

"How will the New Government in France shape the future of Europe ?"

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How will the New Government in France shape the future of Europe ?

No one can deny that, for the new French President, to overcome the institutional crisis caused by the double No vote on the constitutional treaty is a top priority. Never indeed in history has a French President been so obviously committed to Europe, especially at the very beginning of his mandate. “*France is back in Europe!*” That was the punchy message delivered by Nicolas Sarkozy on the very night of his election. It’s worth noting that he immediately presented himself as a European and not only as a French leader. Even before being installed at the Elysee Palace on May 16th, he conducted a whirl of meetings with his European counterparts to convince them to accept, instead of the rather ambitious constitutional treaty, a “simplified treaty” which would essentially facilitate the decision making process between the 27 Member states. Sarkozy strove to make these meetings public contrary to the usually secret negotiations on European treaties.

Nicolas Sarkozy discussed the issue with Tony Blair even before becoming President; after the election he immediately flew to Berlin to meet with Angela Merkel, in her capacity as the EU Council’s President. He travelled a few days later to Brussels to meet the President of the Commission, Jose Manuel Barroso, and the Belgium Prime minister, Guy Verhostadt. He convinced Romano Prodi, Italian Prime minister, and Jose Luis Zapatero, Spanish Prime minister, to subscribe to the idea of a “simplified treaty”. On June 14, he visited Poland to meet President Lech Zaczynski and Prime Minister Jaroslaw Zaczynski to win their agreement on the new voting rules proposed in the future treaty. As you know, the present treaty gives countries with 40 million inhabitants, such as Poland and Spain, almost as much influence as Germany which has 82 million

inhabitants, and that's why the new voting rules have been revised to be based on demography. Last but not least: the French President urged Gordon Brown to give up his "outmoded" views on Europe and to accept a simplified treaty and to foster a more integrated Europe.

Nicolas Sarkozy belongs to a new generation, a generation for which Europe is a fact as well as a choice. That's why - although unsurprisingly Europe was not at the heart of the presidential campaign - he and the two other main presidential candidates made precise proposals in their electoral programs concerning Europe. However he was the only candidate to have the courage to propose the adoption by Parliament of a new - albeit a simplified one - without submitting it to a referendum.

We don't know if a consensus will be achieved at the next EU Council. We don't know if the 27 Member states – those who ratified the constitutional treaty (18 countries out of the 27 Member states) and those who did not – will accept to renegotiate a new treaty. But we now know that the rejection of the constitutional treaty was more about the "context rather than the text". The fact that the French public strongly supports Sarkozy's European policy proves that on May 29 2005, Europe had become a political football.

That being said: will the French government dramatically change France's European policy? In other words, is President Sarkozy a new European? What's his vision of Europe? I have two answers to this question. Firstly, President Sarkozy is a pragmatist and wants to do what can be done. This means that France will adapt to the situation that evolves. Secondly, President Sarkozy is a French leader and as such (I'm not referring to those who have nationalistic ideas), he can only consider Europe as a political entity and a community of values, and not just a free market zone.

Let's look at the main issues which are to be tackled by Europe's leaders now.

1. The future treaty
2. Europe's economy and competitiveness
3. Europe's frontiers and Europe on the international scene

1. The Constitutional issue and Europe as a political entity

Laurent Fabius, former President Mitterrand's Prime Minister who surprisingly promoted the No vote to the Constitution on May 29, announced a "plan B" to make the people think that there was an alternative to the Constitution. But he never proposed any such "plan B". In a way, the "simplified treaty" proposed by President Sarkozy is the Plan B and the provisions it is supposed to maintain clearly express the French view – which is similar to the German's – that Europe is first and foremost a political community. In order to reflect the fact that Europe is made of peoples and not only of states, the majority voting rules are to be based on demographic criteria. To allow common policies to be put in place, the national veto will be removed on a number of issues. To give more visibility to Europe on the international scene, the President of the EU Council will have a longer mandate and an EU "Minister of Foreign affairs" may be created (even if the name may be changed on the request of the UK government)

