Brussels and sub national governments and regions for dispensing of developmental and structural funds.<sup>3</sup> The result in all these cases is a system of decision making in which there are multiple access points; multiple opportunities to exercise influence and pressure, with multiple levels at which decisions are made (Goldsmith 2003, p. 116). In contrast to the popularity of Hooghe and Marks’ model, the variable geometry or polycentric circles conceptualizations have fallen out of fashion in the 2000’s evidencing several rounds of enlargement. This contribution hypothesizes that in order to better understand the integration process in the post Lisbon era, one needs to revive the poly centric and variable geometry models which be discussed in more detail in the ensuing section.

### **Variable geometry or concentric circles?**

The process of European integration has been conceptualized in many forms such as ‘Europe a la carte’, ‘variable geometries’, ‘concentric circles’ by students of the European

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<sup>3</sup> Marks, Gary and Liesbet Hooghe (2001) *Multilevel Governance and European Integration*. (Lanham, MD: Rowman and Littlefield Publishers).

integration.<sup>4</sup> Other analyses discuss European polity and politics from the stance of European governance without an opinion about the end point for the process of EU political integration.<sup>5</sup> These analyses have divergent connotations. In order to better explain the complexities of the European integration process in the post Lisbon Treaty era, it would be useful to pick two from the non-exhaustive list, i.e. variable geometries and concentric circles. These two concepts are more apt than others because they have the strongest connotations for political union and can be construed against a background of common goals, principles and institutional framework of the Maastricht Treaty, the Treaty of the European Union (TEU) and the Amsterdam Treaty. The Lisbon Treaty amends the TEU to give for the first time a concise statement about the values and objectives of the EU in one place as well establishing ground work necessary for more flexible policy coordination and ad hoc intergovernmental cooperation.<sup>6</sup>

Firstly, a brief discussion of the first notion: variable geometry. Even though the components of variable geometry are a part of a common legal order, the member states are given a certain liberty of action within the system. The term first appears in documents and treaties of the EU but it has also been employed in other negotiations, especially, within the World Trade Organization where it is being discussed as a possible method of breaking the impasse during the Doha Round. Variable geometry as a concept means that within the context of a legal system (states with equal rights and duties), more room is allowed for special arrangements chosen by the members and granted to them under special circumstances. Such flexibility could allow for (permanent) exceptions or

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<sup>4</sup>The analogies for differentiated integrations mostly come from the field of mathematics. For a legal analysis of the differentiated forms of non community cooperation, please see J. A. USHER\* (1997) 'VARIABLE GEOMETRY OR CONCENTRIC CIRCLES: PATTERNS FOR THE EUROPEAN UNION.' pp. 243- 273.

<sup>5</sup> For a comprehensive review of European modes of governance vis-a-vis national governments, see Beata Kochler Koch (2005) (ed). *Linking EU and National Governments*, (Oxford: Oxford University Press). For an earlier discussion of what enlargement to Central Europe entails for European governance, see Mayhew, A. (1999). *Recreating Europe: The European Union's Policy against Central and eastern Europe*. (Cambridge and New York: Cambridge University Press.) and the widening vs. deepening dynamics discussed in H. Wallace and M. Pollack (eds.) (2008) *Policy Making in the European Union* (Oxford and New York: Oxford University Press.) and lastly for an extended analysis of European politics and policies on mezo- level of EU politics, please see Pollack, M., Jachtenfuchs, M. and Wessels, W. (2001) 'Theorizing European Integration and Governance.' *Journal of Common Market Studies*, 39, 2, pp. 689- 718.

<sup>6</sup> The Articles 2 and 3 of the amended the TEU.

freedom of choice in favor of certain states either to participate (fully or in part) or to be temporarily excluded from certain rules and institutions. Variable geometry as a strategy allows negotiations of one or more particular issues to lead an agreement that is not binding on all parties to the agreement. It may apply to either a regional agreement or a multilateral agreement. Several examples to the variable geometry could already be found in the pre Lisbon opt-out options from the Social Charter (in case of UK) , EMU, the Schengen Treaty, exception clauses in the Treaty of Europe and finally in terms of defense policy. The Lisbon Treaty established *permanent structured cooperation*, which allows the most capable and willing of the member states (in terms of military capabilities and commitments) to move forward and take decisions on security and defense matters.

The second notion of integration that will be discussed in this section is the notion of concentric circles. The notion of *concentric circles* was first used by the French Prime Minister Edouard Balladur to describe his vision according to which an inner (or first) circle should be established within the European Union being the second circle of European integration; this inner circle might consist of different focal elements like the Economic and Monetary Union or certain military institutions. In turn, the first and second circle would be surrounded by a larger third circle embracing all those European states which are not willing or are not (yet) capable of becoming members of the European Union but are linked with the Union through special trade, military or other international agreements. Both notions give to a basic conception of 'polycentric thinking.' The concentric circles notion was simultaneously brought to life by the two prominent figures of the German Christian Democrats, Wolfgang Schäuble and Karl Lamers who published a document in 1994, where they called for a *Kerneuropa* (core Europe) in response to the Eastern enlargement (to the periphery): "*Der europäische Einigungsprozess ist an einen kritischen Punkt seiner Entwicklung gelangt...Eines festes Kerns der Fünf.*" (1994).<sup>7</sup> The core Europe as opposed to the peripheral Europe has moved to the mainstream of the German right of the center political discourse in most of the 2000s. Moreover, the French Gaullists have also expressed

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<sup>7</sup> *Überlegungen zur Europäischen Politik*. "1.09.1994. Pamphlet authored by W. Schauble and K. Lamers, CDU: Bonn.

support for the a core Europe idea with the Franco- German binding partnership in the middle. The statement by former French President Sarkozy in November of 2011 showed how heartily the French right of center political elite embraced the multi-speed, concentric European Union: “...*in the end, clearly, there will be two European gears: one gear towards more integration in the euro zone and a gear that is more con-federal in the European Union...*”

This contribution proposes that the implementation of the Lisbon Treaty may revive ideas of a more flexible union along the lines of this multi speed and concentric thinking of European Union governance. The Global financial crisis may provide the window of opportunity to relieve the EU of some of the widening and deepening obstacles it ran into, past the enlargement rounds of 2004 and 2007. Lisbon Treaty imparts *new flexibilities* through variable geometry formulas; firstly by giving opportunities to avant garde and vanguard groups who could cooperate in more unity for restructuring of the economic governance. Secondly, these flexibilities could act as a drawing force for current candidates and neighbors of the EU into solving wider regional problems. Finally, new members hands may be strengthened with these new institutional flexibilities, creating more options for cross regional cooperations initiated by member states.

