

Notre Europe

ETUDES & RECHERCHES

Studies & Research N°36

A driving force despite everything

Franco-German relations and the Enlarged European Union

Martin Koopmann

Martin Koopmann

Martin Koopmann holds a Ph.D. in political science from the Free University of Berlin and graduated from the Institut d'Etudes Politiques de Paris (IEP) and the Free University of Berlin). He is the head of the Franco-German Relations Program at the German Council on Foreign Relations (DGAP). Before joining the Institute of contemporary history within the German Federal Foreign Office, he was a consultant for the CESI group.

His published works include *Das schwierige Bündnis. Die deutsch-französischen Beziehungen und die Außenpolitik der Bundesrepublik Deutschland 1958-1965* (Baden-Baden, Nomos, 2000). His current publications focus on the development of Franco-German relations, European Security and Defence Policy (ESDP), and French foreign policy.

Notre Europe

Notre Europe is an independent research and policy unit whose objective is the study of Europe – its history and civilisations, integration process and future prospects. The association was founded by Jacques Delors in the autumn of 1996. It has a small team of in-house researchers from various countries.

Notre Europe participates in public debate in two ways. First, publishing internal research papers and second, collaborating with outside researchers and academics to contribute to the debate on European issues. These documents are made available to a limited number of decision-makers, politicians, socio-economists, academics and diplomats in the various EU Member States, but are systematically put on our website.

The association also organises meetings, conferences and seminars in association with other institutions or partners. Proceedings are written in order to disseminate the main arguments raised during the event.

Foreword

Which Forces will drive the European Union in the coming years?

We must speak multiple forces, not a single force. In a structure as complex as that of the European Union, a solitary leadership role is unthinkable. It is a tricky question: the easy situation that existed during the first three decades of European construction – a dominant French-German coalition, the Commission as a well-known institutional arbitrator – has been succeeded by a more complex scenario. There is a large number of candidates. The role of the Commission is often questioned – more or less openly – and the diversity of national interests make the task of finding a balance within the Council of the European Union more difficult. It is easy to find recent examples – the Iraq crisis or selecting the President of the Commission – to show that France and Germany cannot automatically expect other members to concur with their decisions.

It is almost impossible to find a convergence of ideas or of interests that comes close to the authority and symbolic force represented by Franco-German bilateralism. But how can its former efficiency be revived?

This is the central question of Martin Koopmann's study which focuses on two significant areas: co-operation in the field of security and defence, and propositions concerning economic and monetary governance. France and Germany have had considerable influence on these areas which continue to be of major importance.

The conclusions the author draws from the successful and failed attempts of the past two years should be considered. The first one concerns the necessity to integrate basic European assumptions: France and Germany's influence will be greater if efforts are made to find partners for their initiatives. The second concerns the organization of French-German co-operation. These should not be structures limited to the two countries but should impact major European policy decisions. If France and Germany succeed in defining projects that encompass the interests of the entire Union – as in the past – there may be a right future for the Franco-German "driving-force".

Notre Europe

Contents

1 A new framework for Franco German actions	1
<hr/>	
1.1 Methodology	2
1.2 Teleology	3
2 Promising approaches in EDSP	4
<hr/>	
3 Economic and monetary governance	9
<hr/>	
4 A new Franco German bilateralism?	13
<hr/>	
Conclusion	17

I. A new framework for Franco German actions

Are France and Germany still the driving-force of European integration? Or are they rather responsible for the difficulties the European Union is currently facing? The year 2004 is crucial for the EU's future: the admission of ten new members in May, the election of the European Parliament in June, the signing of the Constitutional Treaty followed by the debate on its ratification by the Member States, discussions about Turkey's accession and the European Commission's report on this accession expected in October, and – of course – the debate on financing the Union and its budget plans for 2007-2013. These are only the most imminent examples. The challenges are enormous, but at the same time the European Union seems to be somewhat paralysed by the problems it faces. Despite the efforts of the European Convention, a convincing reform of its organs and decision procedures needed in view of the EU's expansion has not been agreed upon. The divide brought on by the war in Iraq between the "old" European Europe and the "new" transatlantic Europe has highlighted the extent of the strategic divergences in European security and defence policies. The fact that the common institutions are being questioned during the discussions on the Stability and Growth Pact (SGP) shows how an economic and monetary Union already weakened by the difficult economic situation of its creators has come under even greater pressure. France and Germany, historically the nucleus of European integration, are now accused of being incapable of making bilateral propositions to the benefit of European integration, even of being the source of the main problems currently threatening to paralyze the Union of 25.

These accusations are new in the history of European Integration which has been a Franco-German 'success-story', and inevitably linked to the efficiency of the Monnet method since the 1950s. Over recent years, their relation seems to have lost its effortlessness. From the late 1990s until autumn 2002, France and Germany succumbed to European passivity. This later gave way to a bilateral dynamism prone to generating a fear of French-German leadership among European partners. The inability of the two countries to regain their tandem role within a Union enlarged by ten new members has a direct link to the international developments following the events of November 1989. These developments occurred on two levels: first of all, on the bilateral level. The end of the cold war was also the end of the established balance between French political and military power and Germany as the economic power. The "normalization" of Germany – now once again a sovereign state – its growth after the German reunification, went hand in hand with France anticipating a repeated marginalization. Secondly, on the European level, Member States as well as candidates question the more or less exclusive role France and Germany have played in establishing the guidelines for the future of a European Union of 25 or 27 members. The war in Iraq clearly showed that a common Franco-German position no longer automatically entails general consent but rather that the two countries are at risk of becoming a minority.

