



THE EUROPEAN UNION IN TODAY'S WORLD

Creation – Development – Prospects

Kyriakos Pierides – Michalis Attalides



A GUIDE TO EUROPEAN POLITICS



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“THE EUROPEAN UNION IN TODAY'S WORLD, Creation – Development – Prospects”
 A Guide to European Politics

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The Guide for Educators for the study of the creation, development and contemporary course of the EU “*THE EUROPEAN UNION IN TODAY’S WORLD, Creation – Development – Prospects*” is an initiative of the Representation of the European Commission in Cyprus along with the Cyprus Pedagogical Institute of the Ministry of Education and Culture.

The drafting of the Guide was completed by the University of Nicosia.

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EUROPE, CYPRUS, OUR WORLD



Our world is becoming more and more complex. Problems permeate the borders of nations. Developments affect and interact with the relations and interests of the governments. All that is happening in the contemporary interdependent world directly affects, at times unpredictably, peoples' lives.

Acceptance is urgent in the 21st Century! No state, regardless of size and potential, can survive on its own.

Thus, how can we interpret this world which constantly changes?

What is our direction in terms of state and society?

How can we define our own future and the future of the new generation of Cypriots?

To this fundamental question, Cyprus and its people need answers.

Cyprus accession to the European Union and its active participation in the European family form the solid basis for the construction of these answers.

The core of the European Union's creation and existence is the consolidation of the greatest good for all member states: peace, safety and cooperation.

The European Union is a zone of stability which embraces its Member States in a world which, in the 21st century, remains difficult with old and new challenges, dangers and threats.

A historic overview of the 20th century reminds the younger generations that the EU is more than a "peace plan". It made friends and partners out of nations which in the past, fought unmercifully in battlefields.

The European Union established a powerful group of partners in the international economic environment, characterized by durable and intense competition.

Today it joins the population of 28 States, with more than 500 million citizens, in order to protect their common interests, to increase their wealth and to share their prosperity.

Six decades after its establishment, the European Union promotes the gradual union of its member states in a step by step economic and, subsequently, political unification. It also applies common politics for the management of geographical border issues. Thus, it shapes the conditions for a common path.

A common currency, the euro, is used today in the majority of the EU Member States.

In the sweeping effect resulting from the international developments – in politics, economy, trade, and technology – our choice to be consistent with Europe does not remove independence and autonomy from each Nation which is a member state. This will not happen for years yet to come, or if it does happen it will be within the framework of a future federation. Today, the voluntary transfer of responsibilities of the member states to supranational institutions of the EU, and intergovernmental cooperation, shield the existence and sovereignty of its member states, especially the smaller, less powerful and less populated ones. A lonely path in the conditions of globalization is extremely difficult for large nations, let alone nations with the demographics of Cyprus, with a population below one million citizens.

The EU is a supranational organization which encourages sovereign identity for each member state. The linguistic and other particularities which are related to national identity, the concept of unity through diversity, make up integral parts of the European culture. Historically and politically, Cyprus belongs to the European expanse. It adopts and shares the same democratic values as other European states, the functioning rule of law and the respect of human rights. These ideals are the foundation of Europe.

The EU promotes bonds of cooperation and solidarity between its member states. Internally, the EU ensures the safe living of its citizens, creating common grounds of rights and protection.

The EU also defines the relationship between member states and the rest of the world. In this difficult world, with many power poles, contradictory goals and continuous instability, the EU strategy can be defined by the lowest common denominator which may also not suffice. It is, however, a perpetual search, the highest challenge for the EU in the 21st century.

What are we looking for from Europe?

Cyprus is a member state of the European Union since the 1st of May 2004. Joining the European family was a conscious choice which ensured the support of all political and social powers of the country.

A basic parameter for accession was the inclusion of the Europe Union in the efforts of resolving the Cyprus problem and ensuring the viability of a reunited Cyprus within the European family. On this point unanimity was achieved among the political powers.

A large social majority agreed with the inclusion of Cyprus in the EU as a strategic choice of the Country in the era of globalization.

Finally, a part of Cypriot political and social life realized that inclusion in the EU would also be a tool for modernizing the Cypriot state and its institutions.

This threefold search remains relevant in the context of public dialogue, in the light of the experience of the first decade of the participation of Cyprus in the EU. Indeed, it acquires increasingly enriched content in the 21st century, as the new century has brought important new challenges. The basic points of this contemporary issue of discussion are the following:

The “catalyst” in the Cyprus problem

EU membership remains the catalyst for the resolution, as it helps in the settlement of a viable compromise to the Cyprus problem which is governed by the votes of the UN and the principles and values of the EU. The content of a solution needs to be in line with the European *acquis* and should consolidate the reconciliation of the two communities in Cyprus. The Turkish-Cypriot community agrees and realizes the gains from Cyprus joining the EU.

Stability in a fluid part of the world

Cyprus' complete geographical incorporation into the European zone of security and stability can only be advantageous. Slight research into the area around us provides proof. Middle Eastern and Northern African countries, just a few thousand kilometers away from us, are tormented by problems of destabilization, the absence of democratic institutions, and war and violent conflicts. Cyprus, despite its political problem, is internationally recognized as a stable and democratic nation, a stepping stone for the development of relations within the EU and our neighbor countries.

The escalation of worldwide competition

In the especially hard and competitive world environment which is marked by rapid shifts between developed and developing countries and challenges which know no boundaries, adjustment is a necessity. The current crisis, which started in 2008 from the United States, has influenced global

associations and had a large impact on Europe. To the vast number of unresolved issues which pre-existed, new challenges were added: the competition between the economies of Europe, the sustainability of social standards, the turn of world production towards Asia, the aging of the population, the increase in energy dependence, the consequences of climate change, the threat of terrorism and international financial crime, the spreading of weapons of mass destruction. European citizens aspire to an EU capable of shielding its member states and remaining an open society.

The continuation of Europe

The financial crisis exposed a considerable level of interdependence and also the structural weaknesses and the imbalance in the development of states and areas in Europe. Countries with economical depth, a strong productive base, more competency in their public administration and stronger institutions withstood the pressure of the circumstances. On the contrary, other countries have to deal with serious complications and pressures in a vicious cycle of decline. The financial crisis brought to light the issues of economic reforms and modernization especially in the Eurozone. The European financial governing system advanced, new mechanisms of support have been created, however the social impact of these reforms in the countries in which they were implemented most was not estimated to the appropriate degree.

Reforms and development

The modern agenda of Europe puts forward an extensive and ambitious program of reforms in all member states. The transformation necessary is linked to the freedom of markets and the upgrade of public administration member states. For Cyprus this process brought forth urgent issues that have long been diagnosed but not treated in the twelve years of its participation in the EU. Now a central priority in the modernization project is to strengthen the productive base of the economy and the exploitation of Cypriot human resources in order to ensure sustainable development and social protection of the population.

Prologue by the Minister of Foreign Affairs of Cyprus Mr Ioannis Kasoulides



The accession of Cyprus to the EU is undoubtedly one of the most important achievements of modern Cypriot history which set the political course of our country. A winding process, taking in account the difficulties and the circumstances of our time as well as the urgent need for success of the project could be described as a great diplomatic success. A fact which has given a clear position in the orientation of our foreign policy, bringing together a number of changes. Some institutional changes arising from the harmonization of the country with the *acquis* and other social changes related to the way in which people adapt to the EU environment and way of functioning.

Despite the disappointment caused by the way in which the EU chose to handle the case of the Cypriot economy in March 2013, by imposing a haircut on deposits, the EU accession has achieved one of the foremost aims: none other than the rights of citizens within governmental services. The EU has given access to all Cypriots to major European benefits, including ease of movement and employment throughout the EU member states.

It improved our quality of life by implementing sound policies for the environment as well as health and safety. With regard to Cyprus as a state, the benefits are undisputed, since the opportunity given to us as a small country to participate in the decision making of European policies has upgraded our role and profile.

However, there are many issues that need improvement, such as the need for effective use of European programs and the opportunities they provide, combating unemployment, as well as informing our Citizens regarding the EU framework in general.

The epistemological learning of the EU institutional and operational framework is still a major challenge for Cypriot society. Twelve years after accession the need to inform citizens regarding the EU way of operating but also the rights and obligations inherent in their status as EU citizens, today is far more evident. We must admit that the level of Cypriot awareness of the EU, although improving with time, needs a qualitative and quantitative improvement, something demonstrated by the various surveys and measurements of the Euro barometer.

It is for this reason that the drafting of an educational Guidebook on the European Union by the group at the University of Nicosia, under the scientific supervision of the Rector Michalis Attalides and main responsibility of text drafting by the journalist Kyriakos Pierides, a project that was commissioned by the Representation of the European Commission in Cyprus in cooperation with the Pedagogical Institute of the Ministry of Education and Culture of Cyprus, is a useful educational tool of the developments within the EU. The Guidebook aims to convey to educators, pupils and those who want to know and have a duty to know, of the basic parameters of EU Function, history, evolution and its contemporary politics. Through an interdisciplinary and critical approach, the book is a product of comprehensive research with original methodology and great diligence.

Through the pages of the book, the reader is invited to comprehend, inter alia, the relationship between Widening and Deepening, the framework of the internal market, to understand the role the EU wishes to play in the world through the Common Foreign and Security Policy, to understand the challenges the EU economic issues, as well as the opportunities and benefits provided by the EU to its citizens.

I congratulate those involved in the preparation of the Guide, which are entities that combine scientific knowledge, research, documentation and educational experience of schools in secondary education. I am convinced that such literary contributions contribute to the upgrading of informing citizens about EU affairs, while is also an important tool for those looking to experience the various aspects of EU functioning and policies

**Prologue by the Head of European Commission Representation in Cyprus
Mr Giorgos Markopouliotis**



For the past fifty years the EU has been changing the everyday life of hundreds of millions of Europeans – and many others. The consumer protection policies, some of the most stringent worldwide, ensure that the products we buy are safe. The Euro, the common European currency shared by 18 (soon to be 19) countries, protected us from the worst consequences of the financial crisis. The EU is the largest humanitarian aid donor in the world. The living standards of Europe have risen in recent decades precisely because of the existence of peace for which the EU has played - and continues to play - a leading role.

Nevertheless, across the continent in recent years certain voices find grounds to say “no” to Europe and to deny what we have managed to create in the last fifty years. At the same time there is a constant decrease in the participation of citizens in the elections of the European Parliament. A key reason for both these phenomena is the lack of information to citizens about Europe: its history, its institutions,

the way it operates and its achievements. Indeed, Euro barometer surveys show that Europeans - and especially Cypriots – need to be informed.

This is one of the core missions of the European Commission Representation in Cyprus. Through workshops, events, and direct contact with the Cypriots, we are bringing to the forefront policies of the Union and what Cyprus is doing in Brussels. This is why we worked with the Pedagogical Institute of the Ministry of Education and Culture of Cyprus for the development of this educational Guide.

Our ambition is that this project will give teachers the necessary tools to impart to their students fundamental information about the EU and its position in the world. The aim is for the citizens of tomorrow to be active Europeans. And this requires possessing the knowledge of what Europe is, how it changes and improves their lives.

Prologue of the Minister of Education and Culture of Cyprus Mr Costas Kadis



It is with great pleasure that we welcome the initiative for this Guide, which illuminates through the coexistence of theory and practice especially, important aspects relating to the EU and the formation of European culture.

The vision of building a single united Europe is transformed through the hope that people, beyond their own important and unique national consciousness, have a wider common country, that they are citizens of Europe. They realize that they are carriers of a single culture, shared by all, the European culture. They experience Europe as a multi-faceted entity which serves as an interactive meeting place between different cultures.

Undoubtedly the basis and starting point for the realization of this vision is education. This is why the main orientation of a modern European state should lead to the shield of human resources with appropriate training that will allow European awareness and broad

thinking. It enables them to be adapted to the rapid evolution of science and technology, to be productive and to promote knowledge, research and innovation.

In trying to understand European culture in various fields, it becomes obvious that a prerequisite is a comprehensive knowledge of history. In this respect the Guide covers this need by focusing on specific areas and events while, through specific sub-modules, its themes are enriched by the issues pertaining to social, political and economic history. The other major objective of the project is the construction of knowledge, in the process of learning, in a way attracting and actively involving students, by means of multidisciplinary and interdisciplinary approaches. The use of the Guide gives thus an opportunity to students for self-education and reflection, to expand their intellectual horizons.

I thank all those who contributed in any way in the preparation of this Guide. The completion of this effort was a challenge, not because it had to be implemented within a predetermined frame, but for succeeding in its goal: to highlight the elements which compose the characteristics of European culture and highlight its important mission in the global educational activities. Mostly, though, because it strengthens the effort for initiation of young people in European affairs in a direct and effective way.



1

THE ROOTS OF THE UNITED EUROPE





The European Union is a supranational organization that currently reflects the most advanced coalescence/union of states and peoples in Europe, based on common principles, values, interests and aspirations in today's complex world.

The European idea has existed in the previous centuries. It was necessary, however, for many events to occur in order for the EU to acquire the form and structure it has today. Indeed this form evolved under very difficult conditions following two devastating world wars in the 20th century. When the foundations of today's European Union were built, Europe was again divided into two rival ideological and military blocs. The European Union evolved as a continent of peace and cooperation, after 1990.

The idea of a peaceful Europe

The idea of uniting Europe goes back several centuries. One can detect it in the liberal currents that were developed after the Enlightenment and which highlighted the ideological and political concepts of human rights, equality before the law and the parliamentary system.

In the minds of European philosophers a united continent would end the constant confrontation of emerging European nation states. Some, like Emmanuel Kant and Jeremy Bentham, dared early on to think about a form of European confederation or federation to serve democracy and lasting peace.

Among the dramatic figures of European intelligentsia of the 19th century, Victor Hugo is the man who briefly formulated an entire ideology which remains relevant up to the present day: the United States of Europe

World Wars

The European idea was born but did not materialize because of the fierce competition of European empires and colonial powers, which eventually led to the First World War in the early 20th century.

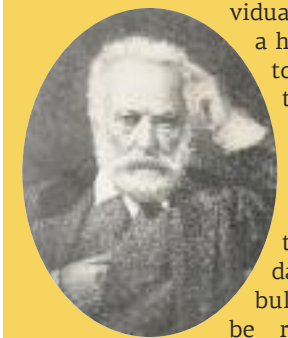
The interwar period followed. In this period the first attempts were made to realize the idea of European unification. Some idealists created the first European movements, such as the Pan-European Union chaired by Aristide Briand, Prime Minister of France in the Third French Republic. European ideas focused once more on the avoidance of destructive wars and were enriched by the need for economic cooperation.

The inspiration

The Lisbon Treaty is the European Union's current context base. 28 European states signed the treaty, which are today EU member states. In the preamble of the Treaty, the leaders of the member states state in the founding decision of the European Union, "inspired by the cultural, religious and humanitarian inheritance of Europe, from which the universal values of inviolable and inalienable rights of the human person, freedom, democracy, equality and the rule of law".

The "prophetic" Hugo

"The day will come when all the nations of this continent, without losing their distinct qualities or their glorious individuality, will merge into a higher unity and will together constitute the European brotherhood. There will come a day, when there will be no other battlefields than fields of ideas. A day will come when bullets and bombs will be replaced by votes. There will come a day when we will see the United States of America and the United States of Europe face to face reaching their hand towards each other across the sea."



Victor Hugo, 1849

But idealism is not enough to establish developments in international relations. Soon the European idea declined and gave way to the brutal aggression of some European powers against others, something that again plunged Europe in the throes of a new, even more brutal and bloody conflict: the Second World War.

Conditions in Post-War Europe

The political idea for the need to unite the states of Europe matured only after the Second World War and under the weight of its devastating consequences. This war was the most destructive in the history of Europe, essentially a totalitarian anguish for European nations. It left behind millions of dead, untold misery, ruined cities and crashed economies and societies.

Just like it nourished the most aggressive face of nationalism, nazism and fascism, the Second World War gave birth to the desire for as well as the objective conditions for European unity.

Winston Churchill is the politician who first responded to the tide of change in 1946, leaving the war in the past and with extraordinary courage and insight highlighting the need for a historic move towards European integration.

"There is a treatment that could within a few years make all Europe free and happy. This treatment is to create the European family again, to the extent that we can, and give it a structure capable of ensuring peace, security and freedom. We need to create a kind of United States of Europe..."

Churchill's greatest paradox was that he did not include his country, Great Britain, in Europe!

He is however the same man who quickly realized the new reality in the old continent. The strife on the battlefield was succeeded by a new political and ideological division in the form of the "Cold War".



The idea that led to the European Union

The Cold War



The end of WWII was also the end of an era for the major European states. Weakened militarily and economically exhausted, they lost their global power and influence. New forces prevailed among the winners of the war: the United States (US) and the Soviet Union (USSR), two non-European countries with a huge population and area, with highly developed heavy industry and high military capabilities.

The European idea was reborn, but this time on a global geopolitical map that reflected new de facto balance on the ground, as a result of the advance of allied troops from two fronts -West and East - until the final Allied victory over the Nazis.

The line for the division of Europe was understood prior to the end of the Second World War. Faced with the absolute defeat of Nazi Germany allied forces met and signed the Treaty of Yalta which divided the world into spheres of influence. Thus, Europe was split into blocs. In the last phase of the war, as German forces were collapsing, US and Soviet forces fought for liberation, but simultaneously competed for the control of the European territory.

Worldwide enthusiasm for the Allied victory in 1945 was quickly replaced by the escalating competition between the capitalist West and the communist Soviet Union. Gradually a number of contentious issues of postwar Europe, such as the weakening of Germany, the fate of Greece, the holding of multi-party elections in Poland were suppressed by the plans of the escalating confrontation between USA and USSR.

The differences grew until the late 40s, with the creation of two rival military blocs. The fate of European states was divided. Each country pulled its own way, choosing voluntarily or forcibly one of the two camps. The Cold War had begun...

The Iron Curtain

"A shadow has fallen upon the areas which were so recently lit up by the Allied victory. No one knows what the Soviet Russians and the communist international organization intend to do in the near future... We know that Russia needs safety on the western border against possible resurgence of German aggression...However; it is my duty to put before you certain facts, which deal with the current situation in Europe. From Szczecin on the Baltic to Trieste in the Adriatic, an iron curtain has fallen across the European continent. Behind that line lie all the capitals: Warsaw, Berlin, Prague, Vienna, Budapest, Belgrade, Bucharest and Sofia. All these famous cities and their inhabitants already in the Soviet sphere..."

Winston Churchill, 1946

The "Balance of Terror"

The post-war division of Europe into the West, under the influence of the US and into the East, under the influence of the USSR, resulted in the subversion of international politics that was to determine the fate of postwar Europe for almost the entire second half of the 20th century.

The two superpowers had military force which was no longer limited to conventional weapons but possessed the incredible potential of nuclear weapons, capable of dissolving entire countries in one moment. Immediately after the war they joined the "arms race". As they developed their nuclear capabilities, the more they exposed the planet to the risk of total destruction. The military doctrine of the US-USSR confrontation relied on increasing capacity for "mutual deterrence", i.e. on making the first nuclear attack impossible for each opponent. The first potential targets of nuclear attack were the European cities.

The Cold War was intense and affected European societies on both sides profoundly. It changed their political, economic and social organization. For half a century it held back the prospect of a common European path. The Cold War also deeply carved out the ideological and political orientation of governments and political parties.



The Cold War

The Iron Curtain

The Iron Curtain - Winston Churchill's speech

NATO and the Warsaw Pact

The West under the guidance of the US formed in 1949 the Northeast Alliance, NATO. This alliance clearly stated that in the event that one or more members were attacked, the others would automatically assist, as if the attack was against them directly. This was the relevant clause for mutual military assistance in NATO's founding Treaty.



The USSR reacted methodically and a few years later, in 1955, proceeded to the establishment of a counterbalancing agreement, the Warsaw Pact. The Treaty also provided a mutual military assistance clause and aimed at institutional subordination of the armed forces of the USSR's satellite states under the Soviet military administration.

USA and West Europe

Looking at the implementation of European integration, as expressed today by the European Union, one cannot ignore the influence of the Cold War. Since its inception the European Community as it was originally named, for half a century, involved de facto



Western Europe and the political process in the West in general. Indeed, it is a fact that the European idea made its first important steps through a US initiative to finance a gigantic program for the reconstruction of Western Europe, the Marshall Plan. This project was named after the US Secretary of State George Marshall and aimed to prevent Soviet expansion and influence in Europe.

Opponent coalitions never reached real military confrontation. They often stretched the rope testing the strength of the "Balance of terror", sliding into a constant threat of a nuclear holocaust over the cities of Europe.

The Marshall and Cominform Plan



The US and the USSR, as the two new superpowers in a strictly bipolar world, determined the fate of Europe. US President Harry Truman declared that his country would be claiming a role in world affairs and particularly in Europe for the interception of Soviet expansionism. The US Secretary of State George Marshall, committed to taking on The Truman Doctrine for Europe, announced in 1947 a plan for US funding for the reconstruction of destroyed Europe. The implementation provided for the establishment of a European organization responsible for the preparation and management of the reconstruction program. European states of Western Europe responded and formed the Organisation for European Economic Cooperation (OEEC), the current European Organization and Economic Cooperation and Development (OECD). American aid was offered to the East European states as well, but under the influence of the USSR they refused and founded their own separate financial institution for Eastern Europe, Cominform.

NATO and European Unification

The Cold War was a battle unto the bitter end for the rival camps. The Soviet system collapsed in 1989 and the Eastern Bloc dissolved. NATO's member states today are most of the EU member states. Also, the US and EU have very strong economic and commercial bonds. NATO's official website quotes: "It is often said that the North Atlantic Alliance was founded in response to the threat of the USSR. This is only partially true. In fact, the formation of the Alliance was part of a broader effort to serve three purposes simultaneously:

- Curbing Soviet expansionism,
- Prevention of the revival of nationalistic militarism in Europe through a strong presence in the northern east continent, and
- To encourage the political unification of Europe".

The European Council

The idea of European integration was also cultivated by the states and personalities of Western Europe. At a conference in the Hague in 1948, more than 800 personalities from 19 European States, set out the framework for establishing a European Parliamentary Assembly, drafting a Charter of Human Rights and establishing a Court of Human Rights. It was the political harbinger of establishing the Council of Europe in 1949.

The Council of Europe placed in the heart of its activities the consolidation of democratic principles, the rule of law and the protection of human rights. It was nevertheless, an organization with intergovernmental transnational cooperation, rather than a supranational organization that could unite progressively all Member states. It quickly became clear that the Council of Europe, and the structures created, could not follow the pace required in creating a purposeful unification of Western Europe, particularly France and the fledgling West Germany.

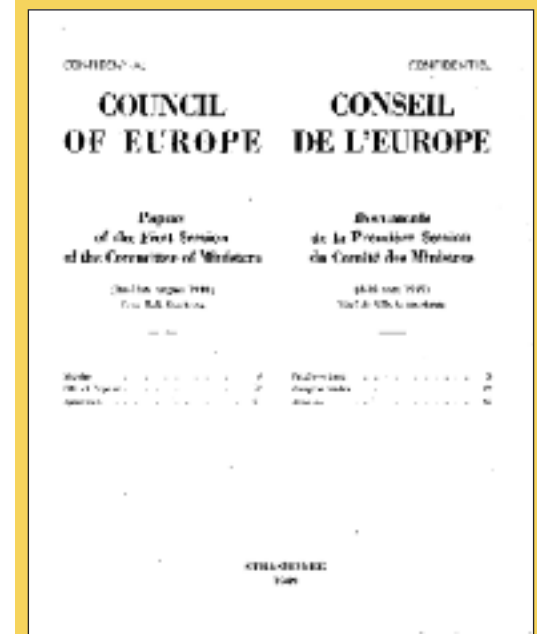
Bridges in the Cold Years

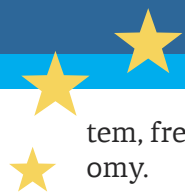
For more than four decades Europe had remained divided, after enduring two World Wars. The Cold War bipolarity profoundly affected not only international relations but also European societies and their citizens.

European states spent the years of the Cold War patiently, awaiting their successful reconstruction and development. The presence of the Soviet army in Eastern Europe as well as the economic dependence of Western Europe on the United States, were realities that they could not ignore. Nevertheless, the perception that European countries would have to solve their political and ideological differences through a new war never really endured.

Some enlightened political leaders and political activists, labour and social movements found a way even in the most difficult years of the cold war to transmit messages that kept the vision of a common European home alive.

In eastern Europe the People's Republics fell well short in terms of democratic organization, pluralism and civil liberties. Throughout the Cold War courageous pro-democracy movements stood out, in Hungary (1956), in Czechoslovakia (1968) and in Poland with the "Solidarity" trade union (1980), and challenged the Soviet model organization requiring a multi-party political system, a parliamentary sys-





tem, freedom of expression and a free - market economy.

In Western Europe the multi-party system and freedom of expression were established through the continuous struggle for greater democracy. Political, labour and social movements stood out, emphasizing social welfare and social justice needs, and challenging the purely capitalist mode of organization. There were also student protest movements against war, nuclear threat, and ecological disaster. Democracy could not be taken for granted everywhere. It was re-instated with great difficulty and delay in southern Europe (Spain, Portugal, and Greece).

These events penetrated the wall separating western from Eastern Europe. It was a long wait until European countries rediscovered ways to take history into their own hands.



The fall of the Berlin Wall - East Germany opens the borders (BBC News Report)

The Berlin Wall

The fall of the Berlin Wall - testimonials



2

THE EUROPEAN COMMUNITY!



By the end of the 40s' the post-war bipolar world and the political division of Europe were established. Each side of the Continent followed a different path. But the strategic "gaps" in the Western European countries were not filled. The greatest one of all was the fear of German militarism.