Concentric outcomes would be more likely because the Lisbon Treaty would allow for ‘avant garde’ groups to form, which would cooperate on certain policy areas without the obstacle of unanimity. Lisbon Treaty introduces important changes to the institutional structure of the EU’s command institutions dealing with economic governance, foreign policy and policies regarding enlargement and integration with its wider neighborhood to the South and to the East. These changes would allow the rotating council presidencies to make impacts through their preferred agendas without creating ruptures in the continuity of governing day to day affairs. This contribution suggests that the new division of labor between the permanent President of the Council and the rotating presidency would help guarantee the continuity and consistency on one hand, giving new members opportunities

to learning by doing, on the other. By engaging EU's future members and current neighborhood in creating regional solutions, the new members are gaining experience in the driver's seat without a fatal 'car crash.' New member presidencies of Hungary and Poland are selected instances in order to assess the impact of the Treaty changes to EU's institutional functions.

The pre- and post- assessments of the Hungarian presidency demonstrates that contrary to the pessimistic scenarios about a possible 'Budapest fiasco', Hungary managed to be an able driver in a harrowing road consisting of bail outs of Euro-zone countries who are in high debt (pejoratively named by investors as PIGS); of possible opt outs from the Schengen zone (Denmark), and calls for one lowest achiever to drop out of the seventeen member euro zone (Greece), in order not to push other sixteen off the cliff with it.

The new member presidency agendas correspond with the 'Europe of regions' model endorsed by Delors (as opposed to the *Europe de Patries* model of De Gaulle) This is evident in the regions or networks planned by the Danube strategy promoted by Hungarian presidency or the enlarged Eastern partnership model ('Eastern Partnership Version 2.0') promoted by the Polish presidency.<sup>8</sup> One can even suggest that the recent developments in the North Africa and Middle East could revive the Mediterranean Partnership visions and this new agenda is on the table for the presidency of Cyprus in the second half of 2012.

On the heels of the 2004 and 2007 enlargements, came the European Neighborhood Policy (ENP). The ENP was complemented by the Eastern Partnership and the Black Sea Synergy with its emphasis on regional cooperation and its focus on deepening bilateral cooperation and creating a framework for multilateral cooperation. Both the Black Sea

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<sup>8</sup>Goldsmith, M. (2003) 'Variable Geometry, Multilevel Governance: European Integration and Subnational Government in the New Millennium,' in (K. Featherstone and C. M. Radaelli, eds. *The Politics of Europeanization* (Oxford: Oxford University Press).

Synergy and the Danube Strategy have called on the cooperation of non-EU members with the EU institutions and member states, in particular of the ENP countries in the Black Sea and current and future candidates in the Western Balkans that have high stakes in the development of transportation, energy and trade networks in the Black Sea Danubian regions. The Commission of the Black Sea reports that the Black Sea region is a contested neighbourhood and the subject of intense debate. The contention reflects the changing dynamics of the region and its strategic position, linking north to south and east to west, as well as its oil, gas, transport and trade routes are all important reasons for its increasing relevance.<sup>9</sup> The 'variable geometry' model may be the way forward, especially given the new members' reservations about the dangers of erecting new walls between EU27+ and their immediate neighbours.

As discussed above, the institutional flexibility allows the member countries to form vanguard and ad-hoc consultative groups. New member attitudes for such groups are generally positive and inclusive of non member neighbourhood countries who may be future accession countries. The larger question regarding enlargement remains about Turkey and its role in the EU security architecture. This contribution also speculates about how the Lisbon Treaty changes may address the specific questions on Turkey and more general concerns about the future of EU's enlargement. Enlargement seems to have hit a deadlock, especially with respect to Turkey, yet the variable geometry formulas budding in the Lisbon Treaty may impart just enough flexibility to include Turkey in some of the European security and defense frameworks, provided Turkey remains cooperative and interested.

The Lisbon Treaty, successor to the ill-fated Constitutional convention would create a permanent club rulebook. Even this hard won victory of European contentious politics and contrary public opinion for further integration seems to be under threat by the very

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<sup>9</sup> Aydın, Mustafa et.al. (2010) 'A 2020 vision for the Black Sea region: the Commission on the Black Sea proposes', *Southeast European and Black Sea Studies*, 10: 3, 373- 380

states that pushed for it the hardest, namely Germany and France. In the post global economic crisis era, too many Cassandras came out to call for the collapse of the Euro zone or predict possible exits that would make the zone less credible for global investors. However, one should remember that in the decade after the adoption of the euro as the common currency, the level of interdependency in the EU-17 (the Eurozone countries) is larger than ever. The new members have on average performed better than some of their older Southern counterparts and are concerned about a new stability pact, or introduction of solidarity funds to bail out those in need.

Theoretical frameworks explain the institutional impact on every day workings of the EU, and on multiple enforcement mechanisms at work. The enforcement characteristics of a 'fragmented' Union juxtaposed with the enforcement characteristics of an 'integrated' union leads to an unevenness and a degree of unpredictability for the short and medium terms (White 1995, p. 251). Long term scenarios (i.e. deeper Europe, multi-speed Europe, etc...) entail the 27+ member states' interactions with one another and with the EU institutions. Variable geometry in that sense is both a prediction and illustrates what already exists in practice: it describes to a large extent how the EU works.

One would argue that the speed and nature of integration has oscillated between widening and deepening in the past three decades. With the ratification of the Single European Act, subsidiarity principle was strengthened and the Committee of the Regions was established, so that the European Commission could withdraw from some areas in favour of more central governmental intervention. The Commission however, left a role for sub-national governments whilst continuing to decide the rules of the game and monitor programs and controlling finance. Following the post 1999 Commission, the pendulum this time swung from deepening into widening. Since Amsterdam, according to Goldsmith, there has been a reassertion of the national governments and a change in the priorities of Council of Ministers to take in 10 new members in 2004 (2003, p.118).

After the phase of widening and slowing down of deepening, one would argue that the following phase has been neither of the two, but one of 'consolidation' of the 12 new members. Consolidation has been necessary for the absorption of states and regions with wide economic disparities. The arrival of the new members would provide new opportunities for the mobilization of sub-national governments within the European Union. The pressures of globalization, environment, energy security and cross border crime necessitate sub-national EU governments to cooperate with both EU and non- EU sub-national governments. The new members have become the new frontier states, so the onus falls on them to manage this new momentum, which is also strongly backed by the Commission.