This crisis within Franco-German bilateralism coincides with the emergence of multiple co-operations between different members of the European Union. The famous "letter of the eight" uniting Spain, Great Britain, Italy, the Netherlands as well as several Eastern European

candidate countries is one example. Not to go unmentioned are the efforts made by Germany, France, Italy, Spain and Great Britain. Policies on terrorism, crime, and immigration were streamlined and institutionalized in the "G5" group to co-ordinate their intelligence services. The April 2003 summit meeting of Germany, Belgium, France, and Luxemburg lead to propositions in European Security and Defence Policy (ESDP), and also an attempt to reactivate the Weimar triangle as well as to numerous bilateral initiatives and positions. These concerned the implementation of European "battle groups" (France, Great Britain, and – later – Germany) and the reform of European institutions (Spain, Poland). This list goes on but these examples illustrate the decision processes in the European Union with 25 members will be made with flexible and ad hoc coalitions. Evidently, the impact of the French-German relationship will be much smaller in the future than it was during the Cold War. Although the common position of Paris and Berlin may no longer be sufficient for a consensus of the 25, it will remain vital in finding a consensus and avoiding a standstill of the EU. Thus, the question is: How can Franco-German bilateralism be work within the new community structures to the advantage of the enlarged European Union?

If France and Germany want to maintain their traditional position of influence within the European Union of 25 – which is totally different from the Community with six or even twelve members – Paris and Berlin must face two major problems today:

METHODOLOGY:

As the enlargement of the European Union towards the east became a focus of the EU of 15, propositions for more efficient decision processes and for the protection against a standstill increased. Schäuble's and Lamers' "Kerneuropa", Delors' "avant-garde", the idea finally integrated into the Amsterdam Treaty of enhanced co-operations between several Member States, the proposition submitted by the European Convention to simplify the voting procedures within the Council of the European Union ("double majority"): all these initiatives are an attempt to counteract potential difficulties in managing a common future within an enlarged Union. In this context, France and Germany will have to make greater efforts to contribute to the implementation of a political governance that both a) enables the EU to fully profit from the Franco-German capital acquired in the course of the last decades, and b) permits Paris and Berlin to call their partners' attention to their common positions.¹

1 Issues regarding the institutional reform of the European Union will not be treated in this study. See Renaud Dehousse, Andreas Maurer, Jean Nestor, Jean-Louis Quermonne et Joachim Schild, *La nouvelle architecture institutionnelle de l'Union européenne: une troisième voie franco-allemande?* Groupement d'études et de recherches Notre Europe/Stiftung Wissenschaft und Politik, *Etudes et recherches*, no. 23, April 2003.

TELEOLOGY:

This is the question at the very centre of current criticism of Franco-German relations. Ever since the implementation of the economic and monetary Union as the last Franco-German project of importance the former driving-force appears overly eager to hide the fact that they do not have the same convictions about the future of Europe. Consequently, Paris and Berlin are unable to launch further European initiatives. More pertinently, the question arises whether those responsible in both governments have a coherent vision of this future on a national level. The French debate on the accession of Turkey to the EU must be mentioned. This has divided the French President from the majority of his party after the defeat of his UMP at the regional elections.² On the German side, the positions of the Foreign Minister³ and of the Chancellor⁴ on the concept of a "Kerneuropa" and its usefulness are creating doubts about the government's line on Europe.

We will focus on the second problem without neglecting the questions of bilateral procedures. The target is to analysis of French-German activity in two sectors which are crucial for the Union's future: ESDP, and economic and monetary governance. Paris and Berlin were at the source of common action in these two fields. The analysis of Franco-German politics will help to see more clearly how solid the foundations of bilateral action actually are.⁵ France and Germany, the largest EU countries, founding members of the European integration "à la Monnet", and historical heart of this community, have a particular responsibility and interest in the success of these key projects. Only successful bilateral action will ensure the legitimacy of the Franco-German relationship as key within the enlarged Union.

On the 40th anniversary of the Élysée Treaty, the two countries demonstrated their great commitment to refining the bilateral mechanisms. An analysis of these joint efforts will follow. The Franco-German duo remains confronted with a paradox: either being accused of passivity, or of trying to attain an exclusive leadership. In the European Union of 25, any reform of the Franco-German bilateralism – as well as any purely bilateral initiative – will be closely observed by the members. They would react unfavorably if French-German actions upset the delicate balance between the expected Franco-German activities on the one hand, and the certainty that Paris and Berlin strive to avoid an exclusive relationship on the other.

2 See Jean-Louis Bourlanges, "Juppé contre Chirac?", in: *Le Monde*, 24 May 2004.

3 See "Klein-europäische Vorstellungen funktionieren einfach nicht mehr", interview with Germany's Foreign Minister Joschka Fischer, in: *Berliner Zeitung*, 28 February 2004.

4 See the article "Schröder geht auf Distanz zu Fischer", in: *Süddeutsche Zeitung*, 16 April 2004.

5 In regard to the conception of the editors of this study we will content ourselves with an analysis of Franco-German action. For policy recommendations see Sylvie Goulard, Jacqueline Hénard, Thomas Klau, André Loeseckrug-Pietri, and Nikolaus Meyer-Landrut, *France et Allemagne en Europe: le leadership se mérite, Europartenaires* (http://www.europartenaires.info-europe.fr/PDF/france_allemande_deutsche.pdf), July 2003.

II – Promising Approaches in ESDP

In regard to ESDP the year 2003 was marked by two seemingly contradictory phenomena. First, the Iraq crisis gave way to a bilateral crisis between the two protagonists of the St. Malo summit. France and Great Britain, who initiated ESDP in 1999 by their common declaration,⁶ were now separated by a political divide between the “old” and the “new” Europe. Simultaneously, and despite the Franco-British dissonances, this very ambitious project was making great progress developing institutions and procedures, with infrastructure and military capabilities as well as advances on the political and strategic level. 2003 also marked the 40th anniversary of the Élysée Treaty, an anniversary that was decisive in accelerating Franco-German activity. Its importance became apparent in the numerous initiatives taken and statements made by both countries in the context of the EU enlargement and their work on the European Convention, either internal or external.⁷ Activity in the Security and Defence area brought about the French-German proposition to create a European security and defence Union (ESDU) which culminated in the summit of four in April 2003. Does that mean that the Franco-German initiatives helped the European Union to progress in spite of the conflict between Paris and London during the Iraq crisis? Has it even taken the place of the Franco-British partnership which traditionally dominated in matters of security and defence?