In 1949 Germany was divided into two states. On one hand there was West Germany that included the territories that were in the US, British and French occupational zone which was named the Federal Democracy of Germany. On the other hand there was East Germany that included the Soviet occupational zone and was named the German Democratic Republic. The division and weakening of Germany was wanted by all the winners of the war. In Western Europe, however, there was still the widespread fear that an aggressive military controlled Germany, could eventually return, even though the country was divided. Notably France insisted that permanent cooperation arrangements should be arranged with West Germany, to prevent the revival of the Ageless Franco-German enmity. This need became even more urgent when the USA put on the table the possibility of the rearmament of West Germany, given the overwhelming superiority of the Soviet ground forces in Eastern Europe and the escalation of the Cold War crisis in Korea. Under those conditions, at the end of the 1940's in order to find a safe alternative way for a full reintegration of West Germany in the international political and economic life, a powerful political search for the creation of a joint European venture was developed.



Protagonists in the discussion were the states and political elites who had a vital interest to agree amongst each other. France found at the face of the West German Chancellor, Konrad Adenauer, the Democratic leader who was fully committed to the fight to change the image and character of postwar Germany in Europe and the World. The cornerstone of Adenauer's policy was to exempt the country from the Nazi stigma and to historically reconcile with France. Three other smaller neighboring countries, Belgium, the Netherlands and Luxembourg felt the same imperative for reconciliation, both with the Germans as well as with the French. Geography had condemned them in half a century to be the battlefield for the warring armies of their powerful neighbors, paying a very heavy price. Having already promoted between themselves economic cooperation, the Benelux, the three states were anxious to join a broader coalition with France and West Germany transforming past enemies into permanent partners. Finally post-war Italy, led by Alcide De Gasperi, drew its own steady course for European integration having as top priority healing the wounds of the war and strengthening the economic relations with European countries, particularly France. All 6 wanted to mitigate the fresh terror-struck memories to finally close the chapter of wars in history and turn a new page.

When processes to establish the first European Community were triggered, the 6 political elite seemed to have been fully aware that they needed a new approach that would put the relations between them on a qualitatively different basis. Along with the main strategic objective of peace and reconciliation, these countries also sought a way to serve the operational financial needs in the reconstruction effort. Especially during the biennium 1948-1950, the discussion focused on the need to establish an institutionalized form of Franco-German cooperation in key industrial sectors. This approach reflected pragmatically a common reference point for a historic move forward.



The European Schools of Thought

The broader debate on the establishment of a social Europe, in other words the project unifying Europe into European communities, evolved in various schools of thought encapsulating the entire web of political and ideological trends of the time. The first school of thought, the federal, advocated the immediate establishment of a European federation with the renunciation of sovereignty by Member States.

The second transnational-union suggested a union of independent states with few restrictions on the sovereignty of its members.

The third "functional" approach raised the idea of an evolutionary federation formed through progressive integration and sovereignty transfer in areas where there was fertile ground, requirements, and political will.

The functional school of thought was the one that gained ground in France and Germany because it underlined greater pragmatism.

The Schuman Declaration

The French Jean Monnet is the politician who captured the political need for a practical plan for the acquisition and 'step by step' development of the common European project.

Monnet drew up the plan for the government of France and for the Foreign Minister Robert Schuman, who announced it on the 9th of May 1950, the fifth anniversary of the end of World War II. The Schuman Declaration is the one that laid the foundations for what we call today, the European Union. The declaration included three basic points:

- > Peace in Europe will only be ensured through the unification of the European States.
- > The European Federation is the ultimate goal. It cannot be done immediately but through common achievements of the European Nations and gradual steps.
- > The first joint achievements affect economic growth and are related to the admission of heavy industry's raw materials - coal and steel - under one common supranational authority.

The legal conspiracy

The Monnet plan caused a series of confidential consultations that went down in history as "a legitimate conspiracy". The French initiative found strong support from the Government of West Germany. Chancellor Adenauer was indeed the only European leader who had become a partaker of the proposal before the public, because without his consent there would have been no point in the plan. This was also accepted by the Netherlands, Belgium, Luxembourg and Italy.

Monet succeeded in meshing visionary goals for a future Federal Europe with the possible objectives of a European Community that would continue, for decades even, to be based on other sovereign nation states, but they would make specific qualitative links between them.

A key component of the Allied victory against the Axis powers was Britain. In postwar Europe, Britain also remained a force to be reckoned with in the new Western world. Yet the Old Albion chose to abstain from the new European project and to remotely monitor from afar. Britain rejected the Monnet plan considering wrongfully that it only constituted an individual development in the European transnational cooperation. The British government had focused its priorities elsewhere, investing in



The Historic Declaration

World peace cannot be safeguarded if creative efforts are not undertaken proportionate to the dangers which threaten it. The contribution that an organized and alive Europe can have to civilization is indispensable in maintaining peaceful relationships. Undertaking the role of leader of a united Europe for more than twenty years, France has always had as her essential aim the service of peace. However the failure to unify Europe, eventually lead to war.

Europe will not be created in one day or by following a single comprehensive plan: it will be built through concrete achievements which first would create real solidarity. The unification of the nations of Europe requires the elimination of the age-old conflict between France and Germany. The actions taken must first take France and Germany into accordance.

For this purpose the French Government proposes that action be taken immediately on one limited but critical point. The French government proposes to place the entire Franco-German coal and steel production, under a common High Authority by which the organization will provide opportunities for the participation in other countries of Europe.

The joint management of coal and steel production should immediately provide for the establishment of common bases for economic development, as the first stage of a European federation, changing the destiny of those regions which for many years were devoted to manufacturing weapons for wars of which they were always the first victims.

This configuration of solidarity in production between France and Germany will prove that a war between the two is not only unthinkable but materially impossible. The establishment of this powerful unification of production that shall be open to any countries which want to take part, ultimately providing



The Schuman Declaration

strengthening the transatlantic partnership with the USA. The Foreign Ministry of Britain was interested in neutralizing the potential revival of German militarism. The division of Germany served this goal. Furthermore, indifferent to the developments they considered the establishment of the Council of Europe as an adequate framework for intergovernmental cooperation.

But the main originality of the Monnet draft was under-appreciated by those who were absent. It did not relate to its objective – the economic cooperation – but the institutional framework, establishing a community with a supranational character and institutions, of a federal standard.

Monnet said characteristically: " We are not making alliance between states, we are uniting people".

The Fathers of Europe

Although Jean Monnet is considered the initiator and architect of the European Union, the pillars were a multitude of people with a deep commitment to peace and wounds healing, democracy as well as European unity.

Many of them were tested in their lives in numerous struggles for democracy against fascism and totalitarianism and then starred in the reconstruction of their countries. Among them were political leaders, resistance fighters, trade unionists, technocrats, farmers and intellectuals.

Pulled out of the painful experiences of their countries in two World Wars, Europe's fathers were also individuals with profound ideology and faith in public policy action, democracy and multi-party politics, but also with citizen participation in public affairs, national liberation and social struggles.

In political life, these people have contributed significantly to contemporary ideological currents in Europe that are expressed in public life through European political parties.

all participating countries the basic elements of industrial production on the same conditions, will lay a true foundation for their economic unification. This will be formulated simply and speedily with the fusion of interest, indispensable to the establishment of an economic community, creating the yeast of a wider and deeper society between countries that for a long time were separated by brutal conflicts.



Fathers of Europe

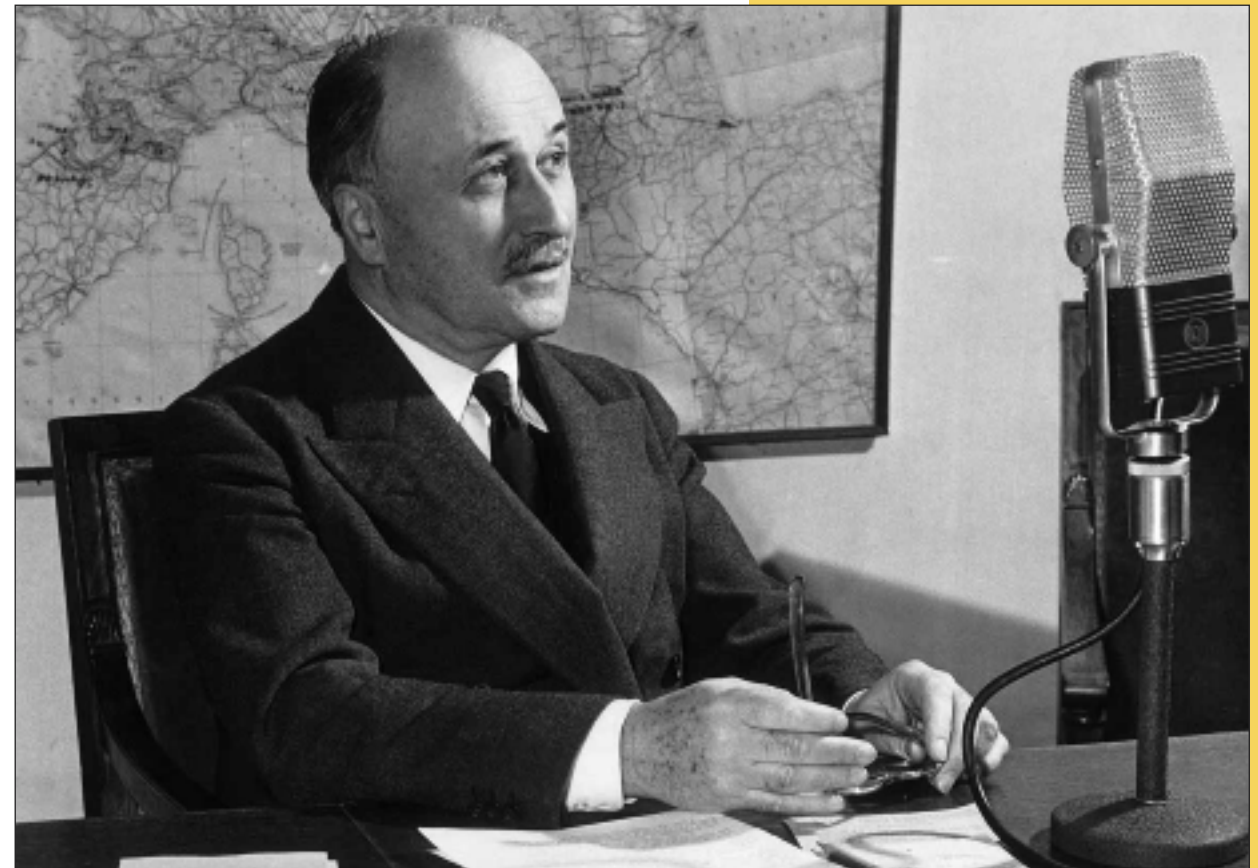


The founding fathers of the EU



The founding fathers of the EU

Jean Monnet, the Initiator



The initiator was born in 1888 in the town of Cognac in southwest France, was the offspring of a wealthy family of manufacturers and traders of the homonymous brandy under the name J.G. Monnet & Co. Maybe it's his experience as a winemaker that helped him design the European project as its main feature was patience until favorable conditions ripen. He later wrote in his memoirs " The most important thing about the production of cognac is that, above all, it teaches you to wait".

Monnet argued that Europe has no future if it remained fragmented in the maze of interests of each State individually: "There is no future for Europeans. Integration or disappearance". Monnet's deep European consciousness is explained by his era marked by the horrors of two World Wars. Today, peace in Europe is a self-evident fact. For the entire 20th century, however, even after the end of the world wars, nothing from what the Europeans are facing today was a given.



Jean Monnet- Memoirs, Ianos Publications

In the preface of the book Jacques Delors' indicates to the reader: "The mode of action bequeathed to us by Jean Monnet is: precise aim, through simple coherence in action". The French politician was never famous. He preferred to live in the shadow of major politicians of the 20th century, distinctive protagonist in major decisions. He used to say: "There are two categories of people: those who want to be someone and those who want to do something". Monnet chose the life of the latter.

The European vision in the words of Monnet

Step by step development

"Europe would not have been created in one night but with specific achievements that would have created, to begin with, a true solidarity".

The resistance of the States

"I waited for the time to attack with might against the national leaders in a confined section of their power".



Jean Monnet's Life

Monnet experienced both wars, that later guided his political thinking. From his life some of these experiences stand out.

First World War

From the first days of the war, very young and already in London, he undertook the preparation of the agreements of Franco-British cooperation to facilitate maritime transport and refueling. These agreements were instrumental in the victory of the Entente.

Second World War

With the start of the Second World War, Jean Monnet worked for two years in Washington as a trusted advisor to President Roosevelt in the war planning. The famous economist John Maynard Keynes wrote that Monnet was the man who shortened World War II by one year.

Postwar France

After the end of the hostilities, General Charles de Gaulle confided in Monnet the financial planning of postwar France and modernization of industry and agriculture with the resources of the Marshall draft.



The Three European Communities

On April 18th 1951, the "6" signed the founding treaty of the first European Community: the European coal and steel community, the High Authority of which is the precursor of the current European Commission, with the first president of the supranational institution being Jean Monnet.

The Western Europeans experimented then for a short time with the establishment of a second community, the European Defense Committee. The need for common defense was the result of the fear of Soviet military superiority. Monnet pioneered this idea, but the project was too ambitious for its time. The EDC's experiment did not succeed because it concerned the hard core of national sovereignty, foreign and defense policy, where the pressure of the Cold War bipolarity gave only one outlet for Western European leaders: the guarantee of the security of their countries from the USA through the NATO alliance.

The failure of the EDC caused frustration to Monnet but did not weaken the European unification endeavor. The momentum quickly recovered through the suggestions given for further economic integration of the "6" in areas such as trade, transport, energy, aircraft construction. These areas recorded strong common interests that were much more feasible to implement in projects with the model of communities.

On March 25, 1957 the "6" signed at the Capitol of Rome the Treaty establishing the European Economic Community and the European Atomic Energy Community or Euratom. The EEC had an extended scope, while the EAEC had a more specialized purpose concerning the creation of necessary conditions for the peaceful use of atomic energy.



Coal and Steel

Dramatic objectives underlying the draft of Monnet alone were the political realism and imperative need that gave impetus to the European venture. The merging of coal and steel under a single authority -the European coal and steel community- served the specific operational needs of the heavy industry of steel - the cornerstone for the reconstruction and development of the European economy. The investments in this sector should be coordinated in order to exploit domestic raw materials, anticipate the demand needs and maximize competitive advantage on price.

Coal and steel were also core subjects of the war industry. The subject of joint control makes a new conflict between France and Germany impossible.

EEC: The stages of the Common Market

The most important Committee was the EEC as it outlines the prospect of the formation of a Common Market in developmental stages that contained:

- The removal of internal duties and quantitative restrictions (Free Trade Zone)
- The adoption of common external tariff
- The creation of a customs union
- The progressive removal of barriers to the free movement of persons, goods, services and capital

The EEC also included the implementation of common policies such as in agriculture



The stages of the multinational integration process



Council and Commission

The Treaties of Rome for the EEC and EAEC had established a new organization model with two institutions: the Council and the Commission. From the one hand the two institutions reflected a realistic balance between the will of Member States to implement the common project of European Communities, but also to ensure their national interests. So it was assigned to the committee as a supranational authority, to build the common European interest and to the Council to reflect the positions of the governments.

The European Parliament

The third institution that exists today in the European Union is the European Parliament which was established through parliamentary representatives of the State Members. Much later it acquired the dimension of direct exponent of the will of peoples and citizens. The direct election of the European Parliament was only introduced in 1979. The same happened with the devolution process in the European Parliament, which evolved very slowly initially by adopting and approving the first European Budget.

The Resistance of Sovereignty

The evolution of the European Communities was not an easy path on a straight line. The first critical decade was marked by internal regressions that were related to the persistence in preserving the

The Eurosceptic General

De Gaulle saw the European communities' techno state organisations. He espoused that he could follow the doctrine of European homelands. He rejected the Community logic according to which the gradual economic integration would lead to political unification. He wanted for the sovereign states to be the first violin.

Therefore he sought to limit the supranational character of the committee inducing institutional paralysis and stagnation of the European Committees. He blocked the financing of the common agricultural policy and conferred powers on budgetary matters in establishing a new institution in the European Parliament. He rejected the application of rule of qualified majority voting in the Council to be applied from 1966 onwards. The ministers of the French government boycotted the sessions of the Council of Ministers implementing the "empty chair" policy. The peculiar French leader also argued that France could have an independent role in international affairs as a nuclear force. Two times in the 60's he vetoed the accession of Britain describing Britain as the Trojan horse of the United States in Europe.

The Failure of the EDC

In the early 50s the Cold War had intensified and the Korean War was in development. The Western European countries along with France felt the fear of Soviet expansion and examined ways for the rearmament of West Germany into a common European army corps. While the Treaty on the European Defense Community was concluded, its implementation was rejected by the French National Assembly, under the pressure of French public opinion..

The RDI was replaced by the Western European Union, established in 1954 with the participation of Britain, and provided the recovery army and recovery of sovereignty over West Germany in connection with the accession of NATO. It essentially constituted of the European defense army of Western Europe which in practice was absorbed by NATO.

sovereignty of the Member States, even more so to the more powerful ones.

Protagonist of the regressions was the French General Charles de Gaulle, who was elected President of France in 1958. With embedded beliefs and objections to the European project of integration and the transnational importance, De Gaulle provoked unprecedented institutional crisis in the Community. The crisis was defused only when de Gaulle was satisfied with the introduction of a clause on the right to veto decisions of the Board for each Member State of the Communities when pleading vital national interest.

A second serious test at that time had again starring De Gaulle. Source of conflict this time was the intention of Britain to join the EEC. In 1961 the Macmillan Conservative Government applied for membership and was followed almost immediately after by applications from Denmark, Ireland and Norway. De Gaulle had once again reacted unilaterally exercising veto because he did not want the British in to the EEC. He did the same in 1967 citing economic reasons.

Britain did not withdraw its request for accession. The delay however, also kept the other concerned countries out, which combined their accession with British membership.

"Eurosclerosis"

The long period of paralysis lasted a decade, the decade of the 60s. In the history of the European Communities it is identified as the period of leadership of de Gaulle, characterized as the period of Eurosclerosis.

The resistance to the European unification endeavor through national sovereignty by de Gaulle was not a single phenomenon. In the development of the European project it became clear that progress depends largely on the willingness of Member States, especially the powerful ones. One weighty parameter was -and still is in the contemporary EU- the level of coordination of the interests of France and Germany. An important role is also played by persons who lead governments.

The 60's were marked by the figure of De Gaulle, but the phenomenon of Eurosclerosis remained for several years despite the fact that the next leaders in France and Germany were committed to the European idea.

Britain: 180 Degrees Turn

Britain made a 180 degree turn against the project in five years. In 1955 Britain was invited to participate in the processes for the creation of the EEC. Sent to a meeting, Deputy Bretherton Russell argued that the project was stillborn: << I am a serious public official and it bothers me to lose my time without excusing the little money that I pay my government>> he supported. In post-war Europe, Britain tried the option of setting up a free trade area with the Nordic countries, the EFTA, but achieved very limited results. So when he realized that the benefits brought about by the common market were promising, he was quick to apply for membership to the EEC.

European leadership and guidelines

De Gaulle proved that the personalities leading the Member States significantly affected the pace of the European project's development. This fact was confirmed by the events that followed. After the De Gaulle era, two new leading figures emerged, the French center-right moderate Pompidou and the German Social Democrat Willy Brandt clairvoyant mayor of West Berlin, both of whom tried to renew the momentum of European integration.

The election of Pompidou to the French presidency marked a major shift for the reconnection of Paris with the European integrative project. To this approach, Pompidou found the proper way to confer with the Social Democrat chancellor who also believed in a "Community Europe". Their successors moved on the same path, Valery Giscard nte'Esten and Helmut Schmidt, creating prosperous grounds for the political conditions between Paris and Bonn moving towards a promising prospect in the consolidation of Europe.

The most prominent extension of the resistance of sovereignty even beyond the De Gaulle season was in the 70s the systematic blocking of the implementation of European directives on anti-discrimination in the internal market. Protagonists were the governments on various pretexts, provisions and internal regulations imposing restrictions on the movement of products to protect their own ones.

The abilities of the european communities

The European Community was strongly hit by the resistance of sovereignty but offered tangible results to the prosperity of its citizens. It developed its own institutional arsenal maintaining the momentum of integration in the difficult years of Eurosclerosis.



The International Environment

Two decades after the establishment of social Europe, the international environment had changed drastically. There was a rapid decolonization and the creation of dozens of new UN Member States. The liquidity of the Cold War remained with varying intensities and bold initiatives raising international tension and controversy. The international economic environment also began to change considerably with the challenge of the first energy crisis and the development of the first mechanisms of globalization through gradual repeals of duties and quantitative restrictions on international trade. All these events highlighted the significance of a European trading bloc.

The benefits of the first two decades were more than obvious. The European Community supported the reconstruction of European industrial and agricultural production of the "6" founding members. It also formed a common policy in foreign trade, achieving significant performance in world trade. The economic recovery had brought increased prosperity for Community citizens and allowed to activate the provisions of the Treaty of Rome setting up the customs union.

The customs union, completed in July 1968, progressively abolished customs duties within the Community.

Then the six agreed to make another step. They set on the table of discussion to give a boost, from 1970 and thereafter, to the completion of the Common



Market with emphasis on the free movement of people in the Community.

With these achievements, the European Community further developed to such an extent that made Britain abandon its own trading bloc with the Nordic countries and in 1973 join the European Community along with Denmark and Ireland.

In addition to the significant achievements the European Community made some noteworthy institutional steps to create its own means of progress and development.

The three European communities were merged with the creation of a joint Council of Ministers and a



joint committee in 1965. They then used and gradually introduced the name European Community rather than the previously used terms EEC or European Communities.

For the first time they also decided to establish a mechanism to provide the European Community's own resources. The acquisition of its own resources attributed to the European Community alone as an entity to be able to develop and finance common policies to a wider range of activities. Also, the community was able to make a redistribution of resources in the form of solidarity between Member States and regions with higher or lower growth.

The issue of the collection of the European community's own resources is since then a strong unifying and agglomerating dimension.

The creation of a budget for the European community, later in 1979, also led to the institutional status of the European Parliament with elected members, elected directly by the citizens and a new division of powers with the Council and the Committee.

In the evolutionary process of European integration another instrument of the European Communities played an important catalytic role in the phenomenon of eurosclerosis, the Court. In critical decisions, it was its own case law on the free movement of products, the neutralization of quantitative or other restrictions that were introduced at will in some of the Member States as well as the application of the primacy of European law, helped to prepare a boost for the integration process.

Thus, the European Community had put in complete layout three supranational institutions, devoted to defend the European unifying project that in collaboration might influence developments: The European Committee, the European Parliament, and the Court of European Committee.

At that time juncture, the European Community from a silent timid gradual consolidation process stumbled on the need to confront its ultimate future. The dilemma ahead was clear, summarized in two central aspects of its development: the integration and deepening.



3

EUROPEAN COMMUNITY IS GROWING, CHANGING...

The European Union



Member states of the European Union (2013)
 Candidate and potential candidate countries

From "6" to "28"

The history of the European Community began during the '50s. Some say that it was a technocratic organization, an affair of the elite. Today it has proven to be the opposite. The Union evolved into a human adventure, according to Jacques Delors. From the European Coal and Steel Community with 6 founding members the European Community grew and changed into a Union in which 28 member states and their people are joined together, almost covering the whole continent geographically.

This development has been known as "The Enlargement" It not only constitutes geographic expansion, but at the same time it creates a two-way process of influence, of each state joining as an individual member and as a reflection of their common European edifice.

Today's European Union, through successive waves of expansion, has in fact entirely changed!

Enlargement has brought together the major adjustments in institutions and functions of the EU. It also brought significant rearrangement of the Union's economic power and resources. Mostly, however, the enlargement and the participation of new members gave strong stimulation and completeness to the appearance of a united Europe. The influence of the EU is now much greater than the simple sum of its "28" parts.

EU enlargement evolved in successive waves since the early 70s and continues until today. Each country who was interested in becoming a member was obliged to follow the various predetermined stages until the final accession which were defined by the then European Community. However, each wave of expansion, beyond the technical procedures, had its own pronounced political characteristics and specifics that gave a new dynamic development to European unification. To date the enlargement is a leading development for the EU in the international scene that confirms its dynamic position in the world.

The stages for accession

For a nation to reach final accession to the EU, various stages of procedures must be completed. In the final stage the procedures reach a climax following long and persistent technocratic negotiations for the accession between EU and the member states. Their objective is the adaptation of candidate countries in the "Acquis Communautaire". Final accession to the EU marks a total shift of the new member state into this new world. It is not just a participation in an international organization like the UN or the Non-Aligned Movement. The new member states participate, interact and share with the European family as an integral part of it.

The stages of accession are:

- Signing the Association Agreement*
- Customs Union*
- Submission of application for accession*
- Nomination of a candidate for accession*
- Decision of the Council of Ministers for the accession negotiations to begin*
- Negotiations for chapters of policy and legislative adjustment*
- Final agreement on all chapters*
- Signing of the accession treaty*
- Accession*

Who decides for expansion?

The decision for expansion is a highly political process that requires the unanimous decision of the Council of Ministers, ie the existing EU member states. This means that every time, at every stage, consent, convergence of interests and broad consensus are needed to determine the collective path of the new member states. Every time we need a renewed "common denominator" and this applies to every stage of the process.

The context of the negotiations is prepared by the European Commission, while the main negotiations with the candidate state for accession are carried out by the Council, within a transnational process, called the Intergovernmental Conference. A ratification process by the European Parliament and all national parliaments of existing member states is also required. Cyprus experienced its own accession process intensely as in each stage it had to overcome objection policies of member states relating to the political problem of Cyprus and its impact on negotiations under the UN and the relationship of the European community with Turkey.



The 1970s: The first expansion

The first expansion marks the termination of British detachment from the European Community. Together with the United Kingdom, Ireland and Denmark negotiated and joined the European Community. The three countries joined together because of their strong historic and economic bonds.

The accession negotiations proved extremely painful. For several years there was a constant political tug of war between the French and the British because the first considered the others as "less" Europeans and the latter did everything possible to confirm it. However, they also had serious economic differences. The British economy did not have a strong agricultural sector and had to pay disproportionately less budget contributions for the purposes of the Common Agricultural Policy (CAP), from which French farmers benefited the most. This fight continued for many years until Britain gained special treatment as well as a refund.