Such levels of cooperation would make the concentric concept of integration more useful to explain where the European project is heading in the EU 27+. There were predictions from students of European integration about how the enlargement countries could be absorbed into EU's pre-existing structures, and how further enlargement could progress in the next decade. Concentric model signifies that outside of the hard core, there would be a second circle of countries for which the obligations of EU membership would remain at more or less their present level, to include participation in the common agricultural policy, the single market, structural funds to help poorer regions and so on. This model would see each country as a welcome future member of the inner hard core when it is ready to apply with no prior obligations. Another outer circle would contain aspirant states namely the Mediterranean and Eastern European associated members of the Union. Beyond this circle, there will still be countries having trade and security cooperation agreements with the EU proper.

### ***External shock or systemic vulnerabilities?***

Andrew Moravcsik in his 'In Defense of Europe' editorial bemoaned about having too many Cassandras predicting the failure of the euro or even of the entire European Union

after the first eruption of the Greek financial crisis, and warns that the extreme pessimism is immature.<sup>10</sup> However, it would be safe to suggest that the Greek problem and the subsequent crisis in Ireland and southern European EU members have set a chain reaction for EU leaders to frame the limits of their powers and responsibilities. A recent report by the GMF notes that the fear of a financial and economic chain reaction has accelerated the EU's integration by pushing institutions and member states to quickly decide on issues of governance, accountability, and leadership; essentially to agree on the politics of European economic policy.<sup>11</sup> In this light, one could conceive of the Lisbon Treaty is like a brand new high tech weapon that people do not know yet to handle or what they could achieve with it.

The level of interdependency is larger than ever: France currently holds close to 58 billion Euros in German debt, and German banks owe 32 billion Euros of French debt in return. It is revealed that 90% of Greek debt is held by non- Greeks, mainly Britons and Germans. Thus, it may be said that European states while bailing out Greece, member states act in full self interest. If Greece went under, the entire EU banking system would go under with it. Discussion of a new stability pact that has 'teeth' - such as the German proposal for real penalties for non compliance- was quickly pronounced unrealistic. But if other parts of the puzzle stay strictly under member state competencies such as pensions, social welfare and labour flexibility, than complete fiscal centralization as proposed by some as unavoidable, would not work either. As one of the recent contributions about the financialisation in the European Union argued, the main problem about the complex interdependencies espoused by the European Monetary Union is structural. Member states coordinate their monetary policies, but their fiscal policies diverge from one another. This asymmetry prevents a sustainable solution to the problems the eurozone countries are currently facing.

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<sup>10</sup> Andrew Moravcsik, 'In Defense of Europe,' *Newsweek*. June 7 2010.

<sup>11</sup> Bender, G. X. 'The Road to the New European reunification runs through Greece,' GMF Expert Commentary, accessible at <http://blog.gmfus.org/2011/06/the-road-to-%E2%80%9Cnew-european-reunification%E2%80%9D-runs-through-greece/> (24 June 2011).

Germany, concerned about the creation of a permanent EU crisis mechanism, pressed hard for the treaty change. Recently, a number of member states resisted a German proposal for a treaty revision. The proposal called for not only the creation of a crisis-resolution mechanism, but more contentiously, for the withdrawal of the voting rights of those in persistent breach of fiscal rules. The opponents of the Germans proposal saw amending the treaty as a dangerous distraction at best, and at worst as a plot to disenfranchise smaller members.

At the time of writing, one could observe shifting patterns of alliances on these particular issues under negotiation. With a change of fate, EU states agreed on the German demands for an EU treaty change. In agreeing, they invoked the Lisbon Treaty's 'special revision procedure'-a new clause which allows them to tweak the EU rulebook without consulting citizens or the European Parliament, provided there is unanimity and EU powers are not extended. This can be construed to demonstrate Lisbon Treaty's new flexibility. Lisbon Treaty's new tool, i.e. the ad hoc groups, are already started to be tested by a group of countries who saw to their advantage to act quickly rather than negotiate and compromise.

A recent example for attempts at variable geometry could be the Nordic group meeting, an avant garde group headed by UK, whose prime minister proposed that a special summit of Nordic and Baltic leaders on trade, innovation and quality of life, does not signal lack of confidence in EU structures.<sup>12</sup> The British Prime Minister David Cameron told the press that the northern countries aim to create an economic avant-garde. He stated that "...right across the north of Europe, there stretches an alliance of common interests. We get enterprise. We embrace innovation. We understand the potential of green technologies for economic growth. So at a time when much of Europe is in desperate need of

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<sup>12</sup> *Financial Times* 20 January 2011.

fundamental economic reform, it makes sense for us to come together....” The Swedish Prime Minister, Fredrik Reinfeldt, noted that debate among northern countries differed a little sometimes from discussions in Central and Southern Europe (Ibid). The themes for cooperation were gender equality, innovation, green energy and technology that other southern members were thought not to prioritise currently. A defense pact between UK and Norway was also signed at the sidelines.

Another piquant example to the formations of avant garde groups is the one proposed by the Italian Foreign Minister Frattini. He proposed that France, Germany, Italy, Poland, Spain and the UK should set up a ‘vanguard’ or ‘consultative’ group which could also involve smaller countries on a case-by-case basis. He noted that interior ministers from the group of six already meet regularly. He presented the idea as an antidote to bilateral deal-making, such as last week's Franco-German pact to push through an amendment to the EU Treaty on the subject of financial discipline: ‘...pre-cooked decisions put on the table to be taken or left by others is not acceptable for other countries like Italy and other big players, so that the states can have consultations but not pre-cooked decisions taken by Paris or Berlin....’ The idea was rejected by the Polish foreign minister Radek Sikorski. Sikorski noted that he would be wary of any formal division of countries into categories in order to prevent other countries from feeling excluded and resentful.<sup>13</sup> The disagreement as exemplified in this case does not point to the unlikelihood for such a formation in principle, but reflect the competition amongst the mid- size countries such as old member Italy and new member Poland, who try to seize a seat in the big player table.

### **Lisbon Treaty: A stable end-point ?**

There are several questions about whether the ratification of Lisbon Treaty would lead to a more stable end point. Institutional complexity persists in three different competency issues: a legal status for the EU; a full time Council President and a clearer voting system

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<sup>13</sup> Rettman, Andrew. (2010) ‘Poland rejects Italy's invitation to join EU 'vanguard' group’, *EU Observer* (accessed on 08/11/2010)

with the transition to a double QMV. The first and second competency issues could lead to more efficiency in the method communautaire's decision making, while the third issue would lead to a more democratic outcome by giving greater role to the European Parliament and the national parliaments and the possibility of citizens' initiatives to introduce legislative proposals.