The ESDP has evolved in more than one way during the past years. Progress and failure have gone hand in hand.

The results of the Convention meetings and of the Intergovernmental Conference (IGC) fall short of a more efficient *decision process* demanded by the Laeken declaration in December 2001. Unanimity must still be achieved for all decisions, including that of intensified co-operations, from now on extended to “Common Foreign and Security Policy” (CSFP), the name of ESDP in the constitutional project.

The qualitative sway to majority decisions was not made: there will be no “communitarisation”, either in Foreign Security and Defence Policy (CFSP), or the ESDP. However, specific mechanisms are anticipated to make the CSFP more flexible⁹: a “closer co-operation” for the Member States who want to assist each other in case of aggressions by a third party; a “structured co-operation” of those who fulfil the criteria of higher military capabilities, and

6 Déclaration franco-britannique du 4 décembre 1998 sur la défense européenne, in: Politique étrangère de la France, November-December 1998, p. 232.

7 See Martin Koopmann, Leadership oder Krisenmanagement? Kommentar zu den deutsch-französischen Europainitiativen, in: Dokumente. Zeitschrift für den deutsch-französischen Dialog, 2/2003, pp. 19-34; Joachim Schild, La France, l'Allemagne et la Construction européenne, un bilan mitigé, un leadership contesté, Note du Cerfa, no. 10, Paris, March 2004.

8 Déclaration de Laeken sur l'avenir de l'Union européenne, 15 December 2001, European Council of Laeken, Annexe I, in: Politique étrangère de la France, November-December 2001, pp. 345-349.

9 See article I-41 of the Constitutional Treaty in the version adopted by the IGC on 18 June 2004 (<http://ue.eu.int/igcpdf/fr/04/cg00/cg00087.fr04.pdf>).

want to contribute in a more binding way than others; the implementation of particular military missions in groups of Member States that lack necessary capacities.

Regarding the *military capabilities* clear progress has been made. The global goal that the EU set itself for establishing a Common Rapid Reaction Corps (“Helsinki Headline Goal”) has been reached on the quantitative level, though quality deficits remain. The idea of a general European headquarters was tackled in Naples by France, Great Britain, and Germany in November 2003. Paris, London, and Berlin agreed on the model of an autonomous working group closely linked to the European staff. Progress has also been made in other areas, for example the decision on the implementation of a European armament agency made by the Fifteen in December 2003. This agency aims to co-ordinating national armament efforts to avoid unnecessary duplication. Another highly symbolic initiative was the appointment of a European Foreign Minister in the Constitutional text. As soon as this is ratified, the Minister will have a right to initiative and will co-ordinate the civil and military aspects of CSFP missions.¹⁰

In the years immediately after St. Malo, the approach of the Member States to ESDP focused on technical details such as military capabilities and on decision procedures. Pressured by the events of 9/11 as well as by the new US national security strategy, the Council of the European Union entrusted the High Representative for ESDP with elaborating a *European security strategy*. The adoption of this strategy in December 2003 was an attempt of the Fifteen to finally define the necessary foundations and objectives of the European Union regarding foreign and security policy. It established a political justification for all prior efforts at ESDP.¹¹ Both the creation of a democratic and prosperous safety belt within the European Union and the establishment of a “multilateral efficient system” were objectives that rendered the CFSP a truly European text. At the same time, due to its consensual traits, the watersheds between the different priorities of the Member States cannot be ignored: some insist as much on the importance of pre-emptive measures as others do on an increased defence budget or on the necessary recourse to military measures in certain cases.

In these three areas, the impact of France and Germany on ESDP has differed. Concerning the development of the decision procedures, Franco-German activity has certainly been important although the final result is far removed from the ideas the two countries had in common. The forte of the common propositions Paris and Berlin submitted to the European Convention was the intention to render decision processes more flexible, while clearly following a communitarian approach.¹² They suggested that, i) the instrument of intensified co-operation should also be applicable to ESDP; ii) an intensified co-operation could be launched by majority decisions concerning the implementation of multinational forces with integrated command, the

10 See articles III-299 and III-309 of the Constitutional Treaty in the version adopted by the IGC on 18 June 2004.

11 See “Une Europe sûre dans un monde meilleur – Stratégie européenne de sécurité”, Brussels, 12 December 2003.

12 See common Franco-German propositions of the European Convention in the field of ESDP of 21 November 2002, in: *Politique étrangère de la France*, November-December 2002, pp. 124-126.

development of military capabilities as well as a European armament policy. The number of participating states would have to be decreased to eight, as opposed to what the Nice Treaty had predicted for cases of intensified co-operation.

Applying these suggestions into the Draft Constitutional Treaty was only possible after major modifications. Even though the application of intensified co-operation to ESDP is stipulated in the text, due to British opposition this mechanism can only be initiated with the Council's unanimous vote. However, structured co-operation has helped the Convention find an agreement on another form of "flexibilization" – under French-German pressure. The Convention's attempt at more flexibility makes conditions of participation more transparent and will allow a restricted group of Member States to advance more quickly. Above all they can evade a veto of the non-participating states. It is true that rescuing the Franco-German idea of a general "flexibilization" of ESDP with intensified co-operation remained impossible throughout the work of the Convention and the IGC. Nevertheless, the other means of higher flexibility introduced in the text are a direct consequence of French and German policies supported at the Convention by a majority of the other governmental representatives and by the European Parliament. We must also keep in mind that France has committed itself to a French-German initiative aimed at introducing a supranational element into ESDP, a substantial concession to its German partner.

Any progress in the area of military capabilities and infrastructure undeniably originates from Franco-German propositions or agreements. Only three examples clearly demonstrate the impact Paris and Berlin have made: the idea of a European armament agency (later "European defence agency"), called for in the Franco-German contribution to the Convention, which was picked up by the defence task force¹³ and repeated during the summit of Four in Brussels in April 2003.¹⁴ The agency will be implemented in the course of 2004 without prior ratification of the Constitutional Treaty.¹⁵ This emphasizes the intention of both France and Germany to act according to the treaty going with an "exceptional option" if the "EU option" seems to be retarding or even blocking procedures.