The United Kingdom, Ireland and Denmark became full members of the European community in 1973. Britain's accession especially gave the European community power and established it as an appreciable international economic power, hegemonic in Western Europe. The inclusion of Britain fortified the development of the European Community, on the one hand with its "Atlantic" orientation, that is, the special relations with the USA within the framework of NATO, and on the other hand with the introduction in the intra-European discussion of the "opt-out" logic, namely the special arrangements exempting a member state from the collective duties that all the other member states undertake.

Norway's solitary path

Norway was included in the wave of expansion along with Britain, Ireland and Denmark. It completed the accession negotiations with success; however the Norwegian people expected their own separate march towards prosperity, taking advantage of their large oil and natural gas reserves. The Norwegian people rejected the opportunity to join the EU through a referendum.

Cyprus Association Agreement

Cyprus signed the first Association Agreement with the European community in 1973, precisely because Britain joined. The political and economic shift of the United Kingdom's position within the international scene and its membership of the European Community has had a significant effect on the British Commonwealth states. In those conditions Cyprus "boarded" the European vehicle, having mostly commercial incentives in mind.

The Association Agreement was crucial for Cyprus after the events of 1974 and the de facto division of the island, because the Cyprus Republic created the legal basis for proceeding through each stage until finally joining the European Union.



The first expansion (1973)



The 1980s: The second and third expansion

The Entry of Greece

The second expansion solely involved Greece. It took place mostly with political incentives of solidarity towards Greece, in an attempt to stabilize it and to establish its democratic republic after the seven-year military junta and the decades of internal split rooted at the civil war erupting during the end of World War II. Leader of the application submission in 1975, one year after the establishment of the democratic republic, was the leader of post-junta Greece, Prime Minister Constantinos Karamanlis.

Karamanlis hoped for the enhancement of Greece's position towards Turkey and at the same time developing the economy of the country in line with western European standards. The political criteria for Greece's entry were obvious if one takes into account the European Commissions' opinion on the Greek application which was mostly negative, especially on the levels of financial development and the adequacy of public administration to take on the demands of a full member state of the European community.

The Council of Ministers however did not accept the Commissions' opinion, and decided that the establishment of a democratic republic in Greece prevailed thus determined the beginning of entry negotiations in 1976. The negotiations for entry were finalized by the signing of the Athens Agreement on the 28th of May 1979.

Greece became the tenth member state of the European Community in 1981.

Constantinos Karamanlis:

"Greece belongs to the West"

In the first years of post-junta Greece there was immense internal discussion about the political orientation, as an allied country in NATO and the potential for entry into the European Community. Constantinos Karamanlis firmly stood his ground in that "Greece belongs to the West". Catalysts for Greece's entry were Constantinos Karamanlis' authority, the firm support he had from European governments for the Greek western political orientation and the personal relationship he had with the French president Giscard d'Estaing and the German Chancellor Helmut Schmitt.

The ideological differences in regards to Greece's entry into the European Community eased after the rise of the Socialist Party (PASOC) to power.



Spain and Portugal's accession

Greece set an example followed by Spain and Portugal, who asked for their entrance into the European Community on the basis of establishing political stability after the collapse of the dictatorship. The two countries submitted an application for accession in 1977, but needed eight years of negotiations to finalize the entry agreement. Negotiations focused on the extensive agricultural sector of both Iberian countries, as well as the competition with France and southern Italy. To overcome the difficulties they faced, they had to organize a new basis of community markets with new quantitative restrictions of fruits, wine, vegetables and olive oil. Spain and Portugal joined the European Community in 1986.

The three first expansions caused important shifts in the political and institutional construction of the European Community, empowering its cohesion.

The least developed member states, Ireland, Greece, Portugal and Spain pursued the transfer of most of the community funds for their economies, asking for the bridging of their developmental gap. In 1975, the European Community created the European Regional Development Fund (ERDF). In 1985, following tough negotiations they established the Integrated Mediterranean Programmes (IMP) for seven years, to enhance the substandard areas of the Community. During the 1980's the redistribution of funds to regional areas of the Community gradually increased and covered 25% of the Community budget.

Expansion towards the Mediterranean re-ignited the United Kingdom's demands for refunds due to its disproportionate contribution to the Community budget. In 1979, British Prime Minister Margaret

Socialists: "Europe of the people"

In the political sector the Mediterranean dimension of the European Community strengthened the modernizing pro-European trend of European Socialists and the center-left political forces that dominated politically in the 80s in the southern Mediterranean. The rhetoric of the past decade for the "Europe of monopolies" receded quickly and gave way to the modernizing perceptions of a "Europe of the people" and a "Europe of solidarity".

Central role in the negotiations for Spain and Portugal's entry was played by the close political relations between Francois Mitterrand's socialist government in France and the socialist governments of Felipe Gonzales in Spain and Mario Suarez in Portugal. The socialist government of Greece under Andreas Papandreou also took part in the march towards political Europeanisation, letting go of their previous generalized anti-western rhetoric.

The "Iron Lady"

Margaret Thatcher ruled the British political scene from 1979 to 1990. Carved in modern European history is her unusual – for international diplomacy – statement in a summit of European leaders: "I want my money back!"

The unresolved issue between European leaders over the distribution of money is not unusual at all in today's European Union, especially when it comes to negotiations over the multiannual European budget.



Margaret Thatcher

Thatcher claimed and was given large compensation which came up to two thirds of the British contribution to the Community budget.

The fourth expansion

The fourth expansion was implemented after having mediated momentous events that led to the end of the Cold War in 1989-90 and the European Community was re-named to European Union. A number of countries of the "old" Western Europe which maintained their traditional privileged relationships with the European Union were now knocking at its door to become full member states. The "rain" of membership applications confirmed the fact that while the Union deepened the procedure of its completion, it served as a powerful pole of attraction for advanced and rich European countries, such as Austria, Finland, Sweden, Switzerland, as well as Norway with their second attempt to join.

Finally, out of the five, three became full members of the EU: Sweden, Finland and Austria. Negotiations for accession advanced quickly and were completed in the spring of 1994 with no great difficulty. The countries to join were already familiar with the European acquis as they had already agreed with the EU in the establishment of the European Economic Area (EEA) from 1992. EEA provided for the extension of free movement of goods, capital, workers and services which cover a large part of the acquis and at the same time the European Common Market had been implemented as well. In this stage of membership negotiations everything went smoothly, however a new dimension appeared to influence the enlarged Europe, concerning the increase in the number of its member states. It needed persistent negotiations for the system of decision-making in the council, and the way in which qualified majority voting would take place.

The EU of "15" acquired new depth in quality and geographic expansion from the Arctic Circle until the Mediterranean, as well as increased contributions to the community budget. The Scandinavians also added their deep democratic traditions to the common European project, as well as the clarity of their institutions, the relationships between public administration and its people and their interests in the protection of the environment.



The issue of neutrality

The fourth expansion signaled the overcoming of obstacles which the Cold War was causing for decades which influenced the traditional neutrality of Austria, Finland and Sweden. Their applications were submitted during 1989-1992 at a time when the Cold War conditions finally ended in Europe. The decision of the EU of "12" to proceed to a tighter unity, also in the sector of Common Foreign Policy and Political Security Policy, was not perceived by Austria and Sweden as a conflicting action to their "neutrality". Finland on the other hand, promoted its entry to compensate for the heavy shadow of the once Soviet Union and its successor The Russian Federation.

Switzerland and Norway

During the process of negotiations Switzerland withdrew its application following a referendum resulting against membership in the European Economic Zone which was a small caliber development, but was found undesirable from the Swiss people.

Norway completed the membership negotiations successfully in 1994. However, in the referendum that followed, the Norwegian people preferred again to maintain a separate path of privileged commercial relations and the uncommitted management of the natural wealth of the country.

The large expansion:

Reconciliation of history and geography

The next expansion of the European Union is a historic landmark of ending the past division and initiating Europe's transition to the modern world. This process began with the collapse of the existing socialism in 1989 and was empowered by the German reunification and the strong will of most European states, both in the west and the east, for the final abolition of the dividing lines in the Old Continent .

The "large expansion" occurred in the 15 year period of world historical changes after the end of the Cold War and can be characterized as the "Golden Era" of the European Union. A historic turning point during which the new democratic and expanded Europe of the 21st century emerged and where for the people and nations that joined the European Union, for the first time in centuries, history reconciled with geography.

"We have to construct Europe not only in the interests of the free world, but also to be able to incorporate the countries of Eastern Europe when, after their freedom from the regime to which they were subject, they ask us to accept them in Europe ..."

Robert Schuman

"Envision Europe. Let's imagine a continent of peace, without barriers and obstacles, where history and geography will have finally reconciled..."

Valéry Giscard d'Estaing



The Copenhagen criteria

During preparation for the large expansion, three years after the collapse of the Berlin Wall, the European Union set criteria which a country must fulfill to join the EU. The decision was made in the Copenhagen European Council which took place in June 1993. Three criteria for membership were set which remained in the political terminology as the "Copenhagen criteria".

Political criterion: stability of institutions which guarantee democracy, the state of justice, human rights and respect and protection of minorities.

Economic criterion: the existence of a functioning market and ability to cope with competitive pressure and market forces within the Union.

Criterion of the Union acquis: ability to take on the obligations arising from membership, including adherence to the aims of political, economic and monetary union.

The political criterion was a key prerequisite for the European Council when deciding to open accession negotiations with any country. The other two criteria were related to the accession negotiations that would follow. This confirms that the issues of respect for democracy, the existence and operation of a rule of law, respect for human rights, including the rights of minorities, were and are still the heart of European values.

In the course of enlargement, the EU added another criterion for inclusion and it concerned the capacity of the Union itself to absorb new members, while maintaining the momentum of European integration.

The Copenhagen criteria were essentially a blueprint for political, economic and social reform in the countries of the former Eastern bloc. However, the issue of enlargement was both a leading moral and political challenge for the European Union, an appointment with destiny. In the perspective of transformation into an autonomous international actor, the EU would also acquire a larger geographical area, population and economic power. In the economic sphere, the benefits were not immediate, as CEE, Central and Eastern Europe was devitalized economically and socially and contributed to the increase of only 5% of EU's GDP.

NATO - EU: Parallel expansions

The status of the European Union as a force removing Cold War divisions underlies the whole process from its establishment. This historic gamble after the collapse of the Berlin Wall, dividing the countries of the former Eastern bloc, took on a strong political momentum covering the security aspect as well. It was a coincidence which reflected both the will of the US and the countries of western Europe, as well as the will of the central and eastern European (CEE) countries to irrevocably join the security, stability and development of the west. Regarding the institutional architecture of the European Union, this development was identical to pluralist democracy, multi-party and open society with a market economy. Regarding the western security system, it was concerned with inclusion in the covenant of the North Atlantic Alliance, NATO. The desire to get things moving in this direction swept across Europe. In political terms it occurred in two parallel paths for the creation of new geopolitical and economic conditions in Europe in the context of the emergence of a multipolar world of the 21st century:

- the NATO expansion eastwards
- the major enlargement of the European Union.

Geo - strategy and Globalization

In most cases a country's accession to NATO occurred before membership in the EU. At a geo-strategic level, the eastward enlargement would shift the outer limits of the EU's border with Russia. Obviously it was not a coincidence that the EU enlargement eastwards evolved over the more solid steps that NATO created, as it promoted its own expansion. This parallel proceeding gave American security coverage to Europe against the warring of diverse tendencies and ambitions of Russia. The dual dimension NATO - EU also reflected the anxiety of the CEE countries to be integrated in the west. However, the real consolidation of the participation of the countries of the former real socialism in the globalized environment, was achieved only by adopting a full European status, that of a full member of the European Union.



Germany: The dynamics of reunification

The cornerstone of cosmogony in Europe was the reunification of Germany. This development during 1989-1990 was a great challenge in the course of international relations for transition from the Cold War era to a new, more promising future. Germany had to find the path of reunification, ensuring both the consent of Russia, but also support from European partners.

The major EU enlargement was primarily a big political project which was accelerated because of the coordination of interests of the west as a whole: both the US and the powerful European countries. The German political elite placed enlargement as a top priority in its foreign policy after the historic reunion. They did so having correctly assessed that the accession of new members from eastern Europe would be a major shift of the EU's center of gravity to the benefit of Germany. This perspective was subsequently supported by the United Kingdom for geo-strategic reasons, but also for the estimation that the mass participation of new member states would strengthen the intergovernmental nature of the EU, which is the key line of European policy. Finally, France had accepted the idea of enlargement, having Germany's commitment to the common currency, the Euro. Paris also perceived enlargement as the complete achievement of the irrevocable process of European unification.



German reunification: A Confession...

The closest associate of Chancellor Helmut Kohl admitted to Deutsche Welle on the 20-year anniversary of German reunification: "We had to launch the process with great care. The idea of German reunification was causing reactions, fears and prejudices. Not only in Moscow, but also in western European capitals as well. The Italian Prime Minister at that time, Giulio Andreotti, had said that he loves the Germans so much that he prefers them to remain divided. Margaret Thatcher had also raised strong resistance. We Germans had to win quickly and decisively the trust of our allies. We had to convince them that a united Germany would remain committed to Europe and implement a policy of good relations with Russia..."

Cyprus and Malta formed part of the large expansion as the Mediterranean dimension. In essence "they boarded the train" as part of a larger matching of interests in the European Union and the US in a development that could not be stopped. In Cyprus' case the mobilization of strategic interconnections and the diplomatic ingenuity of people with knowledge and authority in Europe, managed to eliminate the obstacles faced, notably in relation to the existence of the unresolved Cyprus issue.

The accession negotiation process

The large expansion evolved in several phases and eventually included twelve new Member States, ten of which, including Cyprus, joined in 2004 and two in 2007.

The starting point of this process for the CEE countries was the conclusion of specific association agree-



ments with the EU, because they had to start at a very low point of the painstaking process of harmonization.

In 1995, Cyprus followed by Malta, gained a slight advantage, receiving a positive decision to start their own membership negotiations, in a visible time frame. By the end of 1995, the EU formed the first group of accession, which included along with Cyprus and Malta, Poland, Hungary and the Czech Republic, three countries that had successfully promoted their relations with NATO and were evaluated as States ready for accession.

Then, membership applications "came down like rain" from CEE countries and procedures within EU matured politically, giving the enlargement an "explosive" dimension. In 1997, at the European Council meeting in Luxembourg, the European Union decided to open accession negotiations in March of the next year, with the group of "6": from CEE countries, with Poland, Hungary, the Czech Republic, Slovenia and Estonia and from the Mediterranean with Cyprus. Estonia and Slovenia secured a ticket based on the maturity of their dossiers but also as proof of an EU important message: to Slovenians to be the first country of the former Yugoslavia that will find the way to peace and for the Estonians that the Union will not forget the Baltic states which were annexed by the USSR during the Cold War. Malta was provisionally withdrawn because of government change and their shift towards Euro - scepticism.

The accession negotiations with the group of "6" began in March 1998 during the Presidency of Britain, with a special session first in London and then in Brussels.

In 1999 at the European Council meeting in Helsinki, the group of "6" was enlarged with the participation of Malta, Slovakia, Lithuania, Latvia, Bulgaria and Romania, creating a final group of twelve accession countries.

The "12" negotiated their integration by the end of 2002 based on a unified negotiating framework, even though typically, each was judged on performance.

The fulfillment of the Copenhagen criteria brought up differences between the candidate countries, but the intense political nature of enlargement gave impetus to the accession negotiations on 10 of the 12 candidate countries which had sufficient capacity to adapt. Bulgaria and Romania had more problems in the economy and administration, and thus they adopted a more realistic pace of adjustment being aware of their adaptation capabilities.

The other "10" developed strong political coordination between them exploiting mutual interests created by the historical circumstances joining them.

The EU-CEEC Association Agreements

The Association Agreements with the CEEC, a springboard for the prospect of membership, discussed the subject of the development of political relations between the EU and the CEE countries, formulating effective administration and institutions of a functioning market economy. The EU also provided substantial financial support for reforms to transform the administrative and economic model of the CEE countries. In the cases of Cyprus and Malta the EU had decided that they already had effective market economies since 1960. The support and funding offered to the two Mediterranean countries was limited.

The accession negotiations of the '10'

The negotiation process was extremely detailed and technocratic. They covered 23 policy areas - known as the negotiating chapters. They included a total of nearly 1,000 policy measures arising from the extensive *acquis* of tens of thousands of pages. The acceding states would have to make reforms to meet the requirements of EU membership.

The adjustment was a painstaking process aimed at institutional, administrative and legislative alignment with the *acquis*, its adoption and implementation. The accession states were able to ask for certain transitional arrangements. In very exceptional circumstances deviations or exceptions are accepted. All the preparatory work was completed by the European Commission. Common negotiations, however, were conducted at the Intergovernmental Conferences between the member states with each candidate member aiming to close all chapters.



The Great Enlargement 2004

The reconciliation of history and geography

Negotiations on the accession of the "10" were completed in December 2002, at the European Council meeting in Copenhagen. The EU reached an agreement on the distribution of resources from the European budget to the new incoming Member States and for the way of participation in the institutions. It also determined transitional provisions for the implementation of the Common Market, with major restrictions implemented on the movement of workers from CEE countries to the "old" Member States. Restrictions had a validity of ten years, to avoid the massive influx of cheap labor in economically robust countries.

The timeline for the completion of accession negotiations of Bulgaria and Romania, and their final accession in 2007, was put forward in Copenhagen. The intention to continue the enlargement process was also reported, aiming to cover other European countries wishing to join the European family.

The European Council had included Turkey in the overall planning of future expansion, without deciding on a final date, putting additional pressure on Ankara to cooperate in resolving the Cyprus problem and the disputes with Greece in the Aegean.

Spirit of solidarity and mutual interests

The grouping also created an intra-EU interests sequence as Germany particularly favored the accession of Poland, Hungary and the Czech Republic, who were neighbors, Greece and Italy favored the "southern Mediterranean dimension" with the accession of Cyprus and Malta, Austria's choice was the accession of Slovenia and the Nordic countries including the three new Baltic Republics. In this way, all countries were working towards the service of their central historic goal, exceeding their individual disputes.



Cyprus: the "best student"

Cyprus benefited from this "pooling" because it created a stand for limiting objections due to the political problem. However, in many phases of the accession negotiations, Cypriots didn't limit themselves. They worked hard and methodically to maintain a firm grasp on the extent of harmonization and closing chapters in contract with all of the accession countries. At the same time, at critical and nodal moments they had to adopt a key diplomatic strategy, ingenuity, pressure and persuasion to overcome the strong objections expressed from member states to the accession of Cyprus without a solution to the Cyprus problem.

A decade later...in Copenhagen

"The European Council in Copenhagen in 1993 launched an ambitious process to overcome the legacy of conflict and division in Europe. Today is an unprecedented historic landmark. The Union now looks forward to welcoming these States as members from 1 May 2004. This achievement testifies to the common determination of the people of Europe to join a Union that has become the driving force for peace, democracy, stability and prosperity on the European continent..."

Copenhagen European Council, December 2002, unanimously adopted conclusions

At Attalos Arcade



The great expansion with the "10" was sealed on April 16, 2003 on Greek soil, in a crowning moment of international cooperation and the image of modern Greece. At Stoa of Attalos, under the Acropolis, the Accession Treaties were signed.



Costas Simitis, Greek Prime Minister, President of the European Council, Attalos Arcade, April 16, 2003

Today is a historic day:

- Because we are overcoming the separation of European states from two opposing camps, Eastern and Western Europe, a division caused by the Second World War.

- Because almost all the states of Europe now participate in the European Union.

- Because this unified whole, is inspired by the principles and values that inspired the struggles of our societies for freedom, democracy and social justice.

- Because today re-affirms the cooperation and solidarity between us, which has created a political and economic area with an important role in developments in the global community, a place that attracts and inspires a space that they respect and protect.

Today is a historic day.

Because today's achievement creates new obligations:

- To see the present and the future with sincerity and creativity.

- To not settle for the management of what we have already achieved but to move forward with the unification process. To give to the union we have created a more comprehensive form and new content.

- To give substance to the Unions' foreign policy, security, defense. To take on the role that corresponds to the Unions' possibilities and aspirations. So we are not called upon to manage the aftermath of a war, but to have a de-

The candidacy of Turkey

The EU called on Turkey to continue its reforms to fulfill the political criteria for accession, to ensure stability of institutions guaranteeing democracy, the rule of law, human rights and respect for as well as protection of minorities. They put specifically under review the request to open negotiations at the European Council in December 2004 with a series of conditions related to the Cyprus problem and the differences with Greece in the Aegean.

"The Union encourages Turkey to pursue its reform process energetically. Since the European Council in December 2004 based on a report and recommendation from the Commission, decides that Turkey fulfills the Copenhagen political criteria, the European Union will open accession negotiations without delay with Turkey..."



Turkey's road to accession

cisive say on whether and when it may occur.

- To be a center of peace, cooperation and solidarity to the people in the world community.

- To move on with the unprecedented experience of a process that integrates and seeks the preservation of our diversities, a partnership that binds and broadens our freedom. To proceed with the experience of many countries at different levels of economic and social development, which are intertwined in a single area of freedom and democracy.

Today creates new obligations:

- To ensure for our people employment and prosperity combating unemployment, poverty and social exclusion.

- To adapt to the new social conditions of the European social model so that our progress ensures greater social cohesion and fairness.

- To win the battle for sustainable growth and end environmental degradation.

- To promote a knowledge society with responsible, informed and capable citizens. A civil society.

Here in this area in the Agora of Athens, two and a half thousand years ago, people from different races and countries were meeting, people with different beliefs. They met with the feeling that they were in one of the centers of the civilized world.

Here we can realize that there is no end to history. The present day continues. Whether this story of peace will continue, depends on us, especially if this story will ensure the creativity, cooperation and solidarity which are the values of the European Union.



The formal act of accession took place on May 1, 2004 in Dublin during the Irish Presidency.

With adjustment difficulties, but strong political will, the great enlargement was completed on January 1, 2007 with the accession of Bulgaria and Romania, giving the EU an additional Balkan dimension.

The enlargement today!

The process of EU enlargement continues in a constantly fluctuating but also a dynamic environment within Europe and internationally.

After 2004, the enlarged EU found it difficult to adapt to the inability to work effectively within the institutional framework of the existing treaties. Within the EU introverted political and social trends developed as well, deteriorating through the problems encountered in the ratification of the EU Constitutional Treaty. The enlarged EU also showed divergent perceptions in handling critical international problems such as the wars in the Middle East and the approach for reconciliation in terms of the agreement with Europe and Russia. The surprise of the world economic crisis has made the EU even more cautious because of problems stacked up at its core, the Eurozone, the emergence of financial im-

balances within the EU and the shift of economic power to Asia.

Global economic developments have absorbed the EU placing it in a constant struggle to adapt to major initiatives for further integration in economic and monetary governance.



On the other hand, the EU remained an attraction for all the countries of Europe who are still seeking integration, even though a mass entrance of new members is not foreseen, or is not desired, anymore. The EU maintained its basic approaches towards the countries concerned on the basis of the Copenhagen criteria and adopted an integrated process consisting of:

- Compliance with the standards and rules of the EU
- The consent of the EU and member states institutions and
- The consent of EU citizens.



In December 2004 the EU decided to open accession negotiations with Turkey and Croatia. The new arrangements that applied in those negotiations established a process of "open-end", i.e. without prejudice that the Acceding States will become full members of the EU. The EU member states returned to a strict approach for examining each application separately according to its specifics. This attitude resulted both from the ramifications of mass expansion and from the peculiarity of Turkey's candidacy, which is the only country that was considered appropriate to start the accession negotiations without fully meeting the political criteria of Copenhagen on human rights and in particular in respect for minorities. The new concepts for enlargement were fully confirmed as the candidate countries followed their own path.



Croatia: the 28th Member State

Croatia completed the marathon accession negotiations with great success, closing 35 chapters one after the other within a period of 8 years. They had to make serious efforts to consolidate the administrative system and fight corruption. It also had to solve previous border disputes with Serbia. Croatia joined the EU as its 28th member on July 1, 2013.



Turkey: Privileged relationship or a full member?

Turkey continues accession negotiations with an extreme delay and without a clear or visible ultimate goal. Strong European states such as Germany, France and the Netherlands consider a special privileged relationship a more realistic action rather than full membership. Jean-Claude Juncker, the new Commission President, shares the same opinion.

There have been radical transformations and major reforms in Turkey during the past decade under the leadership of Recep Tayyip Erdogan and the prospect of joining the EU. However, the vast population of the country, internal correlations and identity issues, combined with the geographical location of the country, make the task extremely complex.

The EU also calls on Turkey to contribute in a practical way in resolving the Cyprus problem and to comply with her contractual obligations towards the Republic of Cyprus. Many chapters of Turkey's EU negotiations are frozen.

Through the process of accession negotiations, both Turkey and the EU have assessed the amount of work that needs to be done, but progress is very slow. Turkey itself made remarkable progress based on the European Commissions' evaluation reports, but the most critical political issues remain unresolved.

Undisputed leader of Turkey for more than 12 years is Tayyip Erdogan, who has declared that he remains committed to the European aspirations of Turkey and aims for full membership in 2023, thereby becoming an EU member state exactly a century since the founding of the Turkish Republic.



Ukraine on the edge

In Ukraine, their policy towards the European Union created serious international and internal shocks and threatened the territorial integrity of the country, due to the reaction of Russia.

Ukraine is a country located on the edge of the post-Cold War world with divided perceptions in the political world and the population between those who look to the European Union and those who are still connected to its neighbor Russia.

In 2014 Russia took Ukraine's intention to strengthen its relations with the EU as a reason to annex Crimea after the results of the Crimean referendum, coming into conflict with the Union and the US. Then, with Russian support, a portion of the population living in eastern Ukraine on the border with Russia developed armed secessionist action, leading the country on the verge of a generalized civil war.

The Ukrainian government, under the weight of all these developments has signed an Association Agreement with the European Union.