These proposals raise two questions

The first question is concerned with the so-called "Franco-German" couple?" What will it become? Will it continue to be the main driving force in Europe? That's the big question. I'm still convinced that a strong cooperation between both countries is a key condition to strengthening Europe's integration. Without it, Europe won't go forward. But I think that Angela Merkel and Nicolas

Sarkozy don't want this relationship to be an exclusive one. Both have very close links with the UK as well. And the new German Chancellor pays great attention to its privileged relationships with Eastern European countries that would not like to see the "Franco German directorate" dominate the Union. It will be interesting to see how the issue of the "Charter of Fundamental rights" will be dealt with; the British are strongly opposed to it, especially with regard to the social rights it asserts; the Germans are, on the contrary, very anxious to keep it in the treaty in the form of a binding text. I very much hope that France will help the Germans achieving that goal.

2. Europe's economy and the need for Europe to protect Europeans against globalization

The second question raised by the "simplified treaty" proposed by President Sarkozy concerns Europe's economy. The opponents of the EU Constitution in France succeeded in putting into question Europe's market economy. These opponents were either anti globalization militants (ATTAC) or were influenced by them. In France, globalization, far from being a blessing, is still regarded by many as a curse. Historical reasons explain French fears of globalization. Since the treaty of Rome farms and farmers have been protected by the CAP, and for decades the biggest companies were state-owned (even banks for a shorter while though), some of them being monopolies (EDF, GDF, France-Telecom) ...) and protected as such from international competition.

Against this background, the French President is determined to help French companies face competition in a free trade context. As soon as he took on his functions at the Elysée Palace, the new President began to push through a wide range of economic and fiscal reforms from tax-free overtime to new wealth and inheritance tax breaks. These reforms are aimed at modernizing France's tax

system to boost employment and the economy in a country whose growth rate still lags behind the other Eurozone countries' growth of rate. Other reforms, inspired by the Nordic countries' model, are due to ensure that the market place is more flexible and adaptable. Clearly the purpose is to be in line with the Lisbon strategy and to catch up with Germany whose growth benefits from the courageous reforms implemented some years ago. Shifting labour costs is crucial for the French economy. But France is France, and reforms are not always welcome. A few days ago, the new government ran into its first big political storm since taking office over proposals to increase value added tax (VAT) by 5 percentage points (to 26.6%) in order to fund the country's very costly welfare system. Trade unions, which have so far been seduced by President Sarkozy's efforts to consult them on reform, were also on the offensive on this issue.

This context explains why the President, in a more classic way, distances himself from the dogma of free trade, at least when there are asymmetric economic relations. The views he has expressed at WTO talks are quite explicit in this respect. In line with his predecessor Jacques Chirac, President Nicolas Sarkozy has said that France would veto any WTO agreement that did not satisfy its requirements on farming. *"For the moment, I cannot see the efforts made by the US, I cannot see the effort that India or Brazil is ready to make."* This statement refers not only to the farmers' opposition to the reduction of farm import tariffs, but also to the reaction of the European industries most exposed to global competition (textiles, chemicals, metals, mining and fertilisers) which have criticized Commissioner Mandelson for having changed his handling of anti-dumping cases behind the back of Member states... It also refers to negotiations on services which have been held up by India. This to say that the new French government is much more market economy oriented than the previous one, however it is still reluctant to accept a complete liberalization of

the European market. *“Europe must think about the European people. Europe must protect and not worry. Europe must prepare for globalization and must not be seen as the Trojan horse of globalization. Europe must be a political Europe”* stated the new President on his recent trip to Brussels.

3. Europe’s borders and Europe on the international scene.

There is one field in which the new President apparently doesn’t share the views of his predecessor. It has to do with Europe’s borders and foreign affairs.

As regards the issue of Europe’s borders, that’s to say Turkey, he recently said *“I believe that Turkey does not have a place in the EU. We’re going to have this debate on Turkey. But I think it would be counterproductive to raise it now”*. Will France give up pushing for a “common political declaration on the ultimate borders of Europe?” Will the French government try to avoid the opening of new chapters of negotiation with Turkey as candidate to the EU? I don’t know. President Sarkozy is a pragmatist, but he’s French and as such he also strongly believes – as I have said - in a political Europe, which means an integrated Europe. Along this line, he regards the European continent as a civilization whose borders are part of its definition.