The second example involves the establishment of a collective capacity for the organization and implementation of EU military operations – independently from NATO – which was much more controversial than the armament agency. The controversy was caused by two factors: first, the proposition was made by the European adversaries to the American Iraq policy at the foursome summit, in the midst of the transatlantic and inter-European conflict about the intervention of the United States in Iraq. Second, the initiative seemed to lead straight to a

13 See the final Report of the "defence" task force of the European Convention, 16 December 2002, <http://register.consilium.eu.int/pdf/fr/02/cv00/00461f2.pdf>.

14 See Déclaration commune du 29 avril 2003 de la réunion des chefs d'Etat et de gouvernement d'Allemagne, de France, du Luxembourg et de Belgique à Bruxelles, in: *Politique étrangère de la France*, March-April 2003, pp. 386-388.

15 On 30 July 2004, the High Representative for CFSP, Javier Solana, nominated Nick Witney from Great Britain as the first director of the European Defense Agency.

duplication of NATO structures which conflicted with the strategic priorities of London (and of Washington) as well as of most EU members or candidates.¹⁶ As the conflict seemed to be dividing the Europeans anew, it was finally solved in a simple way: Paris and Berlin accepted the British proposition to create the Supreme Headquarters Allied Powers Europe (SHAPE) and in return obtained London's permission to create an EU centre for the organization and implementation of operations without NATO's help.¹⁷ The point of having a small unit of independent SHAPE officers may not be readily apparent. However, operation Artemis in Congo (without mentioning the situation in the Balkans) has shown that in future there will be crises where neither the United States nor NATO will be involved. More to the point, the joint management of these conflicts by France and Germany as well as the United Kingdom enhances their "leadership" within ESDP. If cohesion in ESDP is the goal, then the permanent consultation of Great Britain by Paris and Berlin will be binding and necessary for every step France and Germany take.

The third example is similar: the proposition to create battle-groups which can be deployed on demand by the United Nations in international crises.¹⁸ The originally Franco-British initiative, joined by Germany upon French request, demonstrates that in questions of ESDP the Franco-German driving-force cannot continue to ensure majorities within the EU unless it seeks at least one long-time ally Great Britain. ESDP requires France and Germany to expand their partnership.

Concerning the political and strategic aspects of the recent ESDP developments, direct impact of the France and Germany on the genesis of the European security strategy remains difficult to evaluate. Nevertheless, bilateral factors can be identified that have facilitated the agreement of the Fifteen on this document and which are also prerequisite for coherent action within the framework of this strategy. The most important task is to bring together French and German national strategy. The countries have diverged: France's army is now made up of career soldiers, its range has expanded following the decision that security must be ensured outside the national and European territory.¹⁹ Germany has not reached this point. However, it has abandoned the priority of a purely territorial defence force and it deployed forces outside

16 See Judy Dempsey, "Britain to set out its limits on EU defence", in: Financial Times, 3 September 2004; Secretary of State for Foreign and Commonwealth Affairs, "A Constitutional Treaty for the EU. The British Approach to the European Union Intergovernmental Conference 2003", see: http://www.fco.gov.uk/Files/kfile/FoE_IGC_Paper_cm5934_sm,0.pdf.

17 For the headquarters, the European Council agreed in June 2004 "that the means necessary for the prompt implementation of such a center would have to be available by 1 January 2006 at the very latest". See Conclusions de la présidence, European Council of Brussels, 17 and 18 June 2004.

18 See Renforcer la coopération européenne en matière de sécurité et de défense, Franco-British declaration of 24 November 2003, in: <http://www.doc.diplomatie.gouv.fr>.

19 See Livre Blanc sur la Défense 1994, Paris 1994; see law no. 96-589 on programmation militaire 1997-2002 of 2 July 1996, see http://www.defense.gouv.fr/ema/texte/loiprog_old/princ.htm; for the annex report of law no. 96-589 of 2 July 1996, see http://www.defense.gouv.fr/ema/texte/loiprog_old/annexe.htm.

the European or NATO²⁰ territory. This is a significant and fundamental change of Germany's strategic principles. If France has an influence on Berlin regarding strategic issues, then Berlin is pushing Paris towards an emerging "communitarisation" of ESDP. Obviously, these issues cannot be forced with the 25. Yet it symbolizes an evolution of French security and defence policy.

Undeniably, differences remain, in particular regarding the Atlantic Alliance, the different priorities for the use of force, and the importance of civil aspects in ESDP. An in-depth French-German dialogue on these issues is needed to build a stable foundation for further strategic dialog with other EU partners. During the past two years France and Germany have played an important role in negotiations on flexible decision mechanisms and the evolution of ESDP infrastructure and capacities. If, further, the Iraq crisis resulted in opening the French-German dialog towards a possible third partner – Great Britain – ESDP could only profit from this co-operation. Frankly: in the long run, there will be no convergence between France and the United Kingdom on the purpose of CFSP/ESDP. The triangular consultations will not necessarily lead to a series of initiatives generated by the big three. So, there will be no "trilateral force" in European defence. Yet, a triangular co-operation will have a double objective: the establishment of the greatest possible number of joint initiatives (for example in armament and harmonizing military capabilities) and finding the best crisis management in case of political crises within the Paris -Berlin-London "triangle".