A related question is whether the Lisbon Treaty would increase coherence for EU as a global actor. Menon argued that the main change would come in the areas of a common defence and foreign policy, for the Lisbon Treaty introduces three institutional innovations that establish a better connection between the two main actors involved in the making of foreign and defense policy, namely the Council and Commission.<sup>14</sup> The first innovation is the creation of the new position of High Representative for Foreign and Security Policy (combining the old High Representative post with that of Vice-President of the European Commission), while the second one is the setting up of a European External Action service, which intends to draw on expertise from within both the Council and the Commission. A third institutional innovation is the creation of a Permanent president position. The Council and the Commission could better coordinate via these new positions which could arguably improve coherence. The question of capabilities is also addressed in these innovations.

Aside from these coordinating positions, a crucial institutional mechanism which is a strong evidence for the transition to variable geometry model, is the new mechanism called 'a Permanent Structured Cooperation.' Structured cooperation would allow some member states to create 'pioneer groups' necessary for the beefing up European defense capabilities in case political will on the part of member states is lacking. The structured cooperation mechanism would also increase the effectiveness of EU as a global actor to deal with security issues in the neighborhood. Ivan Krastev and Mark Leonard in a report

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<sup>14</sup> Menon, A. Unpublished Working Paper, 'Much Ado About Nothing: EU Defense Policy after the Lisbon Treaty,' UACES, December 1 2010.

for the European Council of Foreign Relations suggested that a European security triad between the EU, Russia and Turkey would be more effective in tackling conflicts and promoting stability in the problem regions of Eastern Europe and Central Asia. They argued that currently these three main actors of the continent are working around the formal institutions of the EU because they are unable to work through them. The authors stated that, ‘...the idea is that an informal forum with the key players could breathe life back into the formal European security institutions...’<sup>15</sup>

The change brought by Lisbon Treaty to the voting system may address both issues of capabilities and coherence by clarifying it. Qualified Majority Voting (QMV) in the Council of the European Union was extended to forty other policy areas (i.e. asylum, immigration, police cooperation and judicial cooperation) that previously required unanimity after the Nice Treaty. From 2014, Lisbon Treaty imposes a new system of voting called, Double QMV, where member states also vote according to their population size, with exemptions in Foreign Policy, Defence policy, Taxation, Social Security and to the decisions about enlargement.

What would be the implications of the changes brought by the Lisbon Treaty for command structure? By creating an EU (Council) President, the Lisbon Treaty has limited the rotating presidencies' political role. The two most important command positions are now presided over by permanent staff: the European Council President (Van Rompuy) and the EU's foreign policy chief (Baroness Catherine Ashton). The two most visible positions of the pre-December 2009 rotating presidencies were always the countries' prime ministers or presidents, who presided over the European Council, while the countries' foreign ministers chaired the General and External Affairs Council.

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<sup>15</sup> Krastev, Ivan et. al. ‘The Spectre of a Multipolar Europe,’ ECFR (October 2010).

Despite the changes, the rotating presidencies continue to be effective despite the initial reaction. The division of labour between the Permanent Council President and the rotating Presidency is as follows: the organisation and conduct of summits for heads of state and government, the maintenance of high level contacts with member states (including the organisation of extraordinary summits) are no longer the tasks of the country holding the rotating presidency. The presidency is mainly responsible for the coordination of ministerial and lower-level meetings. Similarly, the new High Representative is responsible for the management of council meetings for ministers of foreign affairs (earlier, this was the responsibility of the rotating presidency), and the diplomatic representation of the EU in international forums. The High Representative is in charge of the newly founded European External Action Service, running common EU missions worldwide. Until these missions are actually set up, the country that holds the rotating presidency does extra work if needed.

So, instead of large political initiatives and appearances, the rotating presidency is mainly responsible for technical and diplomatic background work in the 'Lisbon' structure. Neither of two old member states that held the rotating presidency since Lisbon, Spain in the first half of 2010, and Belgium in the second half, could achieve a strong presidency because Madrid had to deal with the economic crisis, while Brussels faced a cabinet crisis threatening with the break-up of the country. It was still a success that the two countries managed not to "export" their internal problems to the EU level. Hungary was the third of Central-European member states to hold the rotating presidency. The other two before Hungary, namely, Slovenia and the Czech Republic functioned in the 'old' system, ensuring more power to the rotating president. In the first half of 2008, Slovenia held the first new member presidency, its presidency was regarded as smooth sailing, but mostly irrelevant. In the first half of 2009, the Czech Republic was the second new member country to hold the presidency of the Council. The Czech presidency came at a unfortunate timing due to the eruption of the global crisis. It was worsened by the poor

political leadership after the fall of the Topolanek government; set a bad precedence and ammunition to enlargement critics.

In the first half of 2011, Hungary took on the presidency (the last of the trio presidencies starting from January 2010 with Spain, then of Belgium). It was exactly by the first half of 2011, during the Hungarian presidency of the Council, the changes, some of which are elaborated above, came to be implemented. European economies were dealing with the repercussions of the global financial crisis. Moreover, Hungary was not a member of the Euro zone, so it could not participate in the coordination of steps aimed at stabilizing the currency union. In the first month or so, the Presidency of the Council had to deal with a Greek bailout. Then was the turn of Ireland to request help, and then Portugal was expected to request a bail-out package. The rotating presidency of the Council is not directly involved in the bail-out decisions, but these subsequent crises shed a dark light on the planned initiatives of the Hungarian presidency such as the revitalizing the Danubian strategy, finalizing the accession talks with Croatia before June 30, 2011, and making progress in the possible candidacy for Serbia, and opening one chapter (energy) with Turkey.<sup>16</sup> The recent capture and delivery of Mladic to The Hague by the Serbian authorities may have bettered Serbia's chances and eased progress on this front; however, the deadlock with the Turkish accession remained. Hungary also actively supported Bulgaria and Romania's efforts to join the Schengen zone. Romania was deemed to have fulfilled the technical conditions for accession, but Bulgaria had further weaknesses. In the face opposition by France and Germany, the accession of both countries to the Schengen zone had to be postponed.