The Ukrainian issue is a serious source of diplomatic friction between the US and the EU on one hand and Russia on the other, which acquired economic confrontation with both sides imposing trade and other sanctions. The deterioration of these relations also caused a strategic adjustment in the field of energy supply to the European Union.



The case of Iceland

Iceland decided to climb on the train of European integration by submitting its application for membership in 2009. The small but dynamic Icelandic society, that suffered a terrible ordeal due to the economic crisis, began negotiations in 2010 and is able to successfully complete the process. It has strong ties with the EU and the degree of harmonization with EU is particularly high. Additionally Iceland has exemplary democratic and transparent institutions. The final accession depends more on the willingness of the Icelanders themselves.

The Western Balkan countries

Western Balkan countries have been trying to consolidate the prospect of accession to the EU for the last 10 years. In 2003 during the Greek Presidency they received nomination for candidacy. This refers to Serbia, Montenegro, Bosnia-Herzegovina, Albania and Kosovo. Pending is the case of the Former Yugoslav Republic of Macedonia (FYROM) due to the dispute with Greece regarding its name, which has existed since 1990.

The success of Slovenia, followed by Croatia, to join the European family is a driving force for the rest of the Balkan states. This region of Europe has suffered the most from the nationalist conflicts in former Yugoslavia, after the collapse of the Cold War. The European vision captures the Balkans because it embodies the efforts for a consolidated democracy and prosperity. In other words, the EU restores in a modern way the unity of these countries through co-existence and cooperation.

4

EUROPE DEEPENS,
IT IS TRANSFORMING



The European Union is evolving continuously!

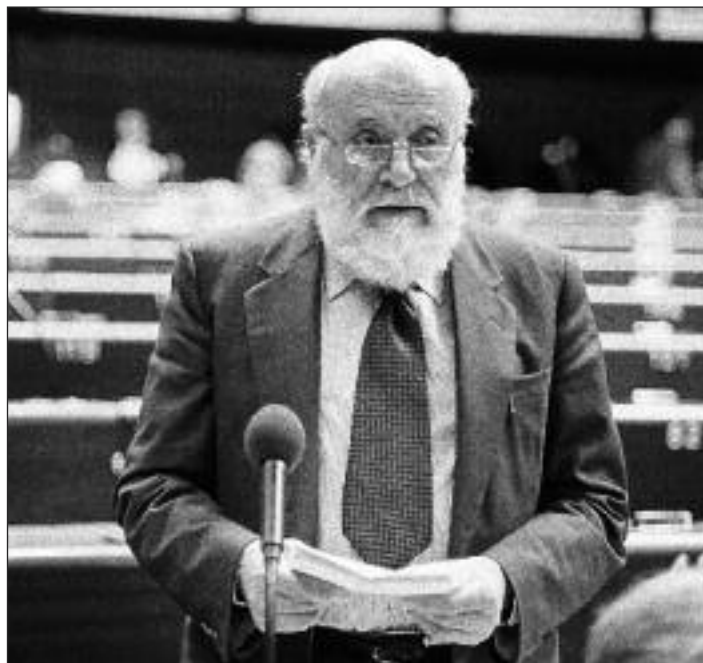
This evolutionary process is not just about geographic expansion and enlargement, it encompasses deeper integration. Deepening occurs gradually as a result of economic integration and strengthening of political cooperation between the EU Member States. The historic path of the EU has shown that when a strong rooted economic unification is created, it gives impetus to political integration. This was a basic approach of Jean Monnet on the step by step integration of Europe. Monnet had expressed the view that the common economic interests would cause the phenomenon of overflow interests in other areas of cooperation. However, history has shown that political union occurs only moderately and cannot by itself create a community of economic interests. It also requires nodal decisions of the political leadership of the EU Member States and depends on whether they are perceptive, able to find the necessary consensus and to understand the dynamics of a situation.

The evolution of the European Union in the six decades since its establishment is full of visions, but often the reality of the immersive enthusiastic Euphiles is pinioned because of the intense conflicts and complications in the European unification endeavor, even on individual issues. Despite the disagreements, however, the European vehicle progresses because all feel winners and this is a plausible explanation for the progress and development of the European Union. Today's European Union started from a European Coal and Steel Community in 1954 with just six founding members. It now covers 28 Member States, almost all of Europe, with major integrative structures and relationships.

Again however, in the current situation the European Union is beset by the global economic crisis and by the belief that the EU's dissolution is a real possibility. On the other hand, 10 or 20 years ago, the EU went through a spectacular enlargement process and a long period of euphoria.

It is not the first time that clouds of pessimism are gathered. The same happened in the early 80s. Then, the European project progressed very slowly and with many objections. Those who remained staunch supporters of the European idea, were described as immensely ambitious and romantic and were considered as people who were unaware of the power of identification of political elites and citizens with their states and nations instead of something nebulous, inconceivable and supranational.

This optimistic picture was emitted by the European Community in the early 80s. Although it had completed the Customs Union since 1968, ten year long discussions on the establishment of a single market followed, without the courage to make a substantial step forward.



«The Ventotene Manifesto for a free and united Europe»

[...] All reasonable men recognize that it is impossible to maintain a balance of power among European States with militarist Germany enjoying equal conditions with other countries, nor can Germany be broken up into pieces or held on a chain once it is conquered. We have seen a demonstration that no country within Europe can stay on the sidelines while the others battle: declarations of neutrality and non-aggression pacts come to nought. The uselessness, even harmfulness, of organizations like the League of Nations has been demonstrated: they claimed to guarantee international law without a military force capable of imposing its decisions and respecting the absolute sovereignty of the member States. The principle of non intervention turned out to be absurd: every population was supposed to be left free to choose the despotic government it thought best, in other words virtually assuming that the constitution of each individual States was not a question of vital interest for all the other European nations. The multiple problems which poison international life on the continent have proved to be insoluble: tracing boundaries through areas inhabited by mixed populations, defence of alien minorities, seaports for landlocked countries, the Balkan Question, the Irish problem, and so on. All matters which would find easy solutions in the European Federation, just as corresponding problems, suffered by the small States which became part of a vaster national unity, lost their harshness as they were turned into problems of relationships between various provinces [...]

1982: The Economist ...buries Social Europe!

In March 1982 the European Community had completed 25 years of life. Within a climate of pervasive pessimism, the magazine 'Economist' was released with its front cover picturing the coffin of the European Community. The editors of the prestigious journal had reached the conclusion that the process of Europeans had degenerated so much due to its complexity, that the only thing left was its funeral!

The reports of the Economist on the 20th March 1982 insisted " In 1979 France was found guilty by the court of the European community for illegally impeding the free trade of lamb meat. France ignored the sentencing for months. Now the French government was brought to court once again because it illegally granted subsidies to farmers of five million pounds. If found guilty again there is no way to ask for the money back from the farmers. A pile of such convictions are against the governments but EU directives do not apply".

The Europeanist Altiero Spinelli

Altiero Spinelli, a left Italian Resistance was one of the ideological Europeanists who even in the most difficult years insisted on envisioning and fighting for a more and more united Europe. Today he is recognised as one of the political theorists of Federal Europe.

In his life he experienced all the stages of the struggle for a peaceful, democratic, progressive and prosperous Europe. As an ardent anti-fascist journalist in his youth, he joined the Communist Party of Italy. He was imprisoned for his action from the Mussolini regime and exiled to the island of Ventotene where he wrote, with Ernesto Rossi, the first manifesto for a Federal Europe, the 'Manifesto for a free and united Europe'. Spinelli and Rossi drew this inspired text in 1941 before seeing where the whither would tip the scales of war. They approached the European project through the internationalist perspective as the only option to curb nationalism and militarism.

In prison Spinelli distanced himself from Stalinism supporting Eurocommunism and multiparty ruling. He was demilitarized by his comrades of Italy's Communist Party but remained in the ranks of the Italian resistance by refusing any compromise with Mussolini. Spinelli led the federalist movement and the positions that he expressed in the manifesto, were adopted at the end of the war by many resistance movements in Europe. He had a great influence in the early stages of the progress of the European project, insisting on the need for supranational institutions and powers and not merely intergovernmental ties between states.

Yet suddenly everything was overturned...



The Creation of the Single Market

In the early 80s two important personalities appeared to the fore, which were to put their mark in European developments. The socialist French President François Mitterrand in 1981, and the German Christian Democrat Helmut Kohl in 1982, took the reins of their countries, aware that the European Community exhausted its benefits in the form it had then, 25 years after its founding. The global trade competition intensified and the European Community had to overcome a difficult challenge set by the effects of the first oil crisis. Faced with the risk of degeneration, the Franco-German locomotive went back and forth, making the creation of a large single market a priority.

The two politicians had a different ideology, but were coming from the two dominant ideological currents that built the European community, the Christian Democrats and the Social Democrats. They had both judgment and acumen to understand the impact of globalization in the setting of the 20th century that did not require national leaders but leaders reaching beyond their domestic audience. The greatest challenge was not to France, Germany or any individual country, but to the common European interest that then focused on the urgent need to increase internationally the competitiveness of the European community, before its decline. Simultane-

Altiero Spinelli from his position as member of the European Commission in 1970 was one of the separate politicians who materially affected the process of European integration when it passed the European Community during the misty era of Eurosclerosis. He continued his fight from the position of MEP which he served for ten years until his death in 1986. In 1979, at the first elections for the European Parliament, Spinelli was elected as independent with the renewed Italian communist party that had developed into a Euro communist party.

In the first European Parliament with elected members, Spinelli led a political initiative for a radical reform of the European Community and its transformation into a democratic European state. A special parliament committee with the same Rapporteur undertook in 1982 to propose the draft of a new treaty for the European Union. Spinelli's idea was for the European Parliament to act as a constituent assembly using all the legal means available to it at a time when all was at a complete standstill. In February 1984 the European Parliament adopted the Spinelli report and a draft Treaty for the establishment of the European Union.



The history of the Single Market

ously, Mitterrand and Kohl had a perception of internal weaknesses of the European Community and recognised the significance of the strengthening of the least developed Member States and regions. A strong consensus between them for the liberalization of market forces and with offsets for further cohesion, created the conditions for a new political contract for Europe.

A third figure was also destined to become a protagonist in European politics, transforming the political consensus as property of the Europeans, Jacques Delors. Delors coming from the ranks of the Socialist French Party was appointed President of the European Commission. Delors proved that he could combine features of a powerful committee chairman required by the circumstances to restore momentum to the integration process, aligning the Member States and the governments thanks to his leading character and his ability to constructively handle the Franco-German axis, and neutralize the British objections.

Delors set the framework for the transition to the single market, based on the idea of phasing out any type of barriers to the movement of capital, goods, workers and services. Delors based his actions on the standards already established in Germany, France and the Benelux countries-the initials of the three countries Belgium (BE), Netherlands (NE), and Luxembourg (LUX)-with their own agreement in the Luxembourg village of Schengen. The practice was the basis for the single market which later, in 1990, turned into a Treaty under the name of the small village of Schengen, and specialised in the abolition of border controls.

The provisions of the Single Market as processed by Delors negotiated between the 12 Member States of the European Community. The changes for the launch of the single market were so significant that required the revision of the Treaty establishing the European Community. The Member States reached an agreement on the revision of the Treaty which was called the Single European Act. This Treaty was the one that founded the Single Market, a development that broke the vicious circle of internal contradictions that kept the European Community stagnant.

The governments of the Member States had not followed the Spinelli plan for a Federal Europe but the Italian scholar had a significant impact on the formation of a new discussion for the United Europe and the renewal of the momentum for European integration.

Today one of the largest campuses of the European Parliament in Brussels is named after Altiero Spinelli. He is considered one of the fathers of the European Union and still inspires Europeans. In 2010 in the light of the ongoing economic crisis Jacques Delors and other personalities from across the ideological spectrum in the European area such as, Joschka Fischer, Guy Verhofstadt, Daniel Cohn-Bendit, Elmar Brok, decided to promote the "Spinelli Initiative", to awaken the European vision for a federation of Europe.

The agreement for a Single Market

The basis of the Franco-German consensus was to maximize the benefits of the internal European market for the developed countries of the community. But the industrialized member countries that would gain commercial advantage for the movement of products understood clearly that they would have to give pay-offs to the less developed countries and regions of the Community of Europe to acquire these and similar possibilities over time. This was agreed upon to be established by increasing own resources of the European Communities with larger contributions from industrialized countries members for the budget of the European community. Then they agreed redistribution of these resources through the creation of Structural Funds and the Cohesion Fund to support the states and regions of the southern Mediterranean (Spain, Greece, Portugal, parts of southern France and Italy) and Ireland.

The major European market opened! Its implementation started in 1987 and its final year was 1992.

The single market initially abolished the physical border controls and gradually did the same with the technical barriers, establishing common standards in the products produced. It abolished also differences in excise taxes and value added, that were imposed by the Member States, thus distorting the price of products.

With the single market, the business world benefited. The consumers also, benefited, after having acquired numerous options for the best products with the same specifications at the most affordable price.

This development again gave momentum to the European Community based on the benefits of the single market that increased the European wealth, living standards of European citizens and its competitiveness internationally. It also made more palpable the concept of internal cohesion after the development of the mechanism for the significant funding of the less industrialized countries to find their path to development.

The Single Market Today

The single market is now called the European internal market. The procedure for completion is ongoing. In the early stages of implementation in 1992 it was given precedence to the free movement of goods and capital. Unlike the other two areas of the market, there has been slower progress. Due to the massive integration of new Member States in 2004, until 2013 there were restrictions on the free movement of workers in particular from the countries of the former Eastern Europe in fear that the richer countries would be flooded by cheap labor. To address the issue, the EU has conducted for many years negotiations on the adoption Directive, laying down the payroll by country receiving Community workers and not by country derived. To date, moreover there are still restrictions to the free provision of services because it creates multiple needs in relation to each other by aligning and certification of qualifications, restrictions of bureaucratic obstacles etc. A current EU weakness in international competition is these difficulties.



The European Single Market



One market, one currency



With the approval of the Single Market, Jacques Delors put on the table the need for a more qualitative leap forward, making the decision for an Economic and Monetary Union. Delors considered the Monetary Union as a natural development of the single market, arguing for “one market- one currency”.

The European Community was discussing the creation of an economic and monetary union, EMU, for years, but the only thing succeeded by the 80s were exercises on paper on how a common currency could have been established. In 1979 the creation of the European Monetary System-precursor of the current European Central Bank- timidly continued. Nothing testified that what Jean Monnet had supported was feasible in the foreseeable future: “A monetary union is springboard for political union”. The reason for the delay was the strong opposition of Britain and the extremely cautious attitude of Western Germany.

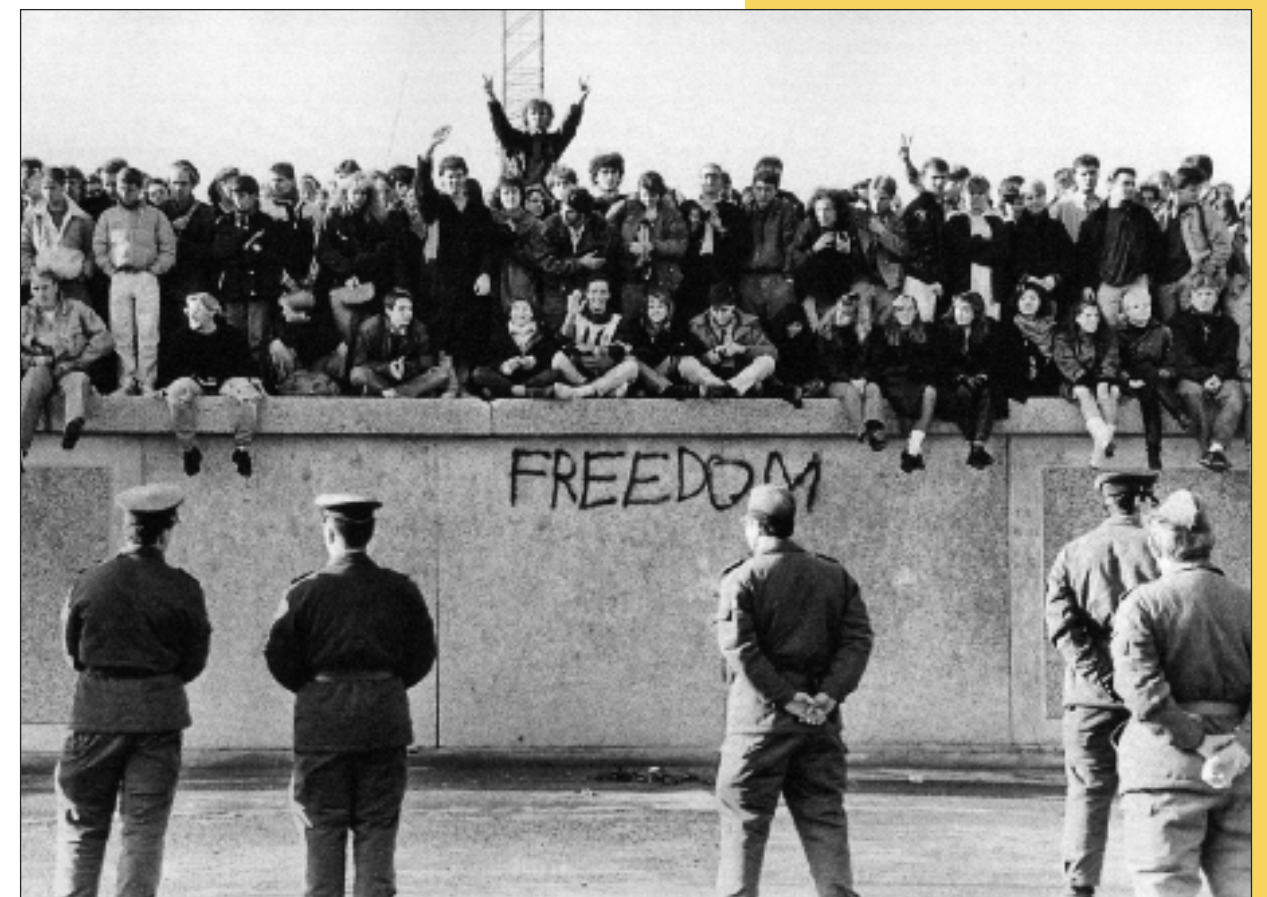
Knowing the correlations, Delors threw all his weight in shaping a supportive attitude from Germany, entertaining the fears of the Germans for a debilitation of the German mark. In the case of Britain, Delors knew that a realistic option was to find a formula to bypass the permanent objections. The position of Prime Minister Margaret Thatcher was persistent and unequivocal, that she would not accept the idea of further transfer of power to a “designated bureaucracy” as she characterized the European Commission.

Then another juncture came to change the course of history. The debate for the common currency opened by Delors, coincided with the rapid changes in the global economy, due to the collapse of socialism. Delors’ project took an even more powerful dimension, opening and deepening to other issues. Everyone began to think differently, having a higher concentration of interests advocating to build a more united Europe. Deepening acquired an intense dialectical relation to the prospect of a major enlargement towards Eastern Europe. The momentum created by the internal and external events led the leaders of the European Community to a great treaty amendment in December 1991 in the small Dutch town of Maastricht. There the community was renamed as the European Union by adopting not only a monetary union but other integrative structures as well.

The Cosmogony of 1989

In autumn 1989, the story showed momentarily to Europeans, that it moved faster than politics. The European Community’s structures, even with the new dimension that was in the making of the economic and monetary union, is not sufficient to cover the great historical opening for a common European house- the prospect for the extension of the integrating operation on the other half of Europe that was left hostage following the Cold War, for decades.

The political momentum for further development in the European Union was built on the immediate task of the unification of Germany that took place on the 3rd of October 1990. The momentous event was the catalyst for deeper European integration as a result of a new balance in relations between France and the mighty Germany. A Germany of 80 million people who had to prove its commitment to Europe. European integration was working now as a guarantee that the reunified Germany would work under the European roof entertaining the fears of a revival of German hegemony. The German foreign minister Hans-Dietrich Gensher raised the issue briefly “The Germans want a European Germany, not a German Europe”.





The Maastricht Treaty

In the small town of Maastricht in the tri-national Holland-Germany-France, the political unbalancing of Europe was overcome and it was imprinted with the phrase “half Mark for Mitterrand, the whole of Germany for Kohl”

The Franco-German meeting expressed the joint initiative of Mitterrand-Kohl who had asked to organize two parallel Intergovernmental Conferences, one concerning the economic and monetary union, as planned by Delors and another for “conversion of all relations of the Member States in a European Union“. So following a two-year negotiations marathon, the European Community, despite the objections from Thatcher, came on the 7th of February 1992 to the signing of the Treaty of the European Union or more simply of the Maastricht Treaty.

The Maastricht Treaty represents a new stage in European integration that has given substance to the vision of the fathers of Europe who started the European adventure 40 years ago.

Half Mark for Mitterrand

The close association of the German reunification with the creation of the euro is confirmed through a series of documents on confidential discussions between Kohl and Mitterrand. Forty-five years after the end of the Second World War, Kohl needed the consent of the ‘winners’ for the reunification of Germany and he had not ensured this either from Britain or from France. Margaret Thatcher was strongly opposed. Then Chancellor Kohl asked the consent of President Mitterrand who set the assertive term to sacrifice the Deutschmark for the creation of the euro.

Mitterrand was absolutely committed to ensuring the future of France with a float attached to the European Germany. The twice voted president was the reformer of the French economy and society, cutting the umbilical cord with the de Gaulle notion for the development of European integration on the basis of intergovernmental cooperation. Mitterrand adopted to a considerable extent the ideas of European federalists in a speech to the European Parliament in 1984 during the discussion of the Spinelli initiative. At the time of German reunification Mitterrand himself as well as Delors came back with a series of ideas for the new architecture of Europe as a pan-European confederation or a Europe of concentric circles.

The "12" decided to transform the community and the creation of the European Union in terms of a treaty and three pillars:

- The Community pillar of economic integration that launched the economic and monetary union EMU
- The pillar that opened the way for political integration and included the Common Foreign Policy and Security Policy
- The pillar of intergovernmental cooperation that included the Internal Justice policies and Judicial and Police Cooperation.

Each pillar of European integration reflects the dynamism acquired by the European Union in a unique historical situation that was unthinkable a few years earlier.

The social pillar of EMU was more palpable and more unifying. The Europeans took the decision to move to a common currency, delegating all the power to a supranational body, the European Central Bank, who was responsible for the formulation of monetary policy. This was a leap in the process of European integration and the wind of change on the continent sparked optimism to the Europeans and opened the way to political integration.

Under the Maastricht Treaty the social pillar worked on the basis of decisions taken by the Council by weighted vote, and therefore required a special majority. For the legal documents the assent of the European Parliament was required. The legislative initiative however was held by the European Commission alone.

The second pillar the common foreign and security policy also constituted an important step with the EU's objective to play a role in the international scene. The geostrategic upheavals had given a critical dimension to security, particularly in light of the turmoil in resources in the former Yugoslavia and the war in the Persian Gulf. The second pillar was eminently a pillar of intergovernmental cooperation and decisions were taken only with unanimity in the Council. The council secretariat was established to support the work of the council.

The third pillar of internal cooperation emerged as a critical need to address the opening of national borders and the creation of a single internal territory, which constituted not only the single market, but included a host of new needs for the citizens in

The whole Germany for Kohl

At the critical moment of German unification the German leadership proved eminently wise and mature to manage the fears of France and other Europeans and to take political decisions which eminently joined Germany without 'blood and steel'.

‘Germany wants to be firmly tied to the European tissue like Odysseus to resist the siren voices of its guilty past...

Political union is the necessary complement to the economic and monetary union...

The recent history, not only in Germany, teaches us that it is unreasonable to expect over time that we can maintain the economic and monetary union without political union’ Helmut Kohl, German Chancellor

Speaking in the German Federation Parliament, November 1991

Reviewed EMU

The Treaty of Maastricht established the Economic and Monetary Union which in practice was only a monetary union. Many economists, mostly Americans, then brought criticism of EMU, arguing that it would be impossible to operate. They focused their criticism on the absence of an integrated compound, for example the inclusion of fiscal policy and Member States' tax policy to supranational bodies, such as a federal government with broad economic policy responsibilities and the ability to rapidly redistribute powerful resources.

Critics thought that the EMU architecture advocated by Delors served political objectives and was rushed without the basis of solid economic foundations.

This criticism resurfaced when the financial crisis hit and the EU proceeded to address the problems in the Eurozone. An implicit acknowledgment of the weaknesses of the EMU.

Europeanists and Atlanticists!

At the Treaty of Maastricht, the CFSP imprinted with a mild and sometimes ambiguous way to reconcile between 'Europeanists' and 'Atlanticists'. The first wanted to introduce the EU mutual assistance clause and it's Member States in the military alliance model. The Atlanticists reacted because they considered that European defense is the responsibility of NATO and not the EU.

relation to police cooperation, justice and civil protection. At the same time, the external borders of the European Union were ratified and the need for regulating the relations between the wider European neighborhood and the common immigration policy emerged.

The third pillar was also an intergovernmental cooperation area where decisions were taken by the Council and by consensus, but the legislative initiative could be held both by the European Commission and the Member States individually.

Euro: The common European currency

The Maastricht Treaty established three stages for implementation of the EMU, the final stage being the circulation of the common currency. Three years later at the Madrid European Council in 1995, the name of the European single currency was decided. The timetable for the introduction was agreed in 1999 as a unit of account and as regular notes and coins in 2002.

First, in order for the Member States to participate in the EMU, they would have had to achieve high economic performances and align with the convergence criteria. Each national currency should have joined in time in order for the fluctuation margins to be limited. Under strict processes they could move in the third and final stage of the monetary union. The procedures for the EMU had been defined in the following convergence criteria for participation in the final stage of EMU:

Deficit < 3%

Public Debt < 60% of the GDP

Inflation < 1.5% of the average of the three best performing

Currency Fluctuation <2% for at least two years within the European Monetary System

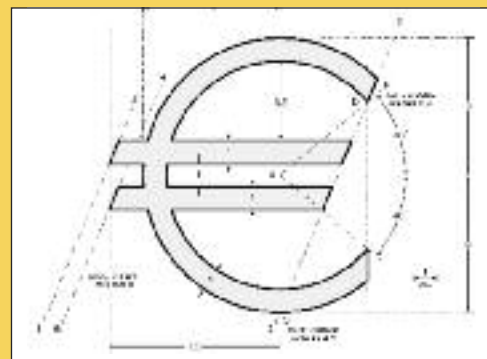
The baptism of the "euro"

The introduction of the euro is one of the major achievements of the European Union. The euro notes and coins are now an integral part of everyday life and the commercial reality of Europeans.