As regards foreign policy, will we see a change? Again I don’t know. What everyone sees though is that President Sarkozy and, by and large French UMP politicians of the same generation are much more open to transatlantic relationships. The USA is seen as an ally and friend rather than an imperialist power, the traditional vision of Gaullists. Nicolas Sarkozy is also concerned with human rights’ issues. He’s not a “fatalist”. Facing reality, France will certainly have to accept that it’s very difficult to bring democracy to countries that have no democratic tradition yet with which however it’s useful to have

business and trade relations. For instance, Nicolas Sarkozy opposed the proposal of his female presidential challenger to boycott the Olympic Games in China to force the Chinese government to free political prisoners. At the last G8 Summit in Heiligendamm, he, like Angela Merkel, talked with Putin about Europe's concerns regarding violation of human rights in Russia. But he talked about Putin in a less tough way than he did during the presidential campaign, showing his desire to preserve good relationships with Russia. There's no question of seeing France, Germany and Russia organizing common press conferences before EU Councils as was frequently the case some years ago. But it's striking to see how the new French and German leaders avoid opposing Putin's cold war rhetoric (Ballistic Missile Defence System, Kosovo, Georgia, Baltic countries etc.) and make efforts to maintain the possibility of a dialogue. Is it the best way to address the issue of the relations between Europe and Russia? It's hard to know. What we know is that transatlantic relationship and policy of "neighbourhood" with Russia are undoubtedly two major challenges for the future of Europe. Both put into question Europe's political independence, regarding our defence's capabilities (transatlantic relations) and our energy procurement's safety (Russia).

In conclusion:

1. France will certainly be much more committed to Europe and will try to push ahead – along with Germany – its vision of an integrated political Europe.
2. This likely means developing "enhanced cooperation" which Nicolas Sarkozy deems indispensable to move ahead in major fields (immigration, justice, even tax issues)

3. The fact that Europe's growth rate is higher than that of France creates a favourable context to reconcile the French with globalization, but nothing has yet been done, and protectionist reactions are possible.

4. I'm convinced that France will be committed establishing new common policies (climate change, immigration for instance), but I'm not so optimistic with regards to a possible common policy in the most important field – energy – because the Member states have been very divided so far on the issue. Germany in particular seems to prefer to solve the problem through a bilateral relationship with Russia. In my view, if European leaders continue to act separately vis à vis Russia, the political independence of Europe may be, sooner or later, called into question.

5. In respect to foreign policy, I still believe that there will be a much more balanced view of the role of Europe on the international scene, especially with regard to the transatlantic relationship. But I'm not sure that the new French government will succeed in reinforcing the influence of a real common European foreign policy.

In a speech in Strasbourg devoted to Europe last February – “Je veux que l'Europe change”, Nicolas Sarkozy, presidential candidate at the time, set forth a bold program of political and economic change, seeing the two as inextricably linked to the future of Europe. Economic changes within the Member states, notably France, would lead to greater prosperity and to the end of Europe-bashing, i.e. using Europe as a scapegoat for anything and everything wrong in the nation state. Political changes on the level of Europe would mean progressively eliminating the unanimity requirement over a broad spectrum of concerns and thus moving Europe forward as a community not only in the economic but also in the political sense. But most of all, Sarkozy's “I want Europe to change” meant that the perception of Europe itself had to change, that is the perception of what Europe was and the perception of what Europe could yet become, precisely because without this perception of Europe's enormous

potential to act, without this *belief* in Europe among the people themselves of the member states, Europe's full potential could not be realized. So it is no accident, in this context, that the official portrait of the new President of France comes, for the first time, with the European Union flag side by side with the French, a very powerful symbol of the perceptions that must change in order for Europe itself to change and to move forward. And, as the saying goes, and as I think you will agree..."*a picture is worth a thousand words....*"

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