New members are in line for EU's rotating presidency from 2011 to 2014. Hungarian Presidency will be followed by Poland in the second half of 2011 and then Cyprus in the second half of 2012 which will be followed by Lithuania and Latvia in 2013 and 2014

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<sup>16</sup> Author's interview with Ambassador of Hungary to Turkey (December 15, 2010, Istanbul).

respectively. It is unclear how the new President of the European Council will interact with the rotating presidency within the General Affairs Council. Who will set the agenda? The Lisbon Treaty is vaguer when it comes to delineating the competences of the different bodies with regards to representing the EU abroad and elaborating their roles vis-a-vis the Common Foreign and Security Policy. Central European actors are arguably out of the loop from 'soft underbelly' of EU affairs, a metaphor for the multitude of occasions and venues in Brussels. Very few Central European actors move in this top policy arena; there are not enough links between the people and their leaders (political, economic, societal, etc.) between old and new Europe. Budapest and Warsaw will hold EU rotating presidencies which will be politically headless. In terms of further enlargement and questions about Turkey's accession, the answer will be determined by a further question: 'on which version of the EU are we basing our prospects: a federal one, a purely intergovernmental one (or to amend: an increasing reversal to inter-governmentalism) or somewhere in between which is integration process of variable geometry?'

### *Hungarian presidency, myths and reality on the ground*

An assessment of the Hungarian presidency should reveal whether the changes to the institutional structure after the ratification of the Treaty would be able to resolve some of the persistent problems of widening and deepening. The Priorities of the Hungarian Presidency were declared in Budapest to the public, worried observers for its dreams of grandiosity. In the Presidency priorities, one could observe the imprints of a more political presidency whose two geographical pillars are the new strategies on the Western Balkans and the Danubian region. The Hungarian Foreign Minister Janos Martonyi framed the goals of the presidency as, "...we need to develop new common policies and then to see how we can fund them, not vice-versa..."<sup>17</sup> The implications of the political agenda worried some neighbors of Hungary who interpreted it as part of the omnipresent

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<sup>17</sup> 'Belgium, Hungary set EU Presidency Priorities,' (26 January 2010). *EurActiv* (accessed at 8 November 2010).

“Trianon Complex.”<sup>18</sup> Recent diplomatic rifts between Slovakia and Hungary urged the President of the European Commission, Mr. Barosso to warn Hungarian prime minister Viktor Orbán “...to settle problems with neighbors in a *European Manner....*” After the global financial crisis took its toll in Central Europe, Hungarian economy seemed to be in real trouble by the middle of 2011, for having the highest rate of government debt in the region. However, Hungary did not seem to heed the Czech lesson which was ‘keep your house in order and keep your head low!’ In terms of the large enlargement questions, Hungary favored the quick entry of Croatia while smoothing the way for Serbian candidacy, but the ruling party FIDESZ had been very lukewarm on Turkish candidacy. During the interviews this author conducted in the Hungarian Minister of Foreign Affairs and in government backed foreign affairs institutes, respondents readily admitted to the lack of expertise on EU-Turkey issues while some admitted that they never had to prepare foreign policy briefs concerning developments in Turkish previously.

Hungary, before the general elections of 2010 and during the election campaign, managed to attract the wrath of its immediate EU neighbors by reviving the extension of the citizenship offer to the 3.5 million ethnic Hungarians and then by passing an act for the official marking of “Triannon Remembrance Day” in the Parliament. Both acts seemed to have caused concerns in her Slovakian and Romanian counterparts. At least in Slovakia, tensions were lowered due to the election out of office of the nationalist and far right parties and of Prime Minister Fico. The Slovaks elected moderates back into office (including the architect of post 1997 reforms, Foreign Minister Dzurinda). Meanwhile, the tension between Hungary and Romania quickly died out due to the over engagement of the Romanian political parties in tactical maneuvering in preparations leading to the 2012 local and parliamentary elections.

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<sup>18</sup> ‘Trianon complex’ refers to the irredentist claims emerging from the Trianon Treaty that Hungary signed at the end of World War I, which stipulated the annexation of 2/3 of Hungarian territory by its eastern, northern and southern neighbors.

Also the Hungarian finances were in a fragile state throughout 2011, despite the 20 billion euros Emergency aid received from the IMF amidst talks of debt default. Hungary had the highest rate of government debt among the new member states. Thus both the EU and the IMF has held more reins over Hungary and the warnings about the populist overtures that damage relations with its fellow EU member states needed to be heeded. So the ambitions and room for manouver for the Hungarian government at the top European seat remained restricted.

How could the performance of the Hungarian presidency as the first post Lisbon presidency be assessed? The framework of the Hungarian EU presidency in 2011 was determined by institutional changes introduced by the Lisbon Treaty. In the 'Lisbon' structure, the rotating presidency is responsible for meticulous technical and diplomatic background work, instead of spectacular political initiatives and projects. The Hungarian presidency, working under the slogan, 'Strong Europe', focused primarily on economic issues, so the benchmark for success is the advance in this area. Concerning the EU's economic governance, member states adopted the pieces of legislation proposed by the European Commission, paving the way for consultations with the European Parliament. In energy policy, Hungarian Prime Minister, Victor Orban referred to the recent agreement on the interconnection of Hungarian-Slovakian gas pipe lines, calling it a 'breakthrough.' Also, the summit on February 4 2011 set the goal of establishing the common energy market and the need for creating north-south connections. No breakthrough was regarding the Romanian and Bulgarian accession to the Schengen Border Control System or in regard to the completion of EU accession negotiations with Croatia.

A number of domestic and international political factors – such as the debate over the new Hungarian media law; the Arab spring/ revolutions in North Africa and NATO intervention in Libya, affected the Hungarian presidency's work. However, it seems to

this author that these external and internal developments did not prevent the completion of the actual presidency tasks, while incurring extra tasks were properly attended by the Hungarian diplomacy. Hungary did not have a mandate for the coordination of the EU's foreign policy and monetary policy as a country outside the currency union could not take an active part in the consultations to strengthen the Euro zone.

With respect to the goal of the Hungarian Presidency for diversifying sources for the energy security of the East-Central-European region (especially after the January 2010 freeze), the February summit was carried out as planned, an agreement was achieved that until 2014 a unified, integrated European energy market would be established, which partly means breaking down regulatory barriers, and connecting electricity and gas systems of member states. It was an important ambition for Hungary to give priority to the north-south energy connection, beside the east-west one, and to state the possibility of financing investments from EU sources.

Substantive debate was aimed at the two policy areas, namely, cohesion and agricultural policy, given that they occupy the highest level of expenditure in the EU budget. A conclusion stating that cohesion policy had to continue to include every region in the next 7-year financial plan, was unanimously accepted by the General Affairs Council on February of 2011. One month later, the ministers of agriculture supported the maintenance of the volume of agricultural policy by a qualified majority, the gradual approximation of old and new member states' support level, and endorsed the vast majority of CAP reform measures proposed by the European Commission. The 2014-2020 overall budget proposal of the European Commission, including the amounts allocated for the CAP and cohesion policy, was issued in June 2011.