Like all other currencies, so does the euro have a name and a symbol:

- The name euro was decided in 1995 within the frame of preparation for the single currency.

- The Greek letter 'E' was the source for the symbol of the euro (€), which also refers to the first letter of the word Europe in the Latin alphabet, while the two parallel lines symbolize the stability.



The history of the Euro

The European Council in 1998 approved the participation in the EMU of eleven Member States: Austria, Belgium, France, Germany, Ireland, Spain, Italy, Luxembourg, Holland, Portugal and Finland. Denmark and Sweden had rejected their participation in referendums and were left out along with Britain which secured an opt-out clause.

In June 1998 the European Central Bank was established and was responsible for the design and conduct of the monetary policy. The EU leaders also adopted a Stability and Growth Pact, which laid down strict procedures including sanctions on Member States in the case that would create excessive deficits in public finances and the annual budget.

EMU started its operations on January 1, 1999, with 11 Member States of the then 15, who met the criteria and set defined irrevocable exchange rates of national currencies into euro.

Greece was the twelfth Member State of the Eurozone in 2001, when it managed to fulfill the convergence criteria. After 2004 under the Treaty of Accession of the new Member States, the economic and monetary union was compulsory. There was no clause of withdrawal from EMU because it is considered the core of European Integration. By 2014 it had 18 Member States and from January 1, 2015, it has 19 after the accession of Lithuania. Cyprus joined the Eurozone in 2008.

The Genesis of Euroscepticism

The Maastricht Treaty opened a new perspective for unification for the EU. Despite the feeling of euphoria around Europe, the Treaty encountered difficulties and misgivings. The transition to higher stages of economic and particularly political unification made clear that a new approach to European public opinion was required in order to ensure the support of the European citizens.

The Maastricht Treaty referendum in Denmark was voted down marginally and a second referendum was held with additional exemption clauses on EMU and CFSP issues.

The "borrowed no" was considered as a denial of a single regional country member of the EU with enough particularities. However, several months later, the shock came from France, the hegemonic force for European integration during Mitterrand era. Mitterrand wanted to put the whole project of the European Union before the French citizens to confirm its legitimacy and reply to his critics for the

The opt-out of Britain

The Maastricht Treaty was adopted after a crucial political compromise with Britain who chose the way of opting out from the obligation to participate in EMU. Followed by Denmark. The other Member States and any new members were required to participate in EMU. The British consensus was secured after the UK Prime Minister, John Major, took in exchange for the elimination of any reference to the Treaty on the federal EU perspective thus weakened clauses on social policy.

The establishment of the ECB

The European Central Bank was decided to be established according to the German Central Bank standards and is based in Frankfurt. This demonstrated the strong German contribution to the achievement of EMU and the symbolism that the common European currency would be equally strong with the German Mark.

The Stability and Growth Pact

The implementation of the EMU provides for sanctions where in cases the deficit of a Member State exceeds the 3%. The State ought to understand a fine equal to 0.2% -0.5% of its GDP. The pact essentially ceased to apply in 2003 when the Council of the Finance Ministers ECOFIN, rejected a proposal of the European Commission to impose sanctions against France and Germany for excessive budget deficits in 2002. The issue of financial discipline resurfaced in an authoritative manner when the global financial crisis erupted.

presence of a democratic deficit. He also sent a copy of the Maastricht Treaty in every French household.

The Maastricht Treaty in the French referendum passed with only a narrow majority (51%) and there was massive abstention. This recorded form of Euroscepticism appeared at the very moment the European ideal among the citizens was freed.

The cautious climate was confirmed later in Germany who needed amendment of the constitution and additional guarantees in the German Länder with special majorities in the event of a new transfer of powers to the EU.

With the passage of time Euroscepticism became a constant companion of the process of European unification. The more the leadership of the EU and its institutions sought for answers to the problems that arose, the more aware they become of the magnitude of the challenge to urge citizen participation in the European scene.

The causes of Euroscepticism are many and continuously analyzed. Undoubtedly among the causes are the complexity of European integration and the redundancy of EU texts. But there are deeper reasons related to national identity and the ongoing struggle between the pro-European forces and forces defending the sovereignty of Member States. It is also the way in which responsibilities are allocated between the EU and its Member States that does not allow a clear understanding for the citizens regarding who decides and how decisions are made.

The European Union often performs measurements of public opinion to understand the attitudes and views of citizens in all Member States giving some useful quantitative comparative data.

However, the Union and its Institutions still give the impression to the public that it is something distant, inaccessible, and technocratic and with some bureaucracy. At the same time the European project readily enters the target of criticism even by forces ideologically disagreeing completely with each other. Finally several times the European Union is accused for the impact of a policy, while national governments enjoy the benefits of many EU accomplishments.



The revised Treaties

The European Union continued the gradual process of deepening with amendments to the Maastricht Treaty in the years that followed. It experienced a total transformation from the EU of the 12 Member States in 1992, to today's Union of 28 member states, having more than doubled the number of Member States in a constantly changing global political and economic environment.

In 1997 in Amsterdam the EU-15 attempted some changes to avoid institutional paralysis due to the participation of new Member States. The revised Treaty introduced welfare "enhanced cooperation" enabling a group of Member States to adopt common actions and policies without the participation of all. It relied on the logic that a Union with so many Member States would not be able to move at the pace of the last wagon! Enhanced cooperation would remain open to those who are "willing and able".

In 2000 in Nice the EU defined the weighting of votes in the Council for the EU of 27 Member States, the conditions for the accession of 12 new Member States including Cyprus and the number of members of Parliament. There was a significant extension of decision making by qualified majority rule instead of unanimity in the Council on 30 out of 50 areas of European competence.

One Constitution for Europe

At the dawn of the 21st century, many European leaders and personalities were puzzled about the future of such an enlarged Europe. It was foreseen that some of the old Member States did not want further deepening. At the same time many of the new Member States were inspired by the logic of sovereignty which had only recovered in 1990. The prospect of a large enlargement sparked the debate on a real deepening. Already a "wise group" consisting of personalities from all Member States appointed by the European Council was comprised to propose key areas that needed change. The group of wise men identified four major areas for the European Union that were related to the need to come closer to its citizens, to obtain effective institutions, greater flexibility and strengthen its international presence.

On a political level, it also revived the debate around the 'federalism' of Europe and the establishment of a European constitution. The trigger of the discussion was given by the German Foreign Minister Joschka Fischer, a leading figure of European Greens. It was followed by coordinated interventions by the Chancellor of Germany Gerhard Schroeder and the Prime Minister of France Lionel Jospin of the European Social Democrats, and a bold approach from Guy Verhofstadt, Prime Minister of Belgium, coming from the family of European Liberals, who spoke about the need for developing the United States of Europe. And others assisted in this open dialogue. Among these was the Greek Prime Minister Costas Simitis supporting a wide-ranging institutional reform towards federalism.

The effect of that power of ideas served as a catalyst for a decision by the European Council to establish a Convention on the Future of Europe chaired by the French political veteran Valéry Giscard d'Estaing. The composition with personalities from all over Europe and the modus operandi of the meeting favored the 'federalists' despite the fact that it took several compromises to reach a draft Treaty establishing a Constitution for Europe.

The draft of the Constitutional Treaty was approved by the end of the Greek Presidency in Thessaloniki's European Council in 2003 and served as a basis for the negotiations between the Member States. Very quickly however, it seemed clear that the intention of the Member States' governments was to limit the reformist character of the document of the Assembly removing some bold elements. The negotiation resulted in an EU constitutional treaty incorporated in

The Draft of the Constitutional Treaty

The Constituent Assembly succeeded in a single document clearly defining the division of responsibilities and duties between the Union and its Member States. It also included simple definitions and instruments of EU activities, by establishing the conditions for 'European laws' and 'European framework laws'. He suggested the initiative of citizens that allow citizens to gather one million signatures and request from the Commission to initiate the procedure for adopting European legislation.

The draft constitution also made provisions for changes for the EU institutions:

- new distribution of seats in the European Parliament
- reducing the number of committees so as to act as a flexible European government
- institutionalization of the European Council with an elected chairman
- elections for the President of the EU Commission by the European Parliament on the proposal of the European Council
- appointment of a European foreign minister to conduct the CFSP

a single text containing all the treaties of the EU's five decades of life.

Many innovations were kept and from these stand out in the declaratory part of the constitutional treaty the fundamental principles of the Union, its values and objectives, and citizens' rights by incorporating into the Treaty of the Charter of Fundamental Rights.

On the critical issue of decision making, the constitutional treaty established:

- The qualified majority system through the "double voting" achieved by 55% of Member States representing 65% of the population of the compound.
- The further extension of qualified majority voting in the Council in most political areas.
- Co-decision of the European Parliament with the council in legislating in which the parliament is essentially "co-legislator".

Regarding EU policies The Constitutional Treaty strengthened the economic coordination of the euro area Member States and gave more substance to the CFSP and impetus to the enhanced cooperation in the defense sector. It introduced the creation of a single internal area of freedom, security and justice, the implementation of common asylum and immigration policy, external border controls and judicial and police cooperation.

The final stage!

The Lisbon Treaty

The constitutional treaty experienced serious difficulties in the process of ratification. Two founding members of the EU first the Netherlands and then France rejected it in a referendum that took place in 2005, confirming the gradual rise of Euro-skepticism and the need for a new approach towards EU citizens.

That evolution led the European Council towards forced choices that worsened the image of the democratic deficit. After a period of reflection, the European Council decided to make some changes and adopt instead of the Constitution, a 'Reformed Treaty', the Treaty of Lisbon.



Substantially, the European Council withdrew certain provisions with intense symbolic character such as the term Foreign Minister, the term " laws ", or even the term constitution while the basic structure of the new arrangements that existed in the Constitutional Treaty were maintained. They remained, however, as amendments to previous treaties by removing the item that every citizen wanted: one single text that could be read! There is of course a consolidated form but only as a document that is used as an auxiliary.

The Treaty of Lisbon is the basis on which today the 28 EU Member States operate. A treaty that from 2014 includes all the settings that made it possible to adopt an enlarged Europe, taking into account the multiple tendencies and individual interests of its Member States.

With the Treaty of Lisbon, however, the EU has not remained stagnant. It made tentative steps forward while maintaining the ability to operate in a particularly complex international environment, which in a short time revealed new challenges for the union under pressure of the global economic crisis.

Supporters and Opposers

The limited reformist character of the Treaty of Lisbon did not satisfy supporters of deeper integration and the federal Europe. For them the result was disappointing because the EU had spent a decade of discussions without making those institutional integration steps corresponding to such a big enlargement.

Conversely, the EU opponents expected stagnation of intergovernmental cooperation. Neither this happened because at some point the union had moved into new areas of cooperation promoting the ability of the Community method and giving power to institutions, at least to the European Committee and the European Parliament. A new reality however exists in the EU-28 and is related to the fact that the economic crisis was the one that brought the urgent need for change.

5

EUROPEAN UNION: HOW IT WORKS, WHAT IT DOES?



European Union: how does it work? What does it do?

The European Union today is a combination of states which resembles something that is clearly more like a confederation of independent states, but still falls short of significant elements in order to become a Federation. In the international arena it constitutes a unique form of a supranational organization which cannot be classed in one particular category.

A Confederation does not present such a ceding of sovereign powers as observed in the EU. At the same time, the EU does not yet constitute a Federation because the member states of the Union continue to maintain strong national sovereignty and they play a key role in shaping European policies. They are not sub-governmental entities under a federation, as is usually the case with provinces or states in federal structures. At the same time, in the most powerful unifying factor, i.e. the political and economic union, the EU does not have the structure corresponding to a Federation, such as the one of the United States of America. A Federation has a central executive power and responsibility to decide on a number of issues in the political field, such as foreign policy and defense. A Federation also has the power to impose direct taxation to its citizens, and the EU has no such authority. It has a budget to which the member states contribute with their own resources or indirectly by the value added tax. In the EU there are no such structures and powers to supranational bodies because the member states remain sovereign units consciously giving up part of their sovereignty, under the Treaties, to the Union's institutions.

The special form of the EU has been determined by the time of its establishment based on the treaties and their occasional modification. In fact the treaties are the foundation on which the EU works and takes decisions. Today the foundation is the Treaty of Lisbon.

The Treaty also defines the values underlying European integration, the common policies, the responsibilities and the operational and decision making processes of the EU institutions.

The peculiarity of the European Union and its relationship with its member states are important to be understood by its citizens, in order to be able to understand the way the European Union operates and what it does.

The Lisbon Treaty

The treaty under which the EU currently operates is posted on the Internet in a unified format that can be read, even though it contains many technical terms.

READ THE TREATY



The Lisbon Treaty

This consolidated form was prepared by the European Commission. The formal treaty is not offered for reading because it contains the amendments to previous articles, these are used when it comes to legal interpretation.



The consolidated form of the Lisbon Treaty

In legal terms, the Treaty defines 'primary law', while decisions taken by the EU institutions are "secondary legislation". Secondary legislation are the number of directives, regulations and decisions that directly affect the daily lives of citizens.

Who makes the decisions in the EU?

The decisions in the EU are made by its institutions:

- The Council, through which the member states are represented,
- The European Parliament, representing the citizens, and
- The European Commission which is an independent body from the governments of the member states, which upholds the collective European interest.

The EU makes decisions on policies on which it has jurisdiction, as defined by the Treaty. However, there is a big difference in how decisions are made depending on the policy in discussion. A main distinction concerns the policies that have been "communitised", that have been incorporated in the EU compared to the other policies remaining in the framework of inter-governmental cooperation.

Where policies became 'Communitised' there is no room for differentiation between an individual member state. A decision shall be taken through an established balance between the institutions. The so-called 'Community method' is followed and the so-called "institutional triangle" is implemented: the European Commission by a majority vote of its members submits its proposal, the Council by qualified majority and the European Parliament with simple majority decide together.

Important elements in deciding on the communitised policies are:

- The European Commission has the sole power of legislative initiative. Member states may recommend to the Commission to act but the Commission decides solely how to proceed.
- Usually the Commission determines an initial policy framework (green paper) and then proceeds to a public consultation so that the issues mature towards the preparation of the draft legislation (White Paper).
- In the Council unanimity does not apply. Member states are aware in advance that they have to seek compromises that cannot satisfy all of their requirements. They have already accepted the Community principle.

Citizens with knowledge

The texts and the decisions made by the EU often raise questions for citizens. Effort is put into explaining these EU actions to citizens and of course in many languages, with varying levels of success every time.

The EU online portal and ongoing announcements are an option, but it is not enough. The issues dealt with by the EU are becoming increasingly complex in nature because they cross the borders of the member states. They raise questions for citizens. Moreover a lot is happening beyond the EU borders.

Citizens need to understand and know what to expect from the European Union. So that they do not have expectations from the EU to act on matters that member states did not give the EU authority to deal with or that member states cannot reach a decision on.

It is also important for citizens to be able to distinguish at what level within the European Union and by whom decisions are made, because member states participate in these proceedings. At the end people still need to know by whom and how decisions are applied, because the EU acts upon its policies with the member states. Only then is each citizen able to judge spherically and form a valid critical stand.

- The responsibility of policy implementation lies with the European Commission which controls the member states, makes warnings in the event of non-compliance and takes member states to the European Court.

- The European Court has full authority to decide definitively on the issues, imposing sanctions.

There are areas, however, where public policy is shaped in a purely "inter-governmental cooperation". It is left more to the Council, therefore the member states, to decide. Such areas are for example common foreign policy and defense. Unanimity stands inviolable. The same applies to issues related to the accession of new member states as well as the amendment of the Treaty.

Finally there are areas that only became 'communal' theoretically, as the interests of member states are so strong that they remain in the Councils' hands. The Lisbon Treaty formally abolished the distinction between 'Community' and 'inter-governmental' pillars in a series of policies, for example on issues of migration, asylum, police cooperation, protection of external borders and so on. However, the decision-making process did not change, which preserves the following features:

- The right of legislative initiative belongs to the member states and not the European Commission that can only assist and advise on a technocratic level.
- A decision requires in most cases a qualified majority.
- The legislation needs to be approved by the European Parliament.
- It is not subject to the jurisdiction of the European Court.

The extension of qualified majority voting in these policies under the Treaty of Lisbon did not make the decision-making process easier. The reason for this is that there is a strong inter-governmental dimension and the lack of an institution, such as the European Commission, with the ability to promote policies that serve the public interest. Combining this with the increased number of member states from 2004 onwards, without however making the corresponding deepening and real 'communitisation' of policies, the EU's operating environment has become harder to manage. This is the reason why many EU policies have pending issues and do not progress.

Additionally, over the last decade, the European Commission became less active in promoting the community method in decision-making due to the intense activity of strong governments. Under the pressure of the economic crisis the events took on such a turn resulting to important deepening policies taken by the EU's eminently political body –the European Council – where again the "inter-governmental" method is operated.

Is it so complicated?

All matters related to whom and how decisions are made, make it more difficult for citizens to understand how the modern EU functions. But it is important to "unravel" the bundle and filter through their knowledge of the ongoing events and news they hear about. The basic questions are : what kind of policy is discussed, whose is the responsibility, what method will be used for the decision to be made?



The European Council

Under the Lisbon Treaty the European Council was established as an independent institution. It is the supreme political body which determines the strategies and EU guidelines.

The European Council consists of the presidents or prime ministers of the EU member states and the President of the European Commission. It has regular meetings in Brussels every trimester, but many

urgent events constitute the need for increasingly frequent meetings.

The European Council defines the objectives and strategies of the EU. It also gives policy direction to the Council and the Commission, and sets out the key initiatives in the whole spectrum of issues. Sometimes it is called upon to make final decisions on thorny issues that the Council could not reach an agreement on. The European Council also handles current international problems and forms the common strategy of the member states.

The European Council strictly maintains political character and does not legislate. Very important policy documents constitute the conclusions of each European Council reflecting the unanimous will of the Heads of States or Governments and their common orientation.

The Council

The Council consists of ministers from the governments of the EU member states. It is better known as the Council of Ministers. Each Council meeting is attended by one minister from each member state according to the subject which is on the agenda: foreign policy, economy, agriculture, employment, environment, energy respectively.

A key mission of the Council is to vote on EU legislation. It does so with the European Parliament. The Council is also the executive body for the implementation of inter-governmental co-operation decisions.

The Council determines and approves the EU's annual budget with the European Parliament. The annual budget is evolving based on a more medium-term planning of the EU, which is for seven years.

The Lisbon Treaty sets out three ways in which the Council makes its decisions, depending on the policy area and the object of the decision:

- With a "special majority" which under the Treaty of Lisbon will be implemented for most subjects so that the EU can proceed smoothly and consolidate the integration process
- By consensus on important issues where member states want to have a separate say in order to maintain their strong interest before deciding
- With a simple majority when it comes to procedural issues.

The list of matters which require unanimity under the Treaty of Lisbon covers topics such as the amendment of the Treaty, in general the introduction of a new common policy, different stages in the integration process and the adoption of the final accession of a new member state, the conclusion of association agreements or customs union with third countries. An important issue that still requires unanimity is also taxation. In most other cases the Council shall act by qualified majority.

The Treaty of Lisbon has implemented a decision through qualified majority by establishing in 2014 the system of "double majority". Under this system, the decision is adopted when 55% consensus is reached and if the specific member states voting in favour constitute 65% of the EU population.

The experience in decision-making process of the Council in recent years is not positive for the cases where a special majority is required. The EUs' operating environment became so intensely "inter-governmental" that resulted in strengthening the position of the powerful member states. Thus their objections were strengthened on various issues for which they feel there is no room for compromises formed by a double majority.

So, except eminently 'Community' policies, in all other matters, instead of important policy areas to be processed, they are informally blocked by vetoes of powerful states, even where there is legal basis for a qualified majority. These issues remain outstanding in terms of avoiding going to a vote, the result of which a powerful member state may be strongly dissatisfied with. There are many examples of such developments having a common characteristic regarding the protection of external borders, asylum and immigration. In these matters there is persistence from the strong member states which do not have external borders with third countries, on EU policies that serve their interests, leaving the entire burden of managing migration flows on the Mediterranean countries.



Active Member State

Despite the difficulties of the present situation in the EU, the double majority required in the Council is a typical example showing how important it is for a member state, regardless of size, to act promptly and cooperate with other member states. For a decision to be made, intensive consultations occur in order to ensure the necessary majority. Each member state has a vote, regardless of its size. There is a requirement of 15 votes, now that the EU has 28 member states, and therefore the small and medium sized states have influence. On the other hand, however, at least some of the member states with a large population should be taken into account to ensure the criterion of the 65% of the population.

This system pushes all member states to negotiate with each other in order to achieve reconciliation of interests and to avoid dissent. However, there are cases in the contested decisions, when a group of member states is acting against a compromise trying to prevent a decision from being taken.

The European Parliament



The European Parliament is the EU institution whose members are directly elected by European citizens today. It represents the total population of the Union, more than 500 million people. The direct election by universal suffrage every five years was established in 1979. Since then, the European Parliament acquired greater legislative powers and power of control of EU activities.

The Treaty of Lisbon established that, from 2014, the maximum number of MEPs will be 751. This was enforced in May 2014, during the last European elections. The maximum number of seats per Member State is 96 (Germany) and the minimum number of seats six (Cyprus, Malta, Luxembourg) so that even states with small populations have the possibility of representation in the important European political currents.

The larger the population of a country, the larger the number of MEPs representing it. At the same time the number of votes required to elect one MEP increases, and subsequently so does the number of citizens the MEP represents.

MEPs participate in European political parties and promote their policies based on their ideology. In



The history of the European Parliament



the elections of the 25th of May, the European Peoples' Party emerged first again (221 seats, 29.43%) and second came the Party of European Socialists (191, 25.43%). German Social Democrat Martin Schulz was elected president.

The European Parliament is organized into committees keeping the form of national parliaments and meets in plenary sessions in Strasbourg and Brussels.

Under the Lisbon Treaty the Parliament legislates with the Council. It has practically become a co-legislator in the adoption of the Guidelines and EU regulations that currently cover a wide range of topics and by far exceed 50% of the laws that affect the daily lives of citizens.

The European Parliament during the last five years has adopted more than 900 laws in the entire range of topics: from issues of strategic nature such as legislation on banking supervision to everyday issues such as reducing roaming charges for mobile telephony.

The Treaty of Lisbon strengthened the democratic nature of the EU by extending the powers of the European Parliament.

When the European Parliament legislates, it is treated equally with the Council and they decide together. The procedure is the "ordinary legislative procedure", and covers almost all the issues that the Council adopts through qualified majority voting. This covers in practice many decisions that affect citizens. However, the European Parliament has no right to take a legislative initiative, something that limits its intervention possibilities.

The power of the European Parties

In the last elections the dominance of the two major ideological streams in the EU was confirmed: the center-right European Peoples' Party and the center-left Party of European Socialists.

These two large currents are forcefully pro-Europe, that is, they support the fundamental objective of the EU for gradual European integration. Similar vigorous orientations are also held by smaller centrist forces, the Party of European Liberals, and the Party of European Greens. The Party of the European Left supports small European integration but retains within it various differences and reservations.

In the European Parliament there is still representation of a small group of MEPs who are strongly Eurosceptic, such as the British Conservatives. Finally, there are right-wing figures who proclaim their opposition to the EU and want it to dissolve.

All information on the elections, the composition of the European Parliament and representation of each member state are presented in the following website:



The European elections 2014 results

Juncker's Election



The European Parliament gave a new dimension to the democratic legitimacy of the choice of the European Commission President. During the election campaign in view of the European elections of May 2014, the European political

parties organized a selection system for the chairmanship of the Commission. Standing out from the European Peoples' Party were Jean-Claude Juncker, former Prime Minister of Luxembourg, Martin Schulz from the Party of European Socialists, President of the European Parliament and Guy Verhofstadt leader of the European Liberals Party, Former Prime Minister of Belgium. For the first time the election campaign was conducted and the candidates of the European parties competed in discussions and presented their positions. After the completion of the elections, the European Council was called upon to decide who the new President of the Commission would be, exercising its power given by the Lisbon Treaty. Jean-Claude Juncker was selected, who was already the choice of the Euro-

The European Parliament is also required to give its assent in numerous Council decisions on an international level. In particular, the European Parliament has powers to adopt association agreements with third states and the Accession Treaties of new member states. However, on a number of issues, for example in foreign and defense policy, the European Parliament only issues advisory reports and resolutions.

With the Treaty of Lisbon, the budgetary powers of the European Parliament are strengthened to be treated equally with the Council. It can reject the EU's annual budget if its position is not taken into account.

Furthermore, the European Parliament continues to exert strong political control over the European Commission. It elects the President of the Commission and then it approves the appointment of the Commission as a whole. This means that the choice of the Commission President, decided by the European Council, must take into account and reflect the correlations between European political groups after the elections to secure the necessary majority.

The European Parliament may overturn the Commission at any time by adopting a motion of censure against it.

Finally, the European Parliament undertakes more responsibilities and may propose the revision of the EU Treaty, but still the unanimity of national governments is required.

pean Parliament as the European Peoples' Party won the European elections and secured the most seats. The European Council consciously did not exercise the right to choose a third party despite the fact that the British Prime Minister David Cameron reacted strongly to the selection of Juncker as "federalist". The European Councils' vote approved Juncker, with 26 positive and only two negative votes by Britain and Hungary. In the European Parliament he was voted by 422 of the total of 751 MEPs, with the support of the European Peoples' Party, the Socialist Party and the Party of European Liberals.

Motions of censure

In 1999 the European Parliament forced the resignation of the entire European Commission under President Jacques Santer.