20 See Verteidigungspolitische Richtlinien für den Geschäftsbereich des Bundesministers der Verteidigung, 21 May 2003.

III – Economic and Monetary Governance

In January 2003, the Economic and Financial Affairs Council (“Ecofin”) found an extensive deficit in the German national budget according to article 104 of the Treaty establishing the European Community. Five months later, the same applied to France. Four years after the realization of the Economic and Monetary Union (EMU), the Council launched the next step for a procedure which could lead to substantial financial sanctions for the states in question. Nonetheless, the European Commission took a less rigid approach by taking into account the unfavorable economic situation and the fact the Stability and Growth Pact (SGP) regulations would first be applied such eminent Union members as Germany and France. It then recommended Ecofin order the countries to reduce their deficits giving them a generous time frame (until 2005). Thus far, the procedure had followed SGP guidelines. But this changed in November 2003 when the Council had to decide on the Commission’s recommendations. Using the majority vote to their advantage, Paris and Berlin succeeded in temporarily suspending the procedure for excessive deficit. They were strongly supported by Italy which was also facing the risk of budgetary deficit.²¹

The importance of this decision can only be measured in its historical context. Three prominent considerations should stay in mind: i) in the course of the evolution of European integration since the 1950s, the Franco-German relationship has come to deserve the name “driving-force”. More so, it has become a guarantee for the “Monnet method”, the expansion of the communitarian approach to other political areas. The suspension of the SGP procedure is the opposite: Paris and Berlin had to go backwards putting themselves above mechanisms that are the essence of the EU. ii) By doing so, they gave a negative example to the new Union members as well as the old ones not yet integrated into the EMU. The legal justifications are not tenable, as the Council is at liberty to reject the recommendations made by the Commission (but not to modify them without further input from the Commission).²² Despite the annulment of the Council’s decision by the Court of Justice, the political consequences for the coherent integration of the Union of 25 may be beyond repair. iii) France and Germany are risking their leadership qualities which they have gained in the field of economic and monetary policies. Thus far, the EMU seems to be the last big project to come from the smooth co-operation of the famous Franco-German driving-force – a co-operation that goes back to Valéry Giscard d’Estaing and Helmut Schmidt’s initiative for the European Monetary System in 1979.

21 See “La France et l’Allemagne font voler en éclats le pacte de stabilité” in: *Le Monde*, 25 November 2003. The decision of the Council of the European Union of 25 November 2003 was annulled in the resolution of the Court of Justice of the European Communities of 13 July 2004.

22 See the resolution of the Court of Justice of the European Communities of 13 July 2004 on C-27/04, see: press declaration no. 57/04 of the Court of Justice of 13 July 2004; see the article “Pacte de stabilité: la justice européenne condamne Paris et Berlin”, in: *Le Monde*, 14 July 2004.

Sure enough, this bilateral capacity is not the result of converging interest and convictions from both countries. As of during the negotiations on the Maastricht Treaty, France and Germany were pursuing different economic and monetary policies. Paris supported the idea of an economic government (that is, control and co-ordination of the national economic policies by the Council of the European Union), whereas Berlin – traditionally more liberal – was in favour of the Member States maintaining and reinforcing their authority.²³ These different approaches can be recognized in the terms employed: the German word “Ordnungspolitik” meaning that the government limits itself to establishing rules, a legal framework for “social market economy” within which the economy can develop freely; the French term “gouvernement économique” conveys the intention of the French government to make a direct contribution to the economic process following more or less explicit goals. Consequently, all of the German actors, the Federal government, the Länder as well as the economic sector show reluctance or even total rejection in the debate on the economic organization.²⁴

Since the Amsterdam Treaty was signed, the method of open co-operation which does not allow the Union to pass out sanctions has been internalized within the laws of the EU and its application has spread. The continuous but careful development towards a limited reinforcement of the EU’s economic competences reflects the ambiguity of French-German actions. The way Paris and Berlin reacted during the current SGP crisis reflects this ambiguity. Having successfully called for a relaxation of SGP rules in the spring of 2004, the German Minister of Finance is now trying to implement a programme of harsh economic measures in an attempt to balance the national budget. France on the other hand did not hesitate to increase its defence budget²⁵ and has implemented important tax cuts since 2002²⁶, all under the same economic conditions.

Thus it is not surprising that the Franco-German initiative at the European Convention was low-profile.²⁷ Paris and Berlin only proposed to strengthen the mechanisms of economic co-ordination, especially for the Euro group. In a departure from their previous positions the two governments did not mention the rules of the SGP. There was only one exception: a careful attempt at reinforcing the Commission’s power, “the procedures linked to the power of objective surveillance [...] must be granted to the Commission”. At the same time, they did not suggest modifying or even reinforcing the Commission’s responsibility concerning the government deficits. Jacques Chirac and Gerhard Schröder might have preferred to leave the

23 In Maastricht, the Twelve finally agreed on a compromise very close to the German position by allowing the Council to voice recommendations to – but not impose sanctions upon – the member states, thus ensuring a certain compatibility of the national policies. The general traits were defined beforehand by the Council and the Commission. See art. 103 of the Treaty establishing the European Union.

24 See Elke Thiel, “L’Allemagne, l’UEM et le pacte de stabilité”, in: *Politique étrangère*, 1/2004, pp. 165-176.

25 The defense budget was increased by 7,5% in 2003 and by 4,3% in 2004, i.e. to 28,9 billion Euros in 2002 to 31,07 billion Euros in 2003, and to 32,4 billion Euros in 2004.

26 During the first two years of the Raffarin government (2002-2004), income tax was reduced by 10%.

27 See Propositions conjointes franco-allemandes sur la gouvernance économique pour la Convention européenne, 20 December 2002, in: <http://www.diplomatie.gouv.fr/actu/article.asp?ART=30831>.

competences of the Commission in the SGP as they were, and simply bowed to the pressure of the other Euro group members. More so, the two countries failed to impose their position upon the other members of the Convention. In the final text for the Draft Constitutional Treaty the Commission's influence on the government deficit procedures was clearly increased.²⁸ It was only by its vigorous intervention during the IGC negotiations, supported by France and other Member States, that Germany was able to regain its status quo in the final text of the Constitutional Treaty.²⁹ During this process France and Germany had to defend a position that was not originally part of their role as a driving-force of the community, but came as a result of their national preferences.