One of the primary regional objectives of the Hungarian Presidency was the adoption of the Danube Region Strategy; which would make the Danube the Union's second macro-

regional cooperation mechanism after the Baltic Sea Region. The Danube Region Strategy comprised of eight EU- and six non-EU member states (Ukraine, Croatia, Serbia, Bosnia-Herzegovina, Montenegro and Moldova), therefore it had the potential to become an important tool for the enlargement/neighborhood policy and the integration of the West Balkans region. The European Commission draft revealed in November 2010 stated that the Danube Strategy aimed to double the average income in the region by 2020. The draft added that within a decade the Strategy should help to make the Danube basin a truly competitive region, one of the most attractive places for investors in Europe with stronger transport links and a better protected environment in the face of climate change and organized crime. The Danube basin as described in the draft, consisted of Baden Wurttemberg and Bavaria in Germany, Austria, the Slovak Republic, the Czech Republic, Hungary, Slovenia, Romania and Bulgaria from inside the EU and Croatia, Serbia, Bosnia, Montenegro, Moldova and parts of Ukraine from outside the EU. <sup>19</sup> The European Commissioner for Regional Policy, Johannes Hahn assigned the coordinators of the 11 priority areas (Hungary being responsible—together with other member states – for sustainable energy, water quality and environmental protection), and by doing so emphasised the need for a strong cooperation between countries, “... making a more optimal use of all EU funding available, setting new rules or creating new institutions... *without reserving new funds.*” <sup>20</sup> Therefore, the rotating presidency started consultations about the first projects simultaneously with the process of getting the strategy adopted, in order that the execution could immediately start. In April 2011, the General Affairs Council, headed by Foreign Minister Martonyi, adopted the strategy and sent it to the EU Summit at the end of June for heads of state to approve it. Regarding the tasks of enlargement of the Schengen Border Control System with Romania and Bulgaria,

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<sup>19</sup>Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.: European Union Strategy for Danube Region,’ COM/2010/0715 final \*/ available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0715:FIN:EN:HTML> (accessed on 11 June 2011).

<sup>20</sup> ‘European Commissioner Hahn announced priority area coordinators for EU Strategy for Danube Region’, European Commission Press Release, Reference: IP/11/124 Date: 03/02/2011.

Hungarian presidency did not achieve its aim, but with the task of the completion of accession negotiations with Croatia, it was fairly efficient.

At the beginning of the presidency, the Hungarian Media Law adopted in December 2010 induced unexpected reaction in the Hungarian and European polities both before and after its adoption. It was a recurring assessment in European media that the debate over the media law, cast a shadow over the Hungarian EU presidency from the start. In response to this, Prime Minister Orbán asked MEPs in January 2011 during his speech to the European Parliament, “not to mix their critical comments and actions concerning Hungarian internal affairs with the next six months of the Hungarian EU presidency.”<sup>21</sup> Although the Hungarian Parliament amended the points criticized by the European Commission in March of 2011, the left wing, liberal and green groups in the European Parliament adopted a non-binding resolution against the Hungarian regulation. In contrast to this, the European Commission closed the case with the Hungarian legislative amendment in March.

Opinions according to which the EU Eastern Partnership Summit – originally planned for the end of May in Budapest – was postponed to autumn due to the attentions being diverted to the developments in North Africa and the Middle East. At the same time, the fact that several western leaders were unavailable due to other important international events (i.e. the G8 and OECD summits) would drastically reduce the success of the meeting. Thus, it was a rational decision to leave this otherwise prestigious meeting to the ensuing presidencies.

This assessment tried to show that new members have the potential to both deal with the multi-level governance issues in the post Lisbon institutional arrangements. As the periphery of the European Union, new member countries showed that they can make a

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<sup>21</sup> Nézőpont Intézet Zrt, ‘Good Management of the Hungarian Presidency Tasks,’ (April 4 2011).

positive contribution to the further integration of EU's neighboring countries by finding solutions to region's economic; regional developmental; energy security, and environmental challenges. Despite the rather conservative and pessimistic expectations by students of integration, Budapest's performance showed that the new members are learning the ropes and managing not to disrupt the daily workings of EU's complex institutional organism.

As briefly discussed in the first section of this contribution, the Danube basin is perhaps the only multilateral and multidimensional regional initiative that fulfills the criteria for a 'porous region', as discussed by Katzenstein, to facilitate and institutionalize cooperations between sub-national governments; between the EU and non EU states; and between the supranational bodies, nation states and sub-national entities. The Commission Strategy for the Danube states that it follows the EU Strategy for the Baltic Sea Region and experience. The strategy underlines an integrated approach to sustainable development. Besides this potential for acting as the intermediary between global markets and the sub-national governments, the Danube region may be construed as regionalization from above. In fact, the Strategy states that the Council requested the Commission to prepare it. However, a closer look at the process reveals that the main drivers of the new sort of regional integration are the new member states and more importantly the sub-national governments from Central Europe who lobbied Brussels for the regional solutions.

### **What's at stake for EU enlargement? The Case of Turkey**

The flexibility that the post Lisbon institutional arrangements impart the EU new arenas to cooperate with candidate and partnership countries. Two of these arenas can be considered more closely, namely the Enhanced Security Cooperation and the Permanent Structured Cooperation. The former is a mechanism that was already established by the Amsterdam and Nice Treaties and covers foreign and common security policy in situations where the Union as a whole cannot achieve the cooperation goals within a reasonable

timeframe, and whenever at least nine Member States participate in the proposed action. The Permanent Structured Cooperation by contrast, aims to promote the establishment of a policy instrument to develop European military capabilities, according to criteria agreed previously by the Member States. One could contend that with either setting, cooperation with a candidate or partnership country could be further deepened.

The most important of these countries, in terms of the security goals and policies of the Union and member states, is arguably Turkey. However the process of accession has come to near halt by the end of 2007. By the end of the Polish presidency (first half of 2012), the *acquis* chapter on environment remain open, but the opening and the closing of further chapters remain frozen due to oppositions by various member states, and there is a further threat by the Republic of Cyprus to freeze six other chapters. The development of aforementioned security mechanisms introduced or reactivated by the Lisbon Treaty can be seen as an opportunity to develop the defense capabilities of the Member States. Also, third countries who show a willingness to contribute to the common defense and security goals, could do so, through formulas that could allow the participation in existing CSDP missions. The key issue now is to develop a more flexible framework for working together with strategic partners. Blockman argued that there was no reason for the European Union not to open CSDP to strategic partners and develop with them common training and interoperability necessary to the effectiveness of the missions.<sup>22</sup> This is already happening in a number of *ad hoc* cases.