The motion was made following an investigation by the European Parliament on the unusual appointment of a person whose personal relationship with Commissioner Edith Kresko, as advisor for the services of the Parliament. The person was Kresko's dentist, who was hired despite the fact that he had passed the age of 65, something expressly forbidden under EU law. The investigation revealed a number of similar incidents and enforced a heavy indictment against the entire Commission. Kresko declared that she acted as her predecessors had done ...

The institutional triangle

The three EU institutions, the European Parliament, the Council and the Commission constitute the institutional triangle that makes decisions. The Commission has the legislative initiative while the Council and the European Parliament approve and adopt the laws.



How it works: EU Law

If one tried to match the EU institutions with corresponding powers at the level of a state or a federation, it could be done in the areas that have been "communitised". The executive power, in the sense of promoting bills, belongs to the European Commission, while the legislative power lies in the hands of the Council, as an Upper House representing regions of Federations, and the European Parliament, as a Lower House. This, however, could be said to apply in general only to matters falling under exclusive EU authority. That is where the 'institutional triangle' functions.

The European Commission

The European Commission acts as a potential "European government". It has generally the completeness of a European executive for the policies which have been communitised. In these areas the Commission has executive duties and exclusivity to deposit legislation proposals (Regulations, Directives, Recommendations), which are then submitted to the co-legislators, the Council and Parliament for debate, amendment and approval. There, the so called 'institutional triangle' functions. The members of the Commission are appointed for a five year term after consultation between the elected president and the Council. Usually the choice is made after prior consultation of the Commission President directly with presidents or prime ministers of the member states in order to finalise the list. This process is highly political, demonstrates the importance attached by governments to the person who will be appointed to the position of the Commissioner, or even his portfolio.

The European Commission and its President must then get a vote of confidence from the European Parliament. Each Commissioner goes through a hearing in relation to the policies in the portfolio which he or she will be assigned to follow.

The Commission has significant independence in exercising its powers. Its members do not represent their country of citizenship or their governments. Their mission is to defend the common European interest and they must prove it through their actions. They do not need to take instructions or receive directions from the governments of the member states. Usually when referring to public places in their country, they say that they speak for the country they know best. In practice the role of the commissioner is highly political and can be influenced by national interests, but only in a fair manner for the common European interest.

The European Commission is the "guardian of the Treaties". In other words it has the prime task of ensuring the implementation of European Directives and Regulations by the member states. This audit carried out by the Commission services is detailed and thorough. If the member states do not comply, the Commission initially issues warnings and then initiates the proceedings before the European Court to implement sanctions.

Having broad executive powers, with a strong work force and dozens of services, which constitute the European public administration, the Commission undertakes the implementation of Council decisions

Each country one commissioner

The Lisbon Treaty foresees that from 2014 onwards with the participation of 28 member states, the European Commission will be composed of a number of Commissioners lower than that of the member states. At one time there was a discussion regarding 15 commissioners. Ultimately, however, it adopted a clause which allows the European Council to postpone the time of the establishment of the Commission with a small number of Commissioners.

The European Council initiated the suspension clause following the requirement of all member states to maintain the principle of "one Commissioner per member state". Thus, the new Commission will have 28 members.

At some point, however, the issue of the Commission's effectiveness with a more lean and agile shape will arise again. Furthermore, the need of alternation on an equal basis will also arise. In particular the number of Commissioners will be reduced to correspond to two thirds of the total number of member states. Each successive scheme will be established in a way that reflects the demographic and geographic diversity of the Union. Under no circumstances will two members of the same nationality participate in the Commission.

and the management of the European budget. Its headquarters are in Brussels and Luxembourg.

In the historical development of the EU, the European Commissions' role was often crucial to enhancing the European unification project. This is a function of the broader situation within the Union, as well as the capabilities and ambitions that the Presidents of the Commission have. In the struggle between supporters of EU deepening, the community method of integration on the one hand and supporters of inter-governmental cooperation on the other, the European Commission usually takes the part of the first, just like the European Parliament.

The Lisbon Treaty

The Lisbon Treaty is formally called the "Reform Treaty" and it has replaced the Constitutional Treaty which was outvoted in the referenda which took place in 2005 by two founding members states of the EU, France and the Netherlands.

The aggressive characterization "reform" was adopted by the need to fill the void of failure of the Constitutional Treaty, a more simplified Treaty with a more unifying symbolism.

If one tries to describe its content in simple terms, one would say that the Treaty of Lisbon is the basis on which the EU currently operates, including:

A Europe with increased democracy and transparency

Citizens are increasingly seeking greater legitimacy of EU decisions. They do not want to feel that someone far away from them is deciding for them.

The EU has sought to respond to this clear request. The European Parliaments' role is now more enhanced. The institution which is directly elected by citizens plays a key role in the adoption of legislation. Consequently, most of the issues affecting the lives of people go through the European Parliament.

The Treaty of Lisbon is trying to manage possible objections to the assumption of responsibilities by the EU on issues that are better left to the member states. Under the Treaty, the parliaments of the member states have the opportunity to become active in the EUs' work. They can coordinate in order to check if they themselves are able to legislate and therefore a given issue might not need to be dealt with on a European level.

The Treaty establishes an important innovation, the European Citizens' Initiative. Citizens have a stronger voice in European public life. With one million signatures, they can take the initiative to invite the Commission to submit new proposals for legislation.

A more effective Europe

The EUs' institutional architecture itself has become more complex with 28 member states. At least now there are more simplified working methods and the voting rules are understood.

It is of significant importance the EU to obtain an improved ability to act upon areas of priority in the lives of its citizens. This is included in the Treaty of Lisbon in the areas of freedom, security and justice, for example, the fight against terrorism or crime. The Treaty also allows the possibility to upgrade the EU action and coordination of member states in other areas such as energy, public health, civil protection, climate change, research, space, territorial cohesion, commercial policy, humanitarian aid, sport, tourism and administrative cooperation.

Europe of rights

The issue of fundamental rights in the EU is not a figure of speech, and this is evident in many ways, especially if you compare the quality of the rights applicable in the Union with other parts of the world.

The Charter of Fundamental Rights in the Lisbon Treaty constitutes progress as it establishes the rights of citizens in the EU institutions and the member states when they implement EU policies. Such rights in the Charter are civil, political, economic, and social rights. The text is divided into chapters: Dignity, Freedom, Solidarity, Citizenship and Justice, and covers everything from banning torture, respect for private and family life, the right to effective legal recourse and fair trial, the social rights of workers, bioethics, the protection of personal data, the right to vote and be voted in European Parliament elections.

The European Union also offers a new quality of security and justice for citizens facing problems that transcend borders, such as organized crime, terrorism, money laundering, digital crime.

The Treaty includes more specifically, new provisions on civil protection, humanitarian aid and public health, issues that concern the citizens.

The Lisbon Treaty opens up a large section on solidarity between member states. It has included a specific article providing that the European Union and its member states shall act jointly in a spirit of solidarity if a member state is the victim of a terrorist attack or natural or man-made disaster. There is also emphasis on solidarity in the energy sector which is one of the biggest challenges of the 21st century.

Europe in the Global scene

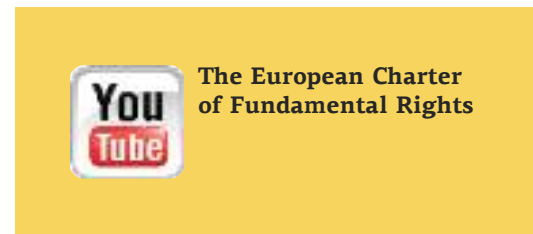
With the Treaty of Lisbon, the European Union has a more powerful voice that will be heard by its partners worldwide. In a world of globalization, small and large member states have full collective bargaining interests with third countries and organizations. The Union has a strong bargaining power over its competitors. It can now better enlist all the forces of political, economic and diplomatic capital.

The progress accomplished by the EU with the Treaty of Lisbon on European foreign policy and security and defense policy is noteworthy. The EU respects the UN Charter and in many cases of conflict has shown that under such circumstances, it can function as a gentle and effective force in peacemaking and mediation in the world.

The new Treaty introduced new roles in the highest offices of the EU, the European Council President and the High Representative for Foreign and Security Policy, who is also vice President of the European Commission.

The President of the European Council and the President of the European Commission participate in major international summit meetings, such as conferences of the G7, G8 and G20.

The high representative presides over the Foreign Affairs Council and is supported by a European External Action Service. This service works in cooperation with member states' diplomatic services.





The relationship of the Member State with the EU

The Lisbon Treaty defines "who does what", and subsequently the relationship between member states and the EU itself. Under the Treaty one finds the division of responsibilities, which are responsibilities commissioned by the Member States to the EU in order to handle their interests more effectively and efficiently. It also recognizes the possibility of a member state to withdraw from the Union.

The Treaty states that "the Union shall act only within the limits of the powers issued by member states to achieve the objectives set. Competences not conferred on the Union remain in the member states".

The way in which these powers are exercised is different. There are the "exclusive" responsibilities assigned to the EU, permanently exercised only by the EU. These responsibilities are at the heart of the European acquis and the responsibility for legislating on those lies only with the EU. Member states shall legislate only for purposes of harmonization or if the EU has given authorization.

The EU gained powers which collide with member states' responsibilities. Both the EU and the member states have the right for legislation, but member states have responsibility only for matters for which the EU itself has not legislated.

One Union - Three Presidents

The European Union doesn't have one President, but three.

The Lisbon Treaty established the post of a permanent President of the European Council. The President coordinates the work of the European Council and ensures its continuity. The President is elected by a qualified majority of the members of the European Council for a two and a half year period.

First President of the European Council, in 2009, was the former Belgian Prime Minister Herman Van Rompuy.

The European Parliament also elects their President for a five-year term.

The elected President of the European Commission, following Portuguese Jose Manuel Barroso, is Jean-Claude Juncker.

Therefore, the European Union has not one, but three presidents, with the most important in terms of responsibilities being the President of the European Commission.

The Council also retains the institution of the rotating six-month presidency from each member state. The Presidency of the Council in an enlarged EU has less weight than in the past, as each member state taking the presidency, essentially assumes the completion of any planned project. It can however take the initiative and make its presence felt in the context of EU common policies.



Lastly, the EU exercises certain powers of policy coordination which are "supportive" in member states. However individual states continue to be responsible for the formulation and exercise of these powers as part of national sovereignty.

The Treaty of Lisbon sets out the policy sectors and responsibilities, but it is still difficult for citizens to understand who is eminently responsible for the exercise of every jurisdiction. The reason is mainly because there is an extensive list of "shared" powers.

However, the knowledge of the three levels of powers under the Treaty of Lisbon is essential because it highlights the dimension of European policy and its effect on the daily lives of citizens, as well as shortcomings due to the strong national interests.

The Lisbon Treaty explicitly lays down the exclusive, shared and supporting powers.

High Representative and Vice-President

The EU High Representative for the CFSP exercises its foreign policy and chairs the Council of Foreign Affairs Ministers. The High Representative holds the position of Vice-President of the Commission and is appointed by the European Council, by a qualified majority, with the agreement of the President of the Commission. He or she is also subject to Parliamentary approval. The first High Representative since 2009 is the British Baroness Catherine Ashton.

Exclusive powers'

- a) Customs union.
- b) Establishing of the competition rules necessary for the functioning of the internal market.
- c) Monetary policy for the member states within the Eurozone.
- d) The conservation of marine biological resources under the common fisheries policy.
- e) Common commercial policy.
- f) International agreements in areas which affect the common EU policy.

Shared responsibilities

- a) Internal market.
- b) Social policy - for the aspects defined by the Treaty of Lisbon.
- c) Economic, social and territorial cohesion.
- d) Agriculture and fisheries, excluding the conservation of marine biological resources.
- e) Environment.
- f) Consumer protection.
- g) Transport.
- h) Trans-European networks.
- i) Energy.
- j) Freedom, security and justice.
- k) Common safety concerns in public health matters, for the aspects defined by the Lisbon Treaty.

Support functions

- a) Protection and improvement of human health.
- b) Industry.
- c) Culture.
- d) Tourism.
- e) Education, vocational training, youth and sport.
- f) Civil protection.
- g) Administrative cooperation.

Responsibilities in economic policy

Member states shall coordinate their economic policies within the Union. To this end, the Council shall adopt measures, in particular broad guidelines for these policies. (But for the member states of the Eurozone the specific provisions of the EMU apply, which will be analyzed in a separate chapter.)

Powers in foreign policy and defense

The Union shall have the power to define and implement a common foreign and security policy, including the progressive framing of a common defense policy.

Responsibilities in research and technology

In the areas of research, technological development and space, the Union shall have the power to carry out actions, in particular regarding the definition and implementation of programmes. The exercise of that competence shall not result in hindering the exercise of the responsibilities of the member states.

Powers in developmental aid

In the areas of development cooperation and humanitarian aid, the Union shall have the power to carry out activities and conduct a common policy; however, the exercise of that power may not have the effect of preventing the exercise of the powers of the member states.

Employment responsibilities

The Union shall adopt measures to ensure coordination of member states' policies on employment, in particular by defining the guidelines for these policies.

The Union may take initiatives to ensure coordination of the social policies of the member states.

The debate about the responsibilities

The apposition of the list of powers between the EU and the member states gives a direction that can help citizens understand the Unions' limits of liability. It is clear that in the issues related to the functioning of the market, the EU's powers are very broad and affect everyday life. In fact the rules of healthy competition are extremely strong and rigid and have put aside many restrictions, protectionism,

and arbitrariness that member states have applied. Many governments are facing lawsuits for violations of European law.

The EU has increasingly greater impact on daily life due to the horizontal dimension of certain policies affecting the market which are not constrained by national borders. Typical examples are the instructions and regulations for consumer protection and environmental protection. In recent years European legislation has had a particular effect on issues related to the internet and telecommunications. But European legislation is still lagging behind in areas vital for the market such as the supply of services and issue of professional skills certification.

Many contentious issues discussed due to the economic crisis, such as social and benefit policies or unemployment, are responsibilities that are still exclusively in the hands of national governments, despite being affected by the EUs' wider environment. Many times the worsening of citizens' position is mostly due to national policies and practices of their governments, rather than policies for which the EU is responsible for. Conversely, there are policies that would not have been observed by national governments, however due to EU membership, these have reached significant improvements due to the European legislation. Such policies include policies predicting environmental impact and accidents, food standards and safety.

The impact EU has on member states is important but not sufficient in the coordination of policy issues in social and other areas. The EU offers expertise, comparative studies and good practices, but requires the voluntary response of member states to make improvements, as the Union only plays a supporting role. Finally, in every European society, the matter of taxation is open, relating to perception of redistribution of wealth and social justice for which the EU does not intervene, despite the fact that it is often criticized.

European Representatives in the European Union

MEPs 2014-2019

Eleni Theocharous - European People's Party / Rally

Lefteris Christoforou - European People's Party / Rally

Kostas Mavridis - Progressive Alliance of Socialists and Democrats / DIKO

Dimitris Papadakis - Progressive Alliance of Socialists and Democrats / EDEK

TakisHadjigeorgiou - European United Left - Nordic Green Left / AKEL

NeoklisSilikiotis - European United Left - Nordic Green Left / AKEL

MEPs 2009-2014

Eleni Theocharous - European People's Party / Rally

Andreas Pitsillides (04.03.2013 - 06.30.2014) - European People's Party / Rally

Sophocles Sophocles (01/09/2012 - 06/30/2014) -
Progressive Alliance of Socialists and Democrats / EDEK

Antigoni Papadopoulou - Progressive Alliance of Socialists and Democrats / DIKO

Takis Hadjigeorgiou - European United Left - Nordic Green Left / AKEL

Kyriacos Triantaphyllides - European United Left - Nordic Green Left / AKEL

Ioannis Kasoulides (14.07.2009 - 02.28.2013) - European People's Party / Rally

Kyriakos Mavronikolas (14.07.2009 - 08.31.2012) -
Progressive Alliance of Socialists and Democrats / EDEK

MEPs 2004-2009

Adamos Adamou - European United Left - Nordic Green Left / AKEL

Panayiotis Demetriou - European People's Party / Rally

Ioannis Kasoulides - European People's Party / Rally

Marios Matsakis - Progressive Alliance of Socialists and Democrats / DIKO

Ioannis Matsis - European People's Party / Rally

Kyriacos Triantaphyllides - European United Left - Nordic Green Left / AKEL



Commissioners

Markos Kyprianou

Markos Kyprianou was the first Cypriot taking on responsibilities of a commissioner to the European Commission with the accession of Cyprus to the EU. He was Commissioner for health and consumer protection issues from 2004 to 2006 and commissioner for Health from 2007 to 2008 in the First Barroso Committee.

Androulla Vassiliou

Androula Vassiliou replaced Markos Kyprianou on 10 April 2008. She was Commissioner for Health from 2008 until 2009, Commissioner for health and consumer protection issues in 2009 and Commissioner for Health from 2009 to 2010. From 2010 to 2014 she was Commissioner for Education, Culture, Multilingualism and Youth in the second Barroso Commission.

Christos Stylianidis

Christos Stylianidis took on as humanitarian aid commissioner and crisis management commissioner during the Juncker committee from November 2014 until 2019. Christos Stylianidis was elected MEP in the elections of May 2014, a position taken on by Lefteris Christoforou.

6

THE ECONOMIC CRISIS



Since 2007 the clouds of a new world economic crisis began to gather, one deeper and more prolonged than the Great Depression of the 1930s.

This crisis started as a financial one from the US and caused a significant rearrangement of economic power around the world. It completely changed the roles, associations and day-long provision of global centers of power. It horizontally affected states and blocs, highlighting trends for potentially new 'winners' and 'losers'. For the European Union the test of the crisis proved difficult to face and the consequences several years later are still intense and painful.

The economic crisis dominates the news as well as discussions. The negative effects of this crisis are recorded in all public opinion accounts in the European Union putting the most crucial issues for citizens today:

- Can the European Union overcome the crisis and at what price?
- Are the member states, agents to resolve the problems that accrue?
- Do the states want to move in an inclusive and coordinated manner?
- How can the European Union translate the everyday expectations of its citizens for jobs that guarantee the standard of living and welfare model that has been created during the past decades?

The epidemic in the Eurozone

The collapse of Lehman Brothers sounded an alarm around the world. In the case of the European Union the financial crisis in the US moved fast like a virus epidemic in the Eurozone. Since then, the EU was considering the size and scope of the problem, taking decisions in most cases set at the highest political level of the European Council and Eurozone leaders.

Tackling the EU crisis involved managing unforeseen and acute needs. For the first two years of the crisis measures were adopted reflexively through the lens of managing the current situation. There was a perceived extent and depth of the impact of the crisis on overall European economic integration. In the beginning European governments considered the crisis as purely financial but after a temporary relief, they realized the problems had extended and disseminated everywhere.



The news of the century

At the dawn of the 21st century, many believed that the marking date would be September 11th, 2001, when international terrorism showed its most extreme face with the attack on the Twin Towers of New York. It did not take many years to see that another date -again during the month of September- would prove even more fateful.

On September 15th, 2008 the news of the collapse of the Lehman Brothers, the fourth largest American investment bank was announced, causing a domino effect on economic developments. Originally the US banking system was shaken up, and then it had a profound impact worldwide and had serious consequences in Europe, especially in the Eurozone.

The lack of regulation of international financial transactions, combined with excessive borrowing by countries and private sectors without serious guarantees for the repayment of loans, and by breaking the so-called "bubble" of the US property market.

As many Americans after the speculative surge in property prices in the stock market could no longer pay their mortgage - brought to the surface by the huge debts that glossed over "toxic" financial products that were not fully matched by any financial or property-guarantees on the real economy.

Although we are still in the early 21st century, it is certain that news will be recorded in historical events worldwide by historians of the future.

After 2010, again the European Council instructed the response policy, taking decisions to strengthen the collective governance and further economic integration that was previously considered impossible. The review of the mode of reaction of the European Council was very specific: The economies, particularly of the Eurozone, were interdependent but the crisis had an asymmetric impact on member states of the euro because there was no real economic convergence between them or the mechanisms to resist. Each problem of each economy was transferred to and affected the others, threatening the cohesion of the euro zone which is the greatest achievement for Europe and its citizens.

The political direction prevailing in the Eurozone is that the EU, having reassured markets, by rescuing the euro and imposing measures, will regain the possibility of recovery and growth.

There is a general understanding that this possibility is visible and feasible through collective and coordinated joint action at various levels. However, the reality is that the EU continues to pose stiflingly dilemmas to the protagonists of those efforts and to those with less contribution to what intervened:

- The recovery of the EU is very slow, compared with other regions of the world, which have already come out of the vicious circle of recession and unemployment.
- The internal political and social dynamics in the EU employ various dimensions especially in areas where the social impact is intense; gaps widen and consolidate a feeling of enforcement rather than conscious implementation of the necessary reforms.
- The recent political developments and in particular in the light of the European elections of May 2014, also demonstrated centrifugal tendencies questioning either progress or even the entire European edifice.



The banking holes

The crisis of over-indebtedness and poor investment banking sparked fear among global investors and caused huge bank "holes" which then became debt losses in the states that rushed to save their banks from bankruptcy. In a few months these events revealed the extent and the depth of the interdependence of the economies of Europe and America and laid on the table the issue of strict supervision of financial organisations. It was too late for a rapid reaction.

The economies of the US and EU sank into recession and the cost of bailing out banks was unbearable. The US reacted better because it gave permission for the most effective response to the federal government, to have the ability to create liquidity. In the case of Europe, especially in the Eurozone the same did not happen. Every time the situation worsened, the interventions of governments to prevent bank failures appeared to be inadequate.

The Euro Project

After the crisis the EU makes a strong assumption! It attempts to redefine the project of monetary union. Many years earlier when the EU adopted the plan for the single currency, key critics, economists from the US and the United Kingdom supported the inevitable and dangerous option of a common currency and making common monetary policy without a real entrenched economic and financial union. Critics of the euro claimed that the initiators had in mind a political vision that was not based on realistic economic analysis. Today because of precisely these reasons the euro presents various weaknesses. The very EU institutions admit it in their own recording of wounds of the crisis in the Eurozone.

Decisions of the European Council, which is the institution where the inter-governmental EU cooperation is mostly expressed and still is today, are the driving force for the development of stronger economic governance. There is also no doubt that the political position of the European Council is defined by a spectrum from the most powerful and those who contribute to the weaker lenders, to borrowers just before bankruptcy.

Thus, in the prime institution which today guides the weighty developments, Germany and especially Chancellor Angela Merkel are the key players who espouse the position that there is no need for daring leaps and reject any idea of expansionary fiscal policy through further borrowing. These political processes at the European Council and the Eurogroup that are composed of the member states have also highlighted the division between its northern and southern partners. Political dialogue focuses on the absolute requirement of the "north" for the restructuring and the recovery of the economy and structures of the "south" as the only credible response to the chronic weaknesses of their ailing partners.

On the bumpy ride during recent years it became apparent that the allocation of power to the EU institutions changed drastically. Apart from the European Council that had to meet 3-4 times a semester and was a protagonist, the European Central Bank, the Economic and Financial Affairs Council (ECOFIN) and secondarily the European Commission and the European Parliament also played an important role.

The decisions were not conditioned for further Treaty change. They were implemented under the EUs' enhanced cooperation for the countries of the Euro group. This further strengthened the intergov-

The wounds of the crisis

The EU and the Eurozone were faced with situations which had not been foreseen or had been ignored for years.

Inadequate rules EMU: Some euro area member states complied with EU rules by keeping low only their annual deficits. As a result they had accumulated a large debt. During the financial difficulties of the crisis they very quickly defaulted.

Lack of competitiveness: The EU did not give adequate attention to and distortions of economies, especially the Mediterranean south e.g. efficiency of public administration, swelling housing markets, excessive private borrowing, weaknesses in the production base.

The weak links

The financial crisis made investors cautious of both banks and the states where they invested. From 2009 onwards contagion effects hit Greece that presented as the first weak link in the Eurozone because its economy was in a very bad condition. Successive Greek governments had accumulated debts of almost twice the size of the economy. The global crisis, however, hit, theoretically and successful development models, such as Ireland's.

The Irish economy that had made strides for years was drowned by the banking crisis because its banks were exposed to investments in the American market. The Irish State was threatened by bankruptcy; Other EU countries had to intervene with financial assistance. Those member states that wastefully borrowed amounts to finance their budget, were led to an impasse because suddenly the markets were no longer willing to lend at a reasonable interest rate. So the banking crisis was associated with the public finances of members. Serious problems except from Greece were progressively faced by Portugal, Spain and Italy. What began as a banking crisis evolved into a debt crisis of states.



Saving the Euro

ernmental dimension of the EU and not the Community method at the initiative of the European Commission. The fact that all decisions were accepted for alignment purposes in perspective of their application by the non-Eurozone members as well, also shows the dimension of "different speeds" in the EU but also the size of the stake.

The Initial Stages

In the early stages of the crisis, European governments threw all their weight on rescuing their banks, providing emergency aid on a massive scale (1.6 trillion between 2008 and 2011). The massive funding allowed the guaranty of deposits, thus the euro maintained its value.

The Eurozone countries have avoided the worst of the crisis. They rescued the euro, at a heavy price, however, as it led to the increase in public debt of all member states. This removes in turn the applicability of an extensive government spending programme to restore the growth rates.

The root of the problem was the EU banking system that proved vulnerable to shocks. The EU therefore turned its attention to the supervision and rehabilitation of the financial sector to protect investors and depositors and to ensure the smooth flow of financial economy.

The Banking Union

The EU is trying to build a more efficient financial sector, based on stronger and more resilient banks, as well as better rules and supervision. The main objective is the effective central supervision for banks to have capital, responsible behavior and to lend to businesses and households. A central issue for the Eurozone is now, even in retrospect, to restore confidence and trust in the system, addressing inadequate national supervision. The cases of Ireland and Cyprus, but also Iceland which is not yet an EU member state, constitute today the most classic examples of what to avoid.

The Banking Association has as its main purpose to secure deposits so that taxpayers will not have to pay for errors made by banks ever again. The Banking Association comes as a natural complement to the monetary union and is in full operation, replacing the national audit that proved inadequate and sometimes perforated against uncontrolled and irresponsible bankers' behaviors.