What impact did the Franco-German initiative have on the debate at the Convention and during the IGC? In the discussion about more flexibility of the SGP, Paris and Berlin avoided taking a clear position. For a long time, France and Germany's differences of opinion on this issue ruled out common initiatives. It now seems that the political leaders of the two countries are moving closer together in light of Germany's economic and budgetary problems. Even more than the German ideas, the French positions, that judged European policy "far too monetarist" aim to make the SGAP regulations more flexible and to co-ordinate the national budgetary policies beforehand.³⁰ On top of that, the German government remains divided on modifications to the Pact regulations.³¹

Concerning the communitarian instruments of economic and monetary governance beyond the limits of the SGP, the Franco-German suggestions did not live up to the ideas expressed two months earlier by the working group of the Convention. In its final report, the group proposed reinforcing the Commission's authority to establish and implement the guidelines for economic policies.³² Paris and Berlin only suggested "a more pronounced implication of the national parliaments".

Finally, in the third area – co-ordinating economic and monetary policies of the Euro group members – France and Germany's influences can be found in the final text of the Constitutional Treaty. Though the reunions of the Euro zone ministers are kept informal (contrary to the Franco-German proposition to create a Euro-Ecofin Council) the Euro group is enhanced by the appointment of a president for two and a half years and by new guidelines for economic policies restricted to members of the Euro zone. These innovations derive from the French-German initiative of December 2002.

28 The Draft Constitutional Treaty designates the Council of the European Union to decide if the deficit is excessive "upon request of the Commission". As the Council must vote unanimously to modify a proposition by the Commission, the Convention's project signifies a certain communitarisation of the SGP. See art. III-76 (6) of the Draft Constitutional Treaty.

29 See article III-184 of the Constitutional Treaty in the version adopted by the IGC on 18 June 2004.

30 See the article "Quand l'Europe réunit Juppé et Sarkozy", in: *Le Figaro*, 3 June 2004.

31 See the article "Berlin kündigt Stabilitätspakt auf", in: *Financial Times Deutschland*, 12 May 2004.

32 See *Rapport final du Groupe de travail sur la gouvernance économique à la Convention européenne*, 21 October 2002, in: <http://register.consilium.eu.int/pdf/fr/02/cv00/00357f2.pdf>.

The convergence of national interests and priorities in the joint Franco-German activity in economic and monetary policy during recent years is hard to make out, unlike the positions in CFSP/ESDP. The fact that both governments pursued the same path in November 2003 to avoid SGP sanctions did nothing to rebuild their credibility. On the contrary: the former driving-force has not only damaged a crucial institution of the European Union. The analysis of the German and French policies demonstrates that agreement extends, at the most, to the short-term goals of the two governments. The convergence of long-term strategies is more than questionable. The top-down approach seems promising for a renewed launch of the Franco-German driving-force in this direction. Nevertheless, the presentation of ten detailed bilateral projects to support growth³³ – a bottom-up approach at the Franco-German Ministerial Council September 2003 in Berlin – seems more promising at a time when the economic conditions are inadequate for large Franco-German projects.

33 See "L'Allemagne et la France, ensemble pour plus de croissance en Europe", Franco-German Council of ministers in Berlin, 18 September 2003, in: *Politique étrangère de la France*, September-October 2003, pp.109-111.

IV – A new Franco German bilateralism?

The debate that has been going on for two years on consolidating structures and procedures within European integration was accompanied by discussions on giving Franco-German relations another chance. In 2002, the political leaders of France and Germany spoke of the necessity to “adapt” the Élysée Treaty to the new reality (Gerhard Schröder) or even to conclude a new French-German “fundamental pact” (Jacques Chirac).³⁴ In the end, these discussions lead to the common declaration of 22 January 2003,³⁵ the central document for both countries which defines the essence of Franco-German relations within an enlarged European Union.

With the help of the common declaration Paris and Berlin tried to counteract the political pressure from their European partners, but also from their political surroundings inside France and Germany. Until October 2002, the European Union came to a complete standstill in view of its main challenge, the preparation of EU enlargement. On the one hand, the Copenhagen summit in December of that year was meant to officially close negotiations with the candidate states. On the other hand, France and Germany were divided over the reform of the Common Agricultural Policy (CAP) as well as over the question of agricultural subsidies and structural funds for the new members, had not succeeded in finding a compromise in time. As a result, they had not agreed on what has long been called “compromises by proxy”: compromises which – as they integrate clearly opposed French and German positions – cover all positions of the other Member States. At the very last minute, and after several years of silence on the matter, Paris and Berlin suggested a totally different solution which neither regulated the question of the long-term financing of the enlargement, nor did it present a durable reform of the CAP. As it was made public only one day before the Council’s meeting, it was impossible for the partners to voice their thoughts in time.³⁶ All in all, Paris and Berlin seem to have done their utmost to enforce the view of the Franco -German partnership as an exclusive leadership to the disadvantage of other Member States.

Consequently, the efforts of deepening Franco-German relations had to focus on two areas: the dynamics and the visibility of the bilateral action to the benefit of the integration process

34 For the positions of Jacques Chirac and of Gerhard Schröder see the press conference of the Franco -German meeting in Paris on 27 May 2002, in: http://elysee.fr/cgi-bin/auracom/aurweb/search/file?aur_file=discours/2002/0205FRAL.html. Also see the speech of the French President, Jacques Chirac, in Strasburg on 6 March 2002 during the campaign for the presidential election, in: http://www.elysee.fr/cgi-bin/auracom/aurweb/search/file?aur_file=discours/2002/D020306.html.

35 See Déclaration commune du président de la République française, Jacques Chirac, et du chancelier de la République fédérale d’Allemagne, Gerhard Schröder, 22 January 2003, in: *Politique étrangère de la France*, January-February 2003, pp. 107-111.

36 See Conférence de presse du ministre français des Affaires étrangères, Dominique de Villepin, après une rencontre franco -allemande dans le cadre du processus de Blaenheim, Brussel, 24 October 2002, in: *Politique étrangère de la France*, September -October 2002, pp. 309-310; Conseil européen, conclusions de la présidence, Brussels, 25 October 2002, in: *ibid.*, pp. 310-318.