To what extent are these options are used in reality?. There are offers on the table for security cooperation. Rasmussen, the NATO head, urged that Turkey should be given a new role in EU security policy in the 2010 NATO summit, such as a special status in the European Defense Agency and to involve Turkey more in the decision-making on the EU

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<sup>22</sup> Blockmans, S. (2010) 'Participation of Turkey in the EU's Common Security and Defense Policy: Kingmaker or Trojan Horse,' *Working Paper* No. 41 (Leuven Center for Global Governance Studies, Leuven) (March).

security missions.<sup>23</sup> There are also other offers such as the one from the High Representative of the EU for Foreign Affairs and Security Policy, which would aim to establish security cooperations with Turkey, or to form some type of a security corridor, especially with regard to conflict in the North Caucuses and with Turkey's immediate neighborhood such as Syria. In this light, Turkey need to be fully associated with the CSDP and all EU agencies. In a *Schengen*-like way, Turkey could be tied into the Union's enhanced and permanent structured cooperation mechanisms through the conclusion of bilateral or multilateral agreements, i.e. Articles 8, 21 and 37 of the Treaty of the European Union. In essence, this would boil down to an upgrade of the 2006 bilateral agreement between the EU and Turkey. As such, the strategic partnership with Turkey could come to full fruition and it could simultaneously ensure that interaction in CSDP is as efficient as it needs to be. In the realization of the variable geometry model, the deepening of integration in one policy area, i.e. the security policy, would not conflict with other policy agendas and competences espoused by the EU institutions.

Charles Grant of the Centre for European Reform put forward the variable geometry notion as savior for EU Enlargement, which is “the most successful (remaining) project of European Union” after both the economic and political union projects have recently suffered some serious set backs.<sup>24</sup> Grant argued that, if the countries that aspire to a 'political union' were able to build *avant-garde groups* in certain policy areas, and thus revive a sense of forward motion, they would be less likely to oppose further widening of

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<sup>23</sup> Vogel, T and C. Brand, 'NATO Chief urges EU to give Turkey Security Role,' *European Dialogue*, 4 October 2010 (available at <http://eurodialogue.org/osce/NATO-Chief-Urges-EU-To-Give-Turkey-Security-Role>).

<sup>24</sup> Grant adds that the Union's greatest success has been the spread of stability, security, prosperity and democracy across most of the continent. But for the EU to define precisely its future borders for all time would have a disastrous impact on would-be members beyond those borders. He asks whether Serbia will continue reforms and a conciliatory orientation in its relations in the region if it is deprived a EU membership perspective. He voices similar worries about rebuffing Turkey, and whether it would strengthen extreme nationalist and Islamist elements in Turkey: '...Would Serbia ever swallow the bitter pill of independence for Kosovo without the prospect of EU membership for itself? And if the EU said 'never' to countries further afield, such as Ukraine, Moldova, Belarus and Georgia, how could it hope to influence their development?...' Grant, C. (2005) 'Can Variable Geometry save EU Enlargement?' *CER Bulletin* Issue 44. (October/ November).

the Union. EU governments should also try to persuade applicants to accept long derogation or safeguard periods which would postpone their full participation in some EU policies. Again, that would make enlargement more palatable for some doubters while preventing some destabilizing effects.

The recent rise in interest in revitalizing the EU-Mediterranean Neighborhood Policy backed by some older member states, worry new member states who consider integrating eastern neighborhood to the EU as their primary economic and security policy priority. These new members fear that the attention and funds could be disproportionately diverted from Eastern enlargement to the Mediterranean neighborhood. The second half of 2011 is Poland's term to assume the rotating presidency of the Council. Although the Polish presidency's priorities were still not officially declared as of writing (June 2011), there are good clues about what they may be, will be discussed briefly here. The division of labour between the EU Rotating Presidency and EU's President were clarified further, however, unlike the other post Lisbon presidency Warsaw strategy espouses rather ambitious policy priorities and agendas. One of the most important of these priorities, as defined by the Finance Minister of Poland as, '...helping to manage the euro crisis on the periphery...' <sup>25</sup>

Another priority of the coming presidency concerns the Eastern partnership. Under the Eastern Partnership headline are two important topics: relations with Ukraine and the quest for higher European energy security. Poland already explained that the Polish Presidency Strategy would be fitting for a 'bigger country presidency and will want to take bigger issues head on.' As evidence to this, Warsaw would focus on completing the EU- Ukraine association agreement and making progress on the association agreement with Moldova, and signing an accession treaty with Croatia, as well as the Eastern Partnership summit in September of 2011.

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<sup>25</sup> Baranowski, Michal (2011) "When Europe most needs a champion, it gets one." *Transatlantic Take* (German Marshall Fund: Washington DC.) (Accessed on 8 July 211).

The other side of the policy entrepreneurship is that the expectations from Poland are bigger. President Barroso stated that he wants to see more progress on the New Financial Framework for 2014-2020 and the deepening of the internal market. The negotiations for the 2014-2020 EU budget will take place under the Polish presidency but the Polish stance on CAP would be tempered with the rest of the trio, i.e. the Danish and the Cypriot presidencies. Among the Trioka members, only Cyprus has the Euro. The Polish government sided with France and Germany for the revision of the Treaty in order to re-establish the stability mechanism and help euro recover. The difference between Budapest and Warsaw may be that, Poland is in a better place to handle the multiple challenges both human capital wise and due to the good shape Poland emerged from the global economic crisis, being the only country in the EU to have recorded positive growth in 2009.<sup>26</sup> The Polish Minister for EU Affairs Mikolaj Dowgielewicz stated in an interview that Europe was much more than France and Germany and the UK.

For its part, Poland is keen to look like a team player in 2011-2012, but Warsaw is cultivating its own alliances in Europe with a proactive, two pronged foreign policy offensive, inside the EU with France and Germany and with outside players, such as Russia, as evidenced in its rapprochement with Russia. The President of Poland, Bronislaw Komorowski in September of 2010, met separately with French and German leaders and called for a summit in Warsaw of the three 'Weimar Triangle' countries (Poland, Germany and France). This was seen as Poland's aim to enter the Polish president into the top decision-making circle of the Europe Union. Warsaw's support for the Franco-German Treaty-change pact may be a quid-pro-quo for its bid to change EU accounting rules so that post-Communist countries offset the cost of certain welfare reforms (especially the pension reforms) against budget deficits. Poland is also increasingly conducting EU policy in concert with the Czech Republic, Hungary and

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<sup>26</sup> Author's interview with Piotr Maciej Kaczyński, Research Fellow at the Centre for European Policy Studies. (23<sup>rd</sup> March 2010).