The Banking Union provides that:

- The banks in each country that use the euro will give reference to a common supervisor, the European Central Bank. They shall be controlled based on common and transparent rules.
- Decisions on how to deal with an ailing bank will be taken on a central European level (bail out), to minimise the cost for taxpayers.
- The depositors across Europe will be protected from bankers' risky choices. But they will know very well what is happening and will assume the cost themselves for any irresponsible choices of banks or their products (bail out)
- Small depositors have their deposits - up to 100,000 euros - guaranteed in the event of a "hair-cut" on deposits.



The role of the ECB

The European Central Bank played an important role in the effort to overcome the crisis and calm the markets. Apart from the increased supervisory role, it has to make some significant moves to shield the Eurozone:

- It decided to lend banks at low interest rates and repayment margin up to three years, the familiar ELA (Emergency Liquidity Assistance). This is how they covered short-term needs.
- It expressed readiness to buy bonds of countries having difficulty to ensure a reasonable interest rate. So far no country used this kind of ECB support, but the fact that it exists, contributed considerably to reassure the markets because it provides a strong guarantee for the member states.

Support Mechanisms

When the crisis erupted, EU received temporarily and progressively more permanent measures, creating the first support mechanisms for countries that cannot borrow from the market. The aim is to prevent a similar crisis from re-occurring in the future, however it often received criticism that it was slow to react.

In this process, as the first urgent crisis of member states occurred and they were threatened with bankruptcy, the EU created two temporary funds, the Eu-



ropean Financial Stabilisation Mechanism (EFSM) and the European Financial Stability Facility (EFSF).

In autumn of 2012, having realised the depth of the crisis, the Euro zone countries set up a permanent financial protection mechanism, the European Stability Mechanism (ESM). This mechanism is now a firewall in the intensive effort to safeguard financial stability in the euro zone. The lending capacity of the Facility currently stands at 500 billion Euros.

Five Euro zone member states asked the EU for help: Greece in May 2010, Ireland in December 2010, Portugal in May 2011 and Spain and Cyprus in July 2012. These states secured support from the European Stability Mechanism, but promised to implement a broad reform programme to correct their finances and to create the conditions to return to the normal lending procedures of the international markets. This programme is governed by a letter of agreement, known as a Memorandum of Understanding, with policies and measures integrated into a strict implementation timetable. In return, member states are borrowing from the European Stability Mechanism with extremely favorable terms, these are a very low rate for a long payback period and a long grace period to start re-payment. In this support programme, Cyprus borrowed 10 billion euros with an annual interest rate of 2.5%, payback period 30 years and a grace period of 10 years.



The specifics of the problems

The Eurozone countries, which found themselves outside markets, faced the risk of disorderly default and expansion of their problems in the rest of the area of the euro. The causes of the problems, however, were not the same. Ireland had a serious problem with its banks, while Greece and Portugal with public debt. Spain was exposed because some of its banks had been exposed to high borrowing in property. Italy withstood the pressure because it had a strong industrial base and did not enter a support programme, despite being forced to borrow a very high cost.

All the countries of the Mediterranean South were facing problems with the effectiveness of their public administration and their competitiveness. Their finances were fragile and disturbed by the turmoil that brought the international economic environment, but also from internal cyclical policy options and individual vested interests.

The case of Cyprus

Cyprus became embroiled in the cyclone, when its banks continued to expand, the Greek market for temporary gains, even when economic conditions in Greece showed how volatile and uncertain they were. Before Cypriot banks losing over a billion Euros in one night in November 2011 -with the Eurozone decision "haircut" debt to rescue two of the local banks, preceded the "bubble" of real estate from 2006 onwards, the overall swelling dimensional banking activities, exclusion from markets in May 2011 and the deterioration of the financial information had appeared already from 2009 onwards.

The situation in 2012 was disastrous for the real economy, and unemployment climbed to 15%, unprecedented for Cyprus. The Cypriot government asked for EU support in June 2012, and agreed in principle on a memorandum in November of that year but a final agreement became possible in April 2013, after a long period of delay due to the Presidential election. The continuing spending and misuse of the emergency financial liquidity pumping (ELA) ECB of the major Cypriot banks.

The method that was implemented in Cyprus to enforce the support plan was novel by the standards of the Eurozone. The costs were shouldered by investors and depositors of the two major banks. Then it seemed that this method, named «bail in» (rescue by own means), became a model for dismantling troubled banks, based on new EU directives and the Banking Association settings.

The Fiscal Treaty

The Euro zone crisis forced governments to revise the way they implemented their budgetary policy by aggregating debt and deficit. The Euro zone had given the member states stability and confidence to go out to the markets and to guarantee loans in various ways, having in hand the state guarantees and bonds. However, they were obliged to keep the restrictive debt and deficit limits. They did not do so.

The truth is that powerful EU member states did not want to commit their governments to the strict limitations and supervision of the European Commission. Countries such as Germany, France and Italy, wanted to be free to pursue expansionist policies or to create growth and economic stimulation with loans or to satisfy internal demands for social benefits. The conclusion was that of exceeding the restrictions on public debt and deficit.

For some southern European countries such as Greece and Portugal, this habit in the years before the crisis erupted proved disastrous. EU resistance mechanisms were limited only to the continuous warnings in the annual assessment of the European Commission reports that have been disregarded by the governments which have created the problem. But at the time money was needed they had none, nor could they borrow. They had no choice because, even in good economic periods, they squandered their resources and very little was used for development but more was used for satisfying individual population groups, usually before elections.

Under such conditions, the financial crisis has evolved into a public debt crisis in some member states. Then everyone in the Eurozone realised how dependent one member state is on the internal choices of the others.

The euro zone member states looked for a more permanent solution to the problem by adopting the Fiscal Treaty. They introduced stronger control rules for public debt and deficit so that countries cannot spend money they do not have. In the same context non-member countries of the Eurozone are being driven.

The new Fiscal Treaty stipulates that everyone will have to handle their public finances in a common binding way. Certainly they must balance the annual budget, with a margin deficit to just 0.5% of GDP, compared with 3% previously applied. The Fiscal Treaty imposed the requirement for a balanced budget either with welfare, in the Constitution of



The involvement of the Troika

When the crisis broke out, there was no mechanism to provide financial support to countries of the Eurozone. Time and involvement was needed by the International Monetary Fund who had experience in managing such problems to create the first temporary support mechanism.

In the configuration of the support programmes, under the political mandates of the Eurogroup, the European Commission and the European Central Bank were also involved. This tripartite informal body, which monitors the progress of technocratic implementation of support programs, prevailed and was called "Troika".

each state of the Eurozone, or an equivalent law as it applies in countries such as Germany.

The baseline dominating the EU now is that the crisis cannot be nourished by debt. The balanced budget is a very strict clause that often appears to be a punishment for the unruly and may prove very unflexible.

The European Commission is the responsible institution concerned to respect the debt limits and to ensure that national budgets do not endanger other economies.

Enhanced Stability Pact

Relevant is the prediction made by the Eurozone for a new Enhanced Stability Pact. The common European currency, the euro, offers many potential advantages, provided that member states follow sound economic policies. The euro remains the most powerful tool of resistance to the crisis. But the selective application of rules and a breach of the obligation not to create excessive debts, limited part of the benefits of the Eurozone.

It is worth noting that the first countries that violated the Pact were France and Germany but without being penalised.

The provisions of the renewed Stability and Growth Pact included:

- Governments are to submit their draft budget for verification by the Commission and the Council, so as to inform other euro area countries as well.
- Strict oversight mechanisms are in place to check that euro area countries actually keep the budgetary targets.
- If necessary, sanctions may be imposed. This measure has not been used until now.

Strengthening competitiveness

The problems revealed by the global crisis in the Eurozone are not only related to public finances and banks. The crisis also revealed the need for a new approach to economic policies that ensure competitiveness and promote growth and job creation.

The European Union seeks to address this strategic issue by creating a new framework for macro - economic surveillance imbalances to tackle dangerous developments, eg, associated with 'bubbles' in property markets and weakening competitiveness, before

threatening the stability of an EU country, the Eurozone or the EU as a whole. The basic aim is to provide timely correction of these distortions, which is not easy if drastic reforms are not placed for which primary responsibility and full authority is taken again by the national governments.

The European Commission also undertook to regularly monitor the potential macro-economic imbalances (in areas such as labour costs, house prices and unemployment). EU countries that show potential worrying trends are analysed in depth, and this fact offers a valuable tool in the hands of national governments. On the EU side, if imbalance is found to exist, that country is required to adopt measures to prevent the deterioration of the situation. If an imbalance is deemed excessive, the country is obliged to act and correct the situation.

The EU also promotes increased coordination between member states in a comprehensive reform programme called the European Semester. The EU countries have the opportunity to examine the economic and budgetary policies of each other before they are implemented. This is the first half of each year which is why it is called the European Semester. At the end of the cycle, the EU in June addresses specific countries for reforms. Their implementation is monitored throughout the year.

For the Eurozone countries there are increasing obligations. They must publish their draft budgets for the following year until October 15th, so that the Commission evaluates their harmonisation with the agreed requirements. Enforcement of the rules is also supported by a sanctions mechanism.



Cyprus in Transition

Since the crisis erupted, Cyprus was bound by a set of enhanced economic governance rules. These rules are better known by specialist circles of technocrats rather than being a topic of a coordinated public discussion on how to approach this difficult economic conjuncture. The fact that this specific time Cyprus is obliged to implement the terms of the Memorandum, makes people feel that for all these issues, Cyprus and they themselves are recipients of pressure from foreigners and that the rules are imposed from outside. Many believe that the margins to hack a governments' own policy approach is zero, in conditions of direct support through a memorandum.

On the other hand, there are other voices who argue that the EU allowed the serious deterioration of the economic situation in Cyprus, providing only general indications and warnings, while it should have imposed drastic measures on time. Finally, there are some examples whereby implementation of measures aimed at budget balancing delivers innovation and change that otherwise would have continued under constant suspension.

Very characteristic are the examples of implementation of the National Health Plan that remained in Cypriot drawers for 13 years as well as the Guaranteed Minimum Income which is an acceptable and fair approach to support people who are completely

exposed without income and replaces many years of practical untargeted allowance policy.

A basic issue in the famous dialogue in Cyprus and the rest of the Eurozone is to establish a framework of understanding in whether what the EU applies is rational and necessary to the collective effort of economic reform and development and whether what remains must be under the fair review for best alternatives, so as to implement a softer adjustment and suffer a less social impact. The issue of the impact of socio impact from hasty changes was highlighted by the European Parliament in the 2014 survey on the role played by the 'troika' for the countries of the EU in trying to exit the crisis. The European Parliaments' opinion which is not binding for the EU, has a remarkable significance because it was approved by an overwhelming majority of 70% of its members, expressing the dominant ideological currents, ahead of the European elections in May 2014.

The Strategic Dilemma for the European Union

The crisis in the EU and the Eurozone, no matter how reassured the markets are, has drawn with many different ways deep scars in the consolidation process. Economies do not find a stable route for substantial recovery. They have at best, a fragile or imperceptible growth, while many countries that are under the supervision of the European Support Mechanism are barely stable. Euroscepticism is booming and this added anti-systemic or reactionary perceptions that accentuate the gap between politics and society.

The European elections in May 2014 confirmed the partial re-deployment of the political spectrum in favour of the far right, and heightened the risk in key countries such as France, to entrap pro-European coalitions in strategising subsidies against a discomfited public. Most worrying is the continued decline of public support in the unification attempt during the most difficult point of the EUs contemporary path.

A negative trend of public opinion that began in the 90s when the European vision was first presented to its citizens and continues today in various ways and is nourished by an explosive cocktail: one of a tug of war between lender-states and the countries that borrow.



The social impact of the crisis

The European Parliament set up a special research team for the conditions under which temporary EU support mechanisms to be implemented by the Troika programmes. Research of the European Parliament provided important insights that were not limited to only mapping out the events that intervened. For example, the European Parliament stated that 'financial aid achieved its short term objective of avoiding a disorderly failure of servicing the public debt that would entail extremely serious economic and social impacts, which would probably have proven worse than today's'.

The European Parliament, however, found that while the worst was avoided, the conditions imposed endangered the social objec-



Loukas Tsoukalis
«The Unhappy state of the Union»

tives of the EU: "The measures were too burdensome, and implemented in a very short time, no adequate impact assessments were conducted in several society groups.

Unemployment rates increased, especially among young people, who are often driven to migration, and many small businesses closed. Poverty rates also increased, even in the middle class."

The European Parliament began a constructive discussion framework for the future, expecting different treatment during the five years 2014-2019 which is expected to be the critical period for the return to growth. The most important recommendations are:

- Macro-economic adjustment programmes should include unforeseen response plans in the case that basic predictions scenarios are not verified.
- The memoranda should better reflect the employment and social aspects.
- More efforts should be made to ensure the accountability and "ownership" of economic reforms on the part of national governments.
- The European Parliament asks the Commission and the Council to consider social imbalances and correct them with the same attention to addressing macro-economic imbalances.

The Root of the Problem

Many analysts trace the root of the problems to the structure ("architecture") of the European Union and the way in which it stood in a climate of euphoria after the end of the Cold War.

The criticism is focused in particular on how the euro was created more as a political inspiration to blackmail further integration, leaving the common currency exposed to serious deficiencies in financial terms. The introduction of the monetary union did not include the necessary means and mechanisms to make it sustainable in circumstances such as those that occurred with the economic crisis.

The design was, for many, wrong and this was seen when it was tested during the crisis and huge deficits were revealed in the markets. The fact remains that the construction of Maastricht was not sufficient, investments in government and inter-governmental bonds were problematic and precarious, while unequal growth and competitiveness within the Eurozone was enormous. The arbitrary practices of some governments in troubled economies have created deeper deviations rather than creating prospects for real convergence.

The southern European countries continued to suffer from an inefficient public administration, low competitiveness and serious deficits in social welfare and employment.

The euro was shaken but it withstood Estimates were dashed early in the crisis that the Eurozone rapidly led to decay and dissolution. The Eurozone stood with its emergency measures and mechanisms set up in front of the nightmare of a huge setback that would have been caused by its collapse. However the adjustment to these new circumstances is painful and long lasting. The consequences are also profound, widening gaps between the developed north and the troubled south, as well as social inequalities within countries that are plagued by the crisis.

The European unifying project has multiple stakeholders, many of whom want to retain their sovereignty and advocate the lowest possible level connection between them i.e. the inter-governmental cooperation. The most typical case is the United Kingdom, but in the EU-28 it is not the only one. Many countries follow the same ambivalent approach, seeking individual solutions to their national interests. They do not wish for the upgrading of the role of the European Commission and there-

- The countries that have been subject to fiscal adjustment programmes, together with the EU institutions, should apply employment recovery plans, concessional lending to small and medium enterprises.
- Lastly, it calls on the EU to provide support with appropriate financial resources where possible, for the recovery of social security standards.

A new EU policy

Professor Tsoukalis describes the dilemma as follows:

"Europe needs a new big contract to cut the Gordian knot. The initiative can only come from the strong rather than the weakest. How much are Germans willing to guarantee to the European project? How much do the states want to borrow to implement reforms? Are the French prepared to reclaim their role in this shaping? These are essential pieces of the problem but they are still not enough. We need a broad coalition of state and the major European political parties to recognise the value of unifying the European project and the need to give a new form to a rapidly changing environment.

Economical policies are based on investment and the funds needed to match the goal of substantial economic and fiscal union with measures that boost demand and growth. Without credible answers to the issues of debt and the re-capitalisation of banks, without a clear programme for strengthening the economic dimension of EMU, the growth outlook is uncertain and the euro is in danger of being deactivated again...

As it stands today, the governance of the Eurozone is neither effective nor legal. New policy mechanisms are needed, as well as stronger common institutions and more democratic accountability, as well as an executive power to act flexibly by setting restrictive rules that are essential. All these will lead to a new Treaty of the Euro that will have to face the test of acceptance by the member states, provided that no one has the right to stop the march of others.

Every Parliament and in case of a referendum, the citizens of each country, will have a clear choice to make, 'in' or 'out'. Democratic legitimacy is a value that someone takes, but should also be prepared to fight for it.

Some countries, notably the United Kingdom and others, will not want to follow this political step forward. There should be no room for them under a greater EU roof through the revision of existing treaties. Even greater flexibility and diversification will be necessary in the EU '28' or even for more members.

If we continue in disarray, Europe will remain weak, internally fractured and introvert: an aging and declining continent, increasingly indifferent to the rapidly chang-

fore the consolidation of the Community problems handling method.

Under this dynamic of developments, the objective is to upgrade the role of the European Council following the adoption of the Treaty of Lisbon. The transfer of the power of European integration in the Council also means that this power is interpreted in favour of the strong EU member states.

Germany is currently the most powerful component and the country that contributes most to the European support mechanisms, defining greatly rigorous methodology towards borrowers in conditional bailouts: austerity-consolidation-reform. The strengthening of Germany's role is combined with the advantage of competitiveness gained within the Monetary Union, but this may prove to be short-sighted and short-term if the system does not develop into a full Economic Union, with established political and democratic legitimacy.

It is the first time in the 60-year process of the European integration that only one country directs the developments to such a great extent. The decline of the role of France, the political weakness and introversion that characterises the era after Mitterrand-Chirac, overturned a valuable internal balance. It has not yet been found a way to fill in or complement the void by having another country (Italy, Spain, and Poland) or institutions (European Commission) taking a leading role.

The distrust of the public opinion

Since the Treaty of the European Union in Maastricht and onwards, the EU has been facing growing suspicion and scepticism by sections of the public about the scope, powers, limits and its competence. France, led by the most charismatic pro-European leader, Francois Mitterrand, caused the first strong shock, marginally voting for the Treaty of Maastricht and even during its better season, when the Cold War divisions collapsed and the EU made qualitative progress.

The most controversial: Euro scepticism was born when the EU had just established the first procedures for the democratic deficit, the internal referendum, when President Mitterrand sent a copy of the treaty to each French citizen.

Since the elections of the new members of the European Parliament in May 2014, phobic and reactionary political movements were formed, that made up to 200 of the 751 seats. Reflection does not lie in whether they can harass or obstruct European inte-

ing world and an extremely unstable and impoverished region. The challenge is not only to save the common currency. The challenge is to have a more efficient management of interdependence and to create the conditions for sustainable growth in a more cohesive society, strengthen democracy and transform regional integration back into a positive sum game...

More integration where appropriate and more national and local responsibility where needed: this could be the motto for Europe. If we succeed we will have learned some very useful lessons to share with the rest of the world."




gration, because these forces are not homogeneous. They express the reaction or rejection of a number of permanent policies (euro, enhancing Brussels powers) or occasional ones (austerity, memoranda). The major issue concerns European parties and their governments that are unable to devise a feasible alternative way for the future of the EU, against a world that is accelerating in the pace of globalisation.

Until now, EU leaders bought time, reacting based on survival instinct. The political situation in many countries is hanging from very subtle internal balances and it is unknown how toxic the climate can become.

There are some who are optimistic about the future, based on the fact that even though development is late, it returns and changes slowly bring results. Others pessimistically estimate that the problems are more structural, growth even at low rates is fragile, long-term unemployment will have devastating effects on peoples' living standards and the creation of new jobs will be difficult. With existing political perceptions, the situation will remain marginal and a further deterioration cannot be excluded.

These accumulated events have shown that there is no sufficient political and social consensus on the collective progress of the Europeans, the increasingly closer Union, without the determination of the member states, and their ability to move forward.



Today, the EU looks in the eyes of some as being imposed by the powerful partners, and not as a voluntary integration, while centrifugal political and toxic forces are strengthened.

What holds today the European Union united is that maybe there is no credible alternative, rather than the general proposal for a better Europe. Although the EU is negatively charged, there is still a large majority of support based on the fear of the devastating effects of dissolution. The balance tilts in favour of preserving the status quo because this unpleasant situation will become much worse, with immeasurable risks for the countries of Europe, especially if the Eurozone is destabilised or disintegrates.

Is the terror of dissolution sufficient to power a new dynamism and momentum in the EU? Obviously not! The dynamic evolution can only occur from the EU member states themselves, and certainly not by the parties that are suffering and struggling to survive. There is a need for practical and systematic expression of solidarity towards the part of Europe that lost due to the crisis, enabling the European Union to regain its cohesion and its unifying power. Otherwise the supporters of re-nationalisation, Euro sceptics, the populists that have nothing to propose and the extremists will always find an open field and influence larger sections of the public.

7

THE UNCERTAIN 21st CENTURY

The European Union is going through a historic turning point in its evolution. The economic crisis set strong dilemmas for the EU as to how to proceed in the coming decades. Many are linked directly with important decisions of the member states and the dynamics that develop within it. The dilemmas, however, are crucial:

- With which development model can the EU recover?
- How to preserve the social welfare model that was formed during these years ?

International Competition

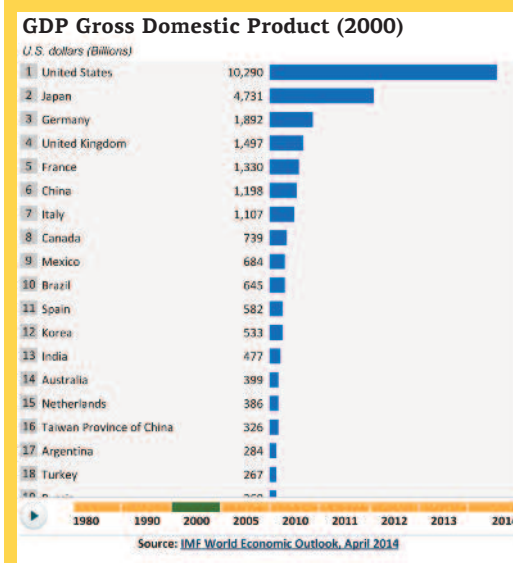
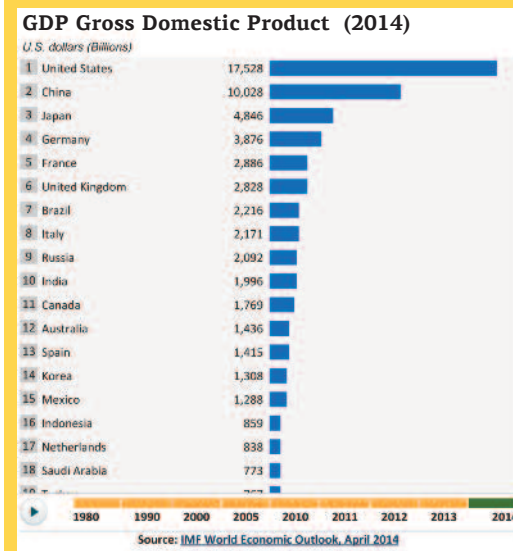
In recent decades the changes in the global economic scene continue to be so rapid that the position of the European Union and its member states has changed at a level of competition and power.

As the EU itself evolves, the rest of the world as well is in constant evolution. Four of the EU member states are now in the group of the top 10 countries in the world in GDP production: Germany (4th), United Kingdom (5th), France (6th), and Italy (8th). Many changes have taken place since the 80s, when the phenomenon of globalization began to actively make its appearance. These changes are reflected very strongly in international statistics. Once conducted in a period of a decade, they are now apparent in much less time.

In the global economic arena, the European Union is losing its competitiveness, experiencing continuous change in the international economic situation. The growth trends, demographics, natural resources are not in its favour.

As a result of globalization, the European Union has been inevitably in the process of deindustrialization. Many thriving industries have moved to the developing world, which has natural resources and cheap labor.

The European Union today needs not only to address their traditional competitors such as the US and Japan. Other parts of the world are growing faster. They have larger and more youthful population and gain greater access to global wealth. Such as China, India and other rapidly developing countries that make up the group of «20» (G20) and seek balancing of the global economic system.



World GDP ranking 2016

The international classification of states in the production of GDP is a key indicator of economic power. The following website shows comparative dimensions of power in GDP in recent decades. Based on comparative studies and international trends, by 2025, only Germany will be held in the top ten, while the rest will be rapidly growing economies such as India, Korea, Mexico, and Indonesia. This trend is likely to follow the facts if the EU maintains its' current degree of integration and does not significantly alter the development model.

Competitiveness and social state

The search for the way in which the European Union will regain its competitiveness is the top challenge for the EU as a whole and also the individual member states. It is not an easy task. The EU and its member states must propose new forms of production based on knowledge-intensive, innovation and smart specialisation. Such new production areas are services, new technologies, telecommunications, energy, sustainable development.

For the European Union the issue of competitiveness is identical with the development which, amid the prolonged economic crisis, has set in turn pressing dilemmas to financing the welfare state. The functional relationship between development and social welfare model acquires an important role for the Union in terms of how it chooses to proceed. Other parts of the world pay little importance to social welfare -or environmental protection and quality of life, sometimes also democracy- to achieve temporary boost of growth.

The EU is going through the economic crisis by making a significant effort on budgetary and financial restructuring. The issues, however, relating to its developmental and social model, have been causing pressing dilemmas for the physiognomy and organization of European societies. They are also at the heart of existence of the European Union in its effort to develop the so-called European social model that protects and enhances the achievements of previous decades.

The EU and its member states are not only faced with the overwhelming dimension of globalization. They are confronted with themselves as well In the years that follow there is a need for the European Union to make a total transformation in the direction of consolidation, in order to obtain the structure and scale to maximize strength.

Currently this option is not visible, nor can it be excluded.

This chapter examines the EU's development model in relation to safeguarding its social model in the light of these continuous challenges, and based on existing instruments available.



The project "Europe 2030" Challenges and opportunities

Answers to blunt questions of the new global reality can make a lot of people think if what we need today is more, less or no EU.

The European Council instructed in 2010 a group of experts to draw up on its behalf a study on the future of the EU up to 2030. In evaluating the data surrounding Europe today and its international competitors, this group raised the following provocative question for every European:

How is the European Union going to avoid becoming a "peninsula of Asia" with ever decreasing significance?

Those who defend the European unification endeavour reply that the EU has only one choice It can restore its prospects only through a major European development programme, which will fund the strong financial parts of the EU to the benefit of its weak parts. It will, however, be a programme that builds a culture of change, the implementation of a bold programme of reform that will bring greater competitiveness as a counterpart of European solidarity.