(motor function), and re-establishing of the two countries' capability to foresee crises within the EU and to efficiently contribute to solving these (crisis management). In their declaration, the two governments commit themselves to "developing their co-operation in an exemplary fashion for the European Union" so that their common projects may "build a foundation for European policies".³⁷ In this context, Paris and Berlin embark on two approaches: the political and the institutional one.

The declaration's tone was fairly general. The analysis of the political propositions' effects would lead to mixed results. Some ideas are repeated, such as the establishment of a European Security and Defence Union, which was already introduced at the European Convention. Further, declarations of principle such as the creation of Europe as "an area of freedom, security and justice so that all European citizens [...] can live in safety" or of course "a new dimension of solidarity with the countries of the South" are stated. However, the declaration does encourage making commitments. It is by "bilateral initiatives designed to forge closer ties in a number of priority areas" that Paris and Berlin wish to establish a sort of intensified co-operation on a bilateral level – a co-operation outside the treaties of the European Union but which would entice other members to follow. There are examples to prove that this approach can be quite efficient: the Franco-German idea to create a European security and defence college to promote European culture, originally announced at the Franco-German Security and Defence Council in January 2003 goes hand in hand with the project presented in detail at the Political and Security Committee in January 2004. The initiative for the implementation of a European centre for international economics could even be realized before the end of 2004.³⁸

Another proposition on the possibility of French and German citizens living in the partner country to obtain the host nationality without giving up the own seems to be of less interest than the public debate suggested. The idea of the dual citizenship may have been one of the rare political initiatives that were explicitly detailed in the declaration. However, it remains symbolic. The benefit for the people concerned is limited to the access to the civil service of the other country – a benefit for a minority. Yet, since January 2003, the administrative and bureaucratic conditions for the dual citizenship have been fulfilled.³⁹

37 See Déclaration commune du président de la République française, Jacques Chirac, et du chancelier de la République fédérale d'Allemagne, Gerhard Schröder, 22 janvier 2003; chiffre 14.

38 The progress made with Eurocorps which goes back to the implementation of the Franco-German Brigade in 1989 should also be mentioned. Until 1996, Belgium, Spain and Luxemburg had deployed troops. Currently, Austria, Canada (as a NATO member), Finland, Greece, Italy, the Netherlands, Poland, the United Kingdom, and Turkey have integrated personnel in the Eurocorps staff.

39 The Federal government had already decided in September 2001 that it would annul the agreement of the European Council of 6 May 1963 on the reduction of multiple citizenship. Thus, one of the principal legal conditions for the double Franco-German nationality was fulfilled before 22 January 2003. However, the fee to be paid by a German citizen wanting to maintain his German nationality beside the French one amounts to € 255.00. The problem of high fees also occurs in other cases.

Finally, the example of industrial policy substantiates that agreeing on some isolated initiatives is not a guarantee for significant congruence of national goals to the benefit of the European Union. The announcement of an intensified co-operation in industrial policy in the declaration of January 2003 actually had an echo at the Franco-German Ministerial Council in September 2003. But then the French Minister of Economy and Finance, Nicolas Sarkozy, later cancelled a reunion with his German counterpart – scheduled for May 2004 – to deal with the bilateral Alstom-Siemens dispute.⁴⁰ The conflict between Paris and Berlin shows that the national preferences and national political agenda easily override political declarations at bilateral summits. It also demonstrates how difficult it still is to surmount national traditions (such as ties between government and economy) in tacit and diplomatic negotiations.

Beyond the functional dimensions, the declaration was an attempt by Paris and Berlin to improve the procedures of bilateral co-operation by establishing of new institutions. Since May 2003, the traditional bilateral have started to resemble the Franco-German Ministerial Council reuniting the two Cabinets. The “Commissioners for Franco-German Co-operation” directly responsible to the French Prime Minister/the Federal Chancellor started their work of co-ordinating “preparation, implementation and follow-up of the decisions of the political co-ordination bodies and the process of moving our two countries closer within the European bodies”. They are assisted by special structures in both Foreign Ministries.⁴¹

The meetings of the Franco-German Ministerial Councils may remind us of the participants’ tendency towards symbolism. The appointment of commissioners with staff within the Foreign Ministries demonstrates a more practical approach. They are taking the role of the former co-ordinators within both ministries’ structures of organization. The last German co-ordinator was renamed “consultant for Franco-German social co-operation”, surely a sign for the political reevaluation of the new structures, and recognition of the fact that their responsibility is more than exceeds that for civil society. Thus, the implementation of adequate structures for the co-ordination of the activities of the various national ministries is definitely a highlight of the Franco-German declaration. Both services are entitled support from other ministries in order to guarantee coherent action upstream and downstream from the bilateral Ministerial Councils. Even more, they are directly involved in the organization of bilateral projects such as that of the co-operation between the French regions and the Federal Länder (“Poitiers process”), or that of facilitating the free movement of individuals between France and Germany.

Yet, several week points cannot be neglected. Though the appointment of the Commissioners symbolizes the involvement of this office in the political decision-making processes of the two countries, this only goes so far. It is limited, *on the one hand*, by the areas of competency. It is a good thing to “professionalize” the bilateral co-operation, thus rendering it more efficient

40 See the article “Berlin und Paris verschieben Industriegipfel kurzfristig”, in: Financial Times Deutschland, 28 May 2004.