Slovakia. The “Visegrad Group” (V-4)<sup>27</sup> of these four countries meets at ambassadorial level each month in Brussels and at leader level, ahead of EU summits. The V-4’s combined voting power in the EU Council is the same as that of France and Germany put together, so that V-4 as a peripheral group could possibly block a Franco-German backed proposal in the European Council, but could also formidably bargain as a regional power against the core group of countries in the EU. In addition, Polish presidency has been very active in backing regional development projects which would involve Eastern Partnership countries and the Baltic Sea region.

### *Conclusions:*

This contribution assessed how the Lisbon Treaty may create some flexibility where the EU institutional structures may face deadlocks. New members such as Poland and Hungary who are considered to be on the periphery of the European Union tried to place themselves on the decision table with big players. New members as evidenced in the Danubian region case are projecting their power in their wider regions which reach across the boundaries of the EU, and across to sub-national governments. That being said, the Rotating Presidency of the EU is more about command of day to day issues and the continuity of policy. Thus, new members should acquire the approval of their presidency trio partners and the backing of old member states before being too assertive with their new policy initiatives. Both Poland and Hungary seem to be implementing the first part of the presidency mission statement (“assertiveness”), at the same time they should not forgo

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<sup>27</sup> The Visegrad group was formed in 1991 by Hungary, Poland, the Czechoslovakia (later the Czech Republic and Slovakia) to intensify mutual cooperation between these countries towards economic, political transformation and Euro- Atlantic integration. The Visegrad group functions as a regional partnership in cooperation with other regional neighbors such as Austria and Slovenia, and eastern neighbors under V4+. The backbone of this cooperation consists of mutual contacts at all levels - from the highest-level political summits to expert and diplomatic meetings, to activities of the non-governmental associations in the region, think-tanks and research bodies, cultural institutions or numerous networks of individuals. (The Visegrad Group, official website lists joint projects under the fields of justice, transportation, tourism and information technologies, in addition to the larger cooperation frameworks of culture, environment, internal security, defense, science and education.) (The Visegrad Group Official Web site, accessed on 7 July 2011) (available at <http://www.visegradgroup.eu/main.php?folderID=1011> )

the second part (“continuity”). Some of these new members with their first try at the driver’s seat may be too avid to leave their particular imprint to the Rotating Presidency. Arguably, the rotating presidency is increasingly eclipsed by the mission and mandate of the Permanent President of the Council in the post Lisbon era, which is more about navigating the big political decisions of the European Union.

As argued in the previous section, the new members who assume Council Presidency in the next 5 years will also make important decisions with regards to the enlargement project. The new members’ general positive outlook on enlargement should not be over-emphasized. According to the analyses of strategies and interviews conducted with policy makers in Central European capitals by this author, the new members are ambivalent about one of the bigger questions of scope and direction, which is the accession of Turkey. There are also questions reflected about the enlargement to the Western Balkans. While for instance, most Hungarian politicians and parliamentarians sounded positive about Serbian candidacy to the EU, they were ambivalent about the Kosovo question.<sup>28</sup> The respondents also emphasized that the indecision to act with regard to Serbia may deprive Serbia of the will to deal constructively with Kosovo and its other neighbors. As a poignant documentary about the future of the EU vis-à-vis its neighbors warns, the unintended consequences of the new attempts of constructing regions, such as the Danube Strategy, Black Sea Synergy, and European Neighborhood Policy may be the setting up new borders.<sup>29</sup> These new borders may go up between those countries that are in the sphere of influence of Moscow, and who are planning to be part of a customs union with Moscow, and other countries which have closer trade, visa and security cooperation agreements with Brussels.

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<sup>28</sup> The author’s interview conducted at the Hungarian Ministry of Foreign Affairs and European Commission Representation in Hungary (November 2009 and October 2010 respectively)

<sup>29</sup> “Where Europe Ends” produced by Romanian Academic Society and Mrakonia Film

This contribution argued that the Lisbon Treaty changes allow the EU to capitalize on the flexibility that the “variable geometry” sets out in theory. It does this currently in the economic and financial sphere by harnessing the aggregate influence of the European Commission, the European Central Bank, and the member states. It does not yet do this in the foreign policy sphere. Variable geometry however is not without its critics. Some federalists fear it may lead to a more complex EU, and weaken the EU institutions vis-à-vis member-states' governments. Others worry that variable geometry could lead to the unraveling of the *acquis communautaire*, the EU's accumulated rulebook. The more you allow some countries to pick and choose, the greater the risk that others will demand the right to opt out of existing policies they dislike. The British Conservatives, for example, talk of using variable geometry to pull Britain out of the common farm, fisheries and foreign policies. The suggestion that some candidates should agree to stay out of some EU policies for long periods meets an obvious criticism. Turkey, say, would not want to join the EU without the right to take part in the full range of policies, lest it looks like a privileged partnership. But, that been said, Turkey could prefer to be in a looser EU framework than remain outside.

What about some options and lessons for new members in the post Lisbon and post crisis EU. This contribution argued that the new members could invest in links between national actors and fellow European actors. They could avoid radical ideas or those that could be perceived as such. Thirdly, the variable geometry or concentric institutional formulas could give them the opportunity to test the feasibility of their ideas via informal consultation and avant-garde groups. Most importantly: all future presidencies, especially those held by the small and new, should aim at getting the fit of its tailor-made program just right from the very start. These avant-garde and consultative groups would allow new actors to listen to those ideas already floating around Europe's capital, and to pick the ones with highest potential to be accepted by other stakeholders and achieve and maintain domestic political peace for the six-month period. The country holding the EU Presidency needs to feel comfortable and confident in the experience demanding role. The social

learning in the big player table and/or learning by doing in the rotating presidency seat (the two are distinct yet not mutually exclusive) may 'Europeanize' their institutions further. Learning from the experience of others can be useful, but the most crucial determinants of success lay within a country's own domestic bureaucratic and political structures.

Some questions unavoidably remain for further reflection. Most important of these is the following: "Has the rotating presidency lost its powers due to the creation of new power positions?" The answer may be affirmative, but the division of labor between the two positions (i.e. of the permanent president and the rotating presidency) would be adjusted and reshaped in the coming years. A second question is; "What are the implications of having small and new member states at the driving seat?" The small members are known to make lasting impacts as successful policy entrepreneurs, but new members, most of who are also small states, are at the periphery of European governance structures. However, through a more active regionalisation, the periphery could also find resources to shape the core. And lastly, "Could the new members achieve bigger presence in global affairs?" The answer to this last question is beyond the scope of this contribution. That said, one could reiterate that in an EU of 27, greater diversity is inevitable, and it should be celebrated rather than resisted.

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