41 The responsibility for the Franco-German relations of the Federal Foreign Ministry was detached from the service formerly regrouping France, the Benelux countries, and Austria and was named “Arbeitsstab Frankreich” as an autonomous part of the “Europe” department.

and coherent. In order to ensure this it is not enough to assign the new office with purely bilateral competencies. They should also be tied into the bilateral co-operation in the field of European policies such as CFSP, economic and monetary governance, financing the EU, foreign trade, etc. Both services of the Commissioners – as they are organized today – do not have these capabilities. The French-German paralysis between 1997 and 2002 as well as the major more recent European disagreements (Iraq crisis, Stability Pact) have underlined the urgent need to find a way to quickly uncover differences and disagreements on European policies between France and Germany with other Member States. *On the other hand*, how should the service work? Should it co-ordinate or plan? Of course, the work completed by both services as of today already goes beyond mere co-ordination. Creating a new “Centre d’analyse et de prevision” or “Planungsstab” is out of question. But why not develop the existing structures into an “early warning system” for the European policy of the two countries concerned?⁴²

Do the 22 January 2003 propositions signal the beginning of reformed bilateral Franco-German relations along those lines? On an institutional level, the new diplomatic services represent an indisputable added value to the coherence of bilateral action. Their constructive work suffers from the fact that the purely bilateral and often very technical projects go unnoticed by the public. The opposite is the case for the major issues of European and security policy: the perception of the Franco-German driving-force by its partners – and thus its legitimacy – depends mostly on the bilateral action in these areas. A permanent follow-up by a diplomatic service (possibly deriving from existing structures) is essential for the European co-operation between Paris and Berlin. The bilateral political projects formulated in the January 2003 declaration – regretfully not in a systematic manner – may support this development. By no means can they replace the Franco-German definition of European positions and the elaboration of major European projects which would unite a majority of the Union members. The key to the success of this approach would be the opening of Franco-German bilateralism to other partners. The successful trilateral co-operation with Great Britain in the field of European Security and Defence Policy gave an idea of the possible results. It is all the more unfortunate that no indication a trilateral perspective is to be found in the common declaration. In future, the Franco-German bilateralism will have to avoid exclusivity in order to maintain its legitimacy.

42 See Martin Koopmann, “Axe franco-allemand, le seul qui vaille”, in: *Libération*, 19 September 2002.

Conclusion

The analysis of the three fundamental documents of the Franco-German co-operation enables us to make a sketch of three scenarios which seem to show the major directions of common action during the past years:

- Franco-German actions are motivated by different national interests and traditions. This divergence of interest may result in constructive common European policies under the condition that both partners share a joint goal for their political and economic projects. In this case, they are capable of drawing up “compromises by proxy” and of obtaining the support of most of the other Member States. In the history of European integration, this has been the case for the implementation of the European Coal and Steel Community as well as of the Monetary Union. But the French-German initiative for ESDP at the European Convention had received a large majority and only failed due to the determined resistance of the United Kingdom. This counter-example and the outcome of the Franco-German propositions in economic and monetary policy – which were hardly constructive – underline the importance of a common vision.
- Paris and Berlin pursue a policy based on converging – if not identical – interest without, however, feeling the necessity to formulate compromises by proxy. The example of the Iraq crisis has shown the risk both countries run in case they end up as a minority and lose their influence unless they seek closer co-operation with their partners. Within the Union of 25 Member States, an “offensive Franco-German harmony” requires a counterbalance by way of the deliberate integration of other partners. Otherwise, Paris and Berlin may harm European community achievements (such as in the debate on the SGP), or even their own legitimacy as the driving-force of European integration.
- As it will be difficult to reach compromises by proxy in the future due to the diversity of national interest in a Union of 25 and more, and considering that it will become impossible to force a policy deriving from Franco-German bilateralism upon 20 something partners, the only possible scenario will be the opening of this very bilateralism towards others. Such is the scenario of “foresighted compromises and initiatives” on the basis of flexible co-operations depending on the characteristics of each policy. The choice of Romano Prodi as a successor to the presidency of the European Commission is another example for a simple bilateral proposition having less and less chances of succeeding. Nevertheless, the development of ESDP in 2003 represents an example for the successful opening of the French-German co-operation.

We should not be misguided by all this: the bilateral capital evolved from the reconciliation between France and Germany from the 1950s on is unequalled in Europe. The European Union needs a Franco-German bilateralism capable of developing its institutional structures as well as of conceiving bilateral *and* European political projects. There is no question of replacing the Franco-German driving-force by a Paris-Berlin-London triangle or by an exclusive co-operation

of the prominent Member States⁴³. Adapting the Franco-German driving-force to the Union of 25 will require a systematic research of adequate partners depending on the political issues. Approaching one another in the search of common political and economic goals for the Union; considering the diversity and the legitimacy of interests held by other Member States, be they large or small; building a solid foundation with partners without neglecting its own renewing forces: these three conditions build the framework for the maintenance of the legitimacy and the efficiency of the Franco-German driving-force within the enlarged European Union.

-

43 In an interview, the French Minister of Economics and Finance, Nicolas Sarkozy, had demanded a close co-operation between the six largest EU countries (France, Germany, Great Britain, Spain, Italy, Poland) which "have and will have the same problems to deal with". See "Nicolas Sarkozy: 'Ma méthode pour réformer'", in: *Les Echos*, 23 June 2004.

PREVIOUSLY PUBLISHED STUDIES ON THIS ISSUE

Available on the Website of Notre Europe

- **A view from outside: the franco-german couple as seen by their partners** (Matt Browne, Carlos Closa, Soren Dosenrode, Franciszek Draus, Philippe de Schoutheete, Jeremy Shapiro)

Available in French and English (April 2004).

- **The institutional architecture of the European Union: a third Franco-German way?** (Renaud Dehousse, Andreas Maurer, Jean Nestor, Jean-Louis Quermonne and Joachim Schild)

Available in French and English (April 2003).

- Berlin (11-12th April, 2001): **Towards a new social contract in Europe: French and German social models and economic transformations.**

Available in French and German.

- Paris, (18th October 2000): **Europe and Franco-German Relationship.** in co-operation with IFRI (Paris) and the DGAP (Berlin).

Available in French.

- Berlin (3rd&4th February, 1999): **The Franco-German axis: the test of Agenda 2000.**

Available in French.

Study available in French and English on the Website <http://www.notre-europe.asso.fr>

© Notre Europe, November 2004

This publication benefits from the financial support of the European Commission. Nevertheless its content is the sole responsibility of the author. Neither the European Commission nor *Notre Europe* is to be held responsible for the manner in which the information in this text may be used.

This may be reproduced if the source is cited.