The European Social Model

The European social model is not homogeneous in the EU. The 28 member states have different historical experiences, political systems, economic development stages and heritage of social struggles. Some states in the European north may reach an advanced social model, while others lag behind, or deviate amongst them, as in the Mediterranean south. There are still differences because some member states have experienced the transformation to free - market economies only in the last 25 years.

The present economic crisis has reminded everyone that the decades of painstaking social progress is not a given.

Member states that have a strong production base and have, in time, taken the appropriate reforms, showed that they can withstand the crisis. But again their progress is not assured. On the other hand, weaker and exposed member states face serious problems of recasting, at the same time that the social welfare state that created this, fails to respond to new needs.

Competitive, social market economy

In the Lisbon Treaty under the new economic conditions of globalization, the development targets are in close connection with the social dimension towards progress of the European Union.

The reference to a "social market economy with a highly competitive standard", the "sustainable development" and what is stated in Article 3, condense a strong ideological and political convergence around common stated objectives.

Under the Treaty, the European Union has powers, but needs the means to achieve these goals. The powers exercised focus on coordination of member states' policies, which cover a wide range of issues related to cross-border and global challenges of the 21st century.

- Are its policies adequate and effective, commensurate with the magnitude of the problems?
- How do member states align so as to maximise their own benefit and the benefit to the EU as a whole?

The answers are not easy. The economic crisis showed Europeans the complex aspects of the demand for growth and confirmed that this cannot just come up with a "command". Everyone wants to preserve the welfare state, growth and create new jobs. Within the conditions of the economic crisis, how will these be achieved?

The EU already has before it the experience of the development strategy of the decade 2000-2010, the Lisbon strategy. It did not have the means to bind the member states to it and that strategy lost its importance when the financial crisis came, undermining what was achieved due to the unprecedented economic downturn.



The EU's objectives

Article 3, Treaty on European Union
"[...] The Union shall establish an internal market. It is working for sustainable development of Europe based on balanced economic growth and price stability, a social market economy, which is highly competitive, aiming at full employment and social progress, and a high level of protection and improvement of environmental quality. Promote scientific and technological progress. It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of children's rights. It shall promote economic, social and territorial cohesion and solidarity between member states [...]"

The ideological convergence

The EU is attempting to exploit the development potential that over the years has formed a collective and widely accepted socio-political philosophy. This is summarised in the creation of a "highly competitive social market economy". The development on competitive terms is provided to finance a European social model of prosperity. In other words, the consensus in the EU determines that you need to give importance to the forces of production and the market to ensure a redistribution of resources in the sense that "the horses should be placed in front of the carriages". This approach with its ideological terms corresponds to positions expressed by the dominant political currents within the EU.

The strategy "Europe 2020"

With the advent of the second decade of the century, the EU has sought to give a new answer to the development issue, launching in 2010, amid the crisis, the strategy "Europe 2020". The strategy "Europe 2020" aims to make the European Union a 'smart, sustainable and inclusive economy'. "The aim of this strategy is that EU countries coordinate to ensure high levels of employment, productivity and social cohesion, issues that are undoubtedly crucial for economic recovery.

To measure progress towards achieving 'smart, sustainable and inclusive economy', the EU specifies the objectives of the following five policy areas:

- Employment
- Innovation
- Education
- Social cohesion
- Energy / Climate

In each of these areas, the EU has set measurable targets to be achieved in a set for the Union by 2020. Each country has adopted its own specific national targets.



The Lisbon Strategy 2000-2010

In the first decade of the 21st century, the EU has shaped its development strategy, with the best intentions. The global economic cycle was positive, growth rates within Europe were strong and the Union was preparing for the big expansion. Into that climate of euphoria, in March 2000, the European Council met in Lisbon and adopted the strategy for making the EU become the most competitive economy in the world by 2010. It was named the Strategy of Lisbon. The economic euphoria, after years, was abruptly stopped with the outbreak of the global financial crisis because it revealed its deepest weaknesses. The economic downturn undermined most of the goals of the Lisbon Strategy, creating new data and requirements. It was clear that political promises collapse when real commitments are not made and do not have strong implementing and supporting mechanisms.



Assessment of the National Reform Programme and the 2013 stability program for Cyprus



The strategy "Europe 2020"



José Manuel Barroso presents the strategy "Europe 2020"

“Europe 2020” Targets¹

Member States targets	Employment rate (in %)	R&D (in % of GDP)	Emissions reduction targets (compared to 2005 levels) ²	Renewable energy (in % of gross final energy consumption)	Energy efficiency ³	Early school leaving in %	Tertiary education in %	Reduction of population at risk of poverty or social exclusion (in number of persons)
EU headline target	75%	3%	-20% (compared to 1990 levels)	20%	20%	<10%	40%	20,000,000
AT	77-78%	3.76%	-16%	34%	31.5	9.5%	38% (including ISCED 4(4a))	235,000
BE	73.2%	3%	-15%	13%	43.7	9.5%	47%	380,000
BG	76%	1.5%	20%	16%	15.8	11%	36%	260,000
CY	75-77%	0.5%	-5%	13%	2.2	10%	46%	27,000
CZ	75%	1% (public sector only)	9%	13%	39.6	5.5%	32%	Maintaining the number of persons at risk of poverty or social exclusion at the level of 2008, with efforts to reduce it by 30,000*
DE	77%	3%	-14%	18%	276.6	<10%	42% (including ISCED 4)	Reducing the number of long-term unemployed by 320,000 compared to 2008**
DK	80%	3%	-20%	30%	17.8	<10%	40%	Reducing the number of persons in households with low work intensity by 22,000 compared to 2008**
EE	76%	3%	11%	25%	6.5	9.5%	40%	Reducing the at risk of poverty rate to 15%**
EL	70%	1.21%	-4%	18%	27.1	9.7%	32%	450,000
ES	74%	2%	-10%	20%	119.9	15% (school dropouts)	44%	1,400,000-1,500,000
FI	78%	4%	-16%	38%	35.9	8%	42% (narrow national definition)	Reducing to 770,000 the number of persons at risk of poverty or social exclusion
FR	75%	3%	-14%	23%	236.3	9.5%	50% (for 17-33 year-olds)	1,900,000

¹ The national targets as set out in the National Reform Programmes (NRP) in April 2015.

² The national emissions reduction targets defined in Decision 2009/406/EC (or 'Effort Sharing Decision') concern the emissions not covered by the Emissions Trading System. The emissions covered by the Emissions Trading System will be reduced by 21% compared to 2005 levels. The corresponding overall emission reduction will be -20% compared to 1990 levels. Targets are defined in terms of reduction of emissions or maximum increase in emissions.

³ The Energy Efficiency Directive 2012/27/EU sets out in article 3(1)(a) that the European Union 2020 energy consumption has to be of no more than 1474 Mtoe of primary energy or no more than 1078 Mtoe of final energy. This table only reports on primary energy consumption levels in 2020 expressed in Mtoe.

What changes? What's the difference?

It is important to attempt a deeper analysis of what changes the strategy "Europe 2020" will bring and whether these can be a strong response to the mounting problems that the crisis accumulated.

The strategy "Europe 2020" aims to correct the weaknesses of the previous decades' strategy in relation to the effective, timely and thorough implementation of reforms.

The qualitative elements of "Europe 2020" exhibit some remarkable innovations:

- The form of development that seeks to be applied has a triple dimension (smart, sustainable and inclusive)
- The way of approaching the question of the EU workforce is a key factor for growth and social welfare. The emphasis is on vocational skills and life-long learning
- The introduction of modern growth parameters that focus on the digital economy and technology, including smart grids
- The approach of sustainability and the pursuit of a green economy, which means greater energy efficiency and efficient use of resources.
- From existing experience, the EU has kept the strong dimension of job creation - 18 million new jobs created since 2000.

The EU proposes and encourages member states to follow this developmental and social model, binding them on measurable targets by 2020. The big question that has not been answered is whether the commitments will be put into practice, to allow member states to change their development model.

To meet the great contradiction between ambitious and noble goals and their poor implementation, the EU endeavors to integrate the logic of the "Europe 2020" in the new enhanced economic governance. It does this in three ways:

Member States targets	Employment rate (in %)	R&D (in % of GDP)	Emissions reduction targets (compared to 2005 levels) ²	Renewable energy (in % of gross final energy consumption)	Energy efficiency ³	Early school leaving in %	Tertiary education in %	Reduction of population at risk of poverty or social exclusion (in number of persons)
HR	62.9%	1.4%	11%	20%	9.2	4%	35%	Reducing to 1,220,000 the number of persons at risk of poverty or social exclusion (equivalent to a reduction by 150,000 persons)
HU	75%	1.8%	10%	13%	26.6	10%	30.3%	450,000
IE	69-71%	Approximately 2% (2.5% of GNP)	-20%	16%	13.9	8%	60%	Reducing by a minimum of 200,000 the population in combined poverty (consistent poverty, at-risk-of-poverty or basic deprivation)*
IT	67-69%	1.53%	-13%	17%	158	16%	26-27%	2,200,000
LT	72.8%	1.9%	15%	23%	6.49	<9%	48.7%	Reducing to 814,000 the number of persons at risk of poverty or social exclusion
LU	73%	2.3-2.6%	-20%	11%	4.48	<10%	66%	6,000
LV	73%	1.5%	17%	40%	5.37	10%	34-36%	121,000 (at risk of poverty after social transfers and/or living in households with very low work intensity)*
MT	70%	2%	5%	10%	0.825	10%	33%	6,560
NL	80%	2.5%	-16%	14%	60.7	<8%	40%	Reducing by 100,000 the number of people (aged 0-64) living in households with very low work intensity*
PL	71%	1.7%	14%	15%	96.4	4.5%	45%	1,500,000
PT	75%	2.7-3.3%	1%	31%	22.5	10%	40%	200,000
RO	70%	2%	19%	24%	42.99	11.3%	26.7%	580,000
SE	>80%	4%	-17%	49%	43.4	<10%	40-45%	Reducing to well under 14 % the number of people aged 20-64 who are not in the labour force (except full-time students), long-term unemployed or on long-term sick leave*
SI	75%	3%	4%	25%	7.31	5%	40%	40,000
SK	72%	1.2%	13%	14%	16.2	6%	40%	170,000
UK	None	None	-16%	15%	175	None	None	None

Strong political commitment:

The EU considered -and remains to be proven- that the key to achieving concrete results is the strong commitment at the highest political level, that of the European Committee. So it concentrated on clear and measurable development objectives at both European and national levels and seeks rigorous surveillance and political leadership.

Intervention on distortions:

Under the new enhanced economic governance, the EU can intervene more forcefully, if verified that distortions to the development objectives of member states are of such magnitude that jeopardise macro-economic goals of economic convergence.

Continuous recommendations:

Under close supervision, the European Commission has continued to issue recommendations, while the more political aspects of development strategy become visible at the highest political level. The leaders of the member states take note of the data and are encouraged to take the necessary political leadership for the reforms that will achieve a qualitative change in the development model of their countries.

The ability of the EU to exert pressure on national governments has only reached this point.

The upgrading of the importance of quality development objectives with the strategy "Europe 2020" is a remarkable development and should not be underestimated. This only leaves member states to act.

The EU currently has not significantly diversified its approach to collectively undertake the development effort.

With this in mind, the strategy "Europe 2020" is offered to member states for them to have ideas and a framework for a modern development policy. They can still derive ideas, knowledge and be able to make comparative analyzes about their performance. They can also formulate strategies and utilize the funds allocated to them by the European budget.

Cyprus can, through the objectives of the "Europe 2020", achieve its potential, positive points and concentrate on covering gaps and weaknesses. It is a political tool in the hands of the Cypriot state to pursue the combined goals involving implementing horizontal policies that simultaneously affect many areas of development.

Financial development tool

The European budget is the main EU financial tool to promote the objectives of "Europe 2020". It is perhaps the most effective means available to the EU to change the model of development of member states. Again, it still depends on how efficiently member states will utilise the many projects funded by the EU.

The main priorities of the European budget established during the negotiation and approval of the Multiannual Financial Framework for 2014-2020 in force and include about 1 trillion Euros for the whole 7 years until 2020. All projects funded by the EU are evaluated based on these priorities and are distinguished by a high level of efficiency and measurable results for citizens, the economy and society.

The EU budget has been the subject of intensive negotiations on the Cyprus Presidency of the EU Council in the second half of 2012 and adopted in the first half of 2013 during the Danish Presidency. The desire of the powerful member states, especially those which are net payers (or net contributors) was to reduce the budget. The approach clearly demonstrates that the EU's limits of action on development are additional. The member states do not deny the need for collective development, cohesion and the implementation of various forms of redistribution of European funds. However, ahead of the necessity to fund their national development needs, developing with EU requirements become secondary.

For countries in a memorandum, projects funded by the EU are crucial since they are the only ones feeding their development budgets. Due to the crisis, many countries are under a memorandum of co-financed projects contributing to only 5% of their national budget.

Growth and new jobs

The ambitious objectives and political commitments of the "Europe 2020" in the economic conditions we are experiencing today seem nebulous in the face of urgent needs of citizens in basic issues of everyday life.

The most important issue, as recorded in the frequent Eurobarometer surveys, in Cyprus and in the rest of the EU, is the issue of unemployment, the economic situation and the anxiety about job creation.

The truth is that the EU's capacity to generate growth and jobs is falling behind its international competitors. The ability to improve the standard of living and to feed the welfare state is under pressure.

Global competition has revealed the strong link between the need for an economy to have high productivity and the need for this economy to be able to sustain its standard of living. The EU and its member states have a complex crossword puzzle to solve.

The productivity today is increasingly associated with technological change, investment in human capital, specialisation, mobility and employment. The digitisation and communication revolution gave a new boost to productivity, entrepreneurship and innovation in production services.

Technological change, globalisation and an aging population in Europe are pushing for labor market reform to create more and better jobs.

Daily jobs are lost because they are covered by technological progress. The recent crisis showed that hundreds of thousands of jobs have been lost and will not return.

Consequently, the EU is faced with a shift in the market workplace. The protection of a worker is not ensured with the maintenance of a job or role that inevitably will be lost because of the changes. The protection of the worker depends more on his or her ability to acquire skills and adaptability throughout his life, even if he or she changes two or three different jobs.



The expectations of European citizens

The Eurobarometer, an EU-wide public opinion survey conducted regularly on behalf of the EU, records that the expectations of citizens of the Union are growing and are related to daily life:

- How to ensure the sustainability of the social and economic model for Europe, maintaining the established consensus among the components of the market and of society?
- How to meet the EU and its member states in the daily anxieties of people, such as the economic situation, unemployment, health systems, care of vulnerable groups, environmental protection, pensions and so many others?
- How will the EU deal with the consequences of permanent shift of economic performance of different regions of the world?

Education and training

The strategy "Europe 2020" is crucial for the development of human dynamics. The large European territory the issue of skills is inextricably linked with the educational systems and the performance of the market itself and of the business world. The EU is a single space ideal for business openness and cooperation networks beyond the limits of a state. The conditions that year after year are formed, are now connected with the right development of skills, specialisation and worker mobility.

The EU also offers an extensive range of good practices that can be implemented at European and national level, focusing on modern conceptions of work: rapid retraining and reintegration of people into the labor market, new roles and positions. The models that view the payment of an unemployment benefit as a state obligation or trap the citizens in social benefits are considered to be outdated, compared to the programming of reintegrating the unemployed into the economic and social life.

The EU has an important responsibility to contribute actively to the full implementation of the Internal Market by combating discrimination and facilitating consolidation of qualifications, transfer of social material benefits, pensions, health coverage to migrant workers. As this aspect remains "concurrent" and jurisdiction falls under the field of enhanced coordination between member states, the EU can contribute to the practical implementation of the commitments of "Europe 2020" and the removal of bureaucratic obstacles that are placed by the state at the expense of business.

The EU also offers countless examples of good practice in entrepreneurship. A new relationship between businessman and worker is qualitatively different than in the past: businesses must both support the initiatives of the workers to improve competitiveness and innovation and cultivate attitudes of personal interest for the company and a meritocratic connection of salary with productivity.



Christopher A. Pissarides

Unemployment and employment policies



Interview with Christopher Pissarides

The most distinguished European scientist at the burning issue of unemployment is the LSE Cypriot economist Christopher Pissarides.

Christopher Pissarides was awarded the Nobel Prize in Economics along with two American colleagues and Professors, Peter Diamond and Dale Mortensen. The Royal Swedish Academy of Sciences announced its decision on October 11, 2010, supporting the scientific work of the three economists on the analysis of labour markets by friction searches. The special scientific work of Christopher Pissarides focused on the matching of labour market needs with the skills taught and to tackling unemployment. The three Nobel laureates' economists work helps us to understand in which ways unemployment, job vacancies, and salaries are affected by regulation and economic policy. This may concern the benefit levels of unemployment payments and the rules on recruitment and dismissals. One conclusion is that more generous unemployment benefits lead to higher unemployment and longer job searches.

Christopher Pissarides worked and particularly affected the reform models and employment measures adopted by governments in the Nordic countries and Britain. He is an internationally renowned scientist who maintains public discourse, and an active interest in Cyprus.

Christopher Pissarides is currently the Cypriot with the largest global audience and continued participation in the most important international economic forums and seminars. His positions and analysis of what should be done in the Eurozone to overcome the crisis have increased emphasis on financial makers' decisions and employ the international media.

The challenge for the new generation

Many young people in Europe, and especially in Cyprus, are anxious about their future and their professional careers. The next step for the future of Europe will be imperative: We need new jobs. Not just any jobs, but quality jobs, tailored to the expertise and knowledge that will support in turn sustainable development.

The world in which we live demands not only high value products and markets, but also high valued skills. The largest investment for the future of Europe is to provide a high potential in each individual, especially the younger generation, utilising their talents to the maximum extent possible. The acquisition of knowledge alone is not that important, compared to the ability of the individual to synthesize and utilise its knowledge, to adapt to competition and be able to respond in a complex environment. Formal knowledge is not enough, as formal education at school is not enough as well.

With the Lisbon Treaty, the EU is supporting the member states which have responsibilities in education. The inclusion of a qualitative criterion for education and employment in the strategy "Europe 2020" allows member states to exploit to the fullest extent possible, directions given by the EU and European funding to implement strengthened policies with a European dimension in the field of lifelong education. However, the expectation alone, that member states will follow some indicators on the education sector or learn from the best by mobilizing European good practices is not adequate.

The reality is different. Today in the list of 100 best universities in the world, the EU only has 27, while the US has 57. The focus is now on the connection of universities with the real economy and the transformation of research products to innovative products in the real economy and the market.

Therefore, upgrading of education systems and their link with the labor market, the best investment of available national resources is at the heart of the problem. The Strategy "Europe 2020" opens the issue, in the hope that it will affect the member states' policies and create conditions for joint action in the future.



The EU for the secondary education

The former Commissioner Androulla Vassiliou, Commissioner for Education, Culture, Multilingualism and Youth, stated that the fields of education, research and innovation need improvements, so that:

- Europe can face global competition
- Youth can acquire new skills
- Address the consequences of the economic crisis.

Europe supports national governments, submits suggestions, promotes good practices, expertise and funds programmes to upgrade teaching. The brunt of responsibility for changes in education, is borne by each national government because it is their individual responsibility.

Mrs Vassiliou argued that improvements must start already from the first years of school, especially through better training of teachers, who play a key role in the life and evolution of a child. Also, the introducing of higher quality standards increases the inherent value of the same schooling.

The targets set by Europe through its own interventions is to support effectively the people and especially young people and those who are disadvantaged. The European Commission set measurable targets to support programmes:

- 1 in 6 young people who leave school early
- 1 in 5 fifteen-year olds with difficulties in reading
- 80 million people with little or basic skills.

Environmental sustainability

The 21st century marks for Europe new complex challenges summarized in search of a sustainable development model with two main interrelated components:

- Ensuring security of supply and meeting the energy needs.
- The consequences of climate change and the shift to environmentally friendly energy production.

Without decisive common policies in the energy sector, the EU will face ever increasing and more expensive energy needs from abroad. EU is one of the most dependent areas of the world in natural gas and other fossil fuels and over time these will cover up to 80% of its needs. Therefore, EU needs to require collective solutions, and even energy sufficiency should be combined with environmentally friendly options.

On the other hand, the consequences of climate change are now confirmed and require full commitment to renewed targets. The global warming will trigger knock-on effects such as the disappearance of areas, new waves of population movement and lack of natural resources.

If the EU does not plan and does not intervene, the cost of the consequences of climate change may reach 5% of GDP and is a multiple of the necessary investment in sustainable policies, which is currently estimated annually at 2% of GDP.

This means that the EU in order to face the huge needs it must now determine the long-term common strategies.

Towards a European Energy Union

Energy can boost the EU similar to the coal and steel industry in the early stages of its establishment. This fact particularly interested Cyprus who gradually promotes the exploitation of natural gas deposits in her underwater space. At a European level there is great mobility which further fuelled the recent developments in Ukraine, which caused great concern across the EU in terms of ensuring continuity of energy flows and stability of energy prices. The Commission carried out a detailed study on European energy security and submitted a comprehensive plan on how to reduce energy dependence of the EU. The findings and proposals were discussed at the European Council on 26-27 June 2014. The most recent data for EU energy security are the following: On the one hand, global energy demand is constantly increasing, and by 2030 is expected to increase by 27%. On the other, EU indigenous energy production has fallen by almost a fifth between 1995 and 2012. Today, over 50% of EU energy needs are covered by external suppliers: in 2012, almost 90% of oil, 66% gas and 42% of solid fuels consumed in the EU comes from imports and has cost over 1 billion Euros per day.



Reform of the agricultural policy

The requirements of our very near future are summarized as follows:

- Create Single Energy Market with a double objective: negotiating the price of energy imports and ensuring, in the internal market, adequate and affordable price to the consumer.
- Strong investment in major cross-border energy infrastructure and transport infrastructure that will link these networks with all EU member countries.
- Financing of these major investments by foreseeing the introduction of a common European tax.

At the same time the EU needs to step up with legislative and other measures to jointly manage energy demand in order to save energy. It must restrict consumer spending, to make them more efficient and prices more affordable for households.

Basic policy targeting in energy savings in all areas of life and production: industry, transport, buildings.

During the current decade, the EU will be tested hard to its ability to promote the objectives of the "Europe 2020" in the area of energy. Probably, the importance of energy and the common policies applied by the EU will make the European integration project more concrete for its citizens. Everything in the energy sector has to do ultimately, with facing the new global challenges of climate change as well as with serving the needs of industry, SMEs and of every household.

In the European energy mix, the contribution that renewable energy sources (RES) will have is significant. The EU is at the forefront of the world in achieving the goals of the transition to an economy with low carbon dioxide emissions. Meanwhile, it attempts to become the leading manufacturer of RES technology by creating new opportunities and new jobs in the green industry.

The "green" approach was adopted by the EU in all its policies, such as the Common Agricultural Policy by promoting environmentally-friendly forms of agriculture and livestock.



Energy supply security: the Commission proposes a comprehensive strategy to strengthen security of supply



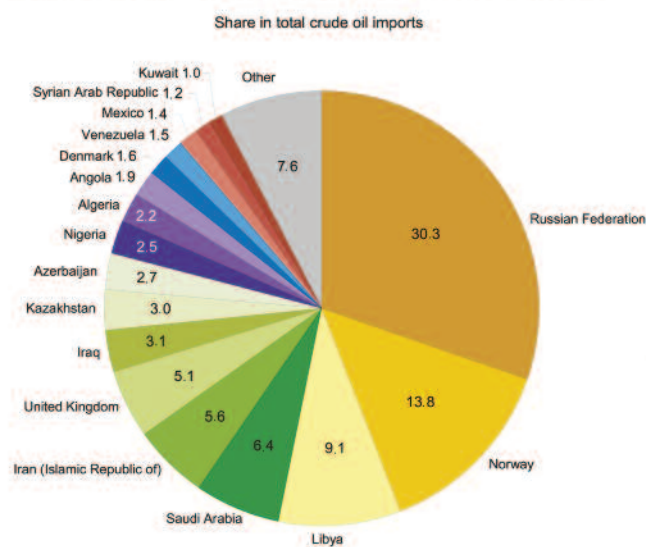
The energy dependence of Cyprus

Energy consumption in Cyprus is almost completely dependent on importing petroleum products. The European Commission, with continuous recommendations to Cyprus, warned for years that they are among the most vulnerable EU member states in regard to security in energy supply. The oil share in gross inland energy consumption in Cyprus is the highest in the EU, together with Malta who is also a small and isolated area of the European energy networks.

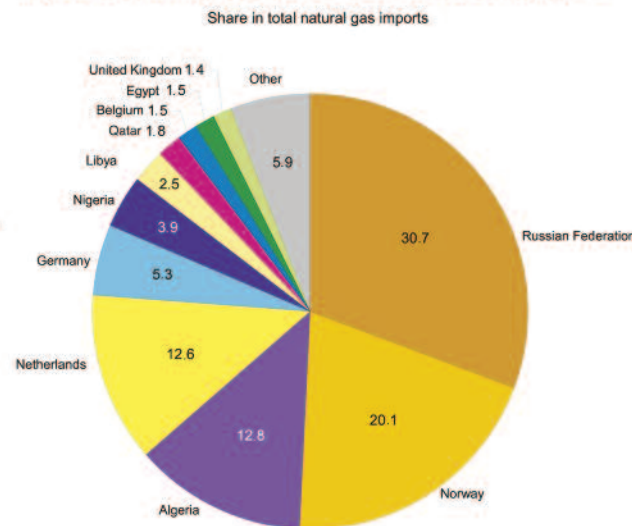
The geographical disadvantage of Cyprus deteriorated due to private vehicle use, the lack of reliable and widespread public transport and ultimately due to provision for natural gas in heavy industries such as power stations that still work with oil. Based on comparative data given by the EU energy dependence of the Cyprus oil chain has adverse effects such as:

- The deterioration of the trade balance after the oil import accounts for almost 25% of total trade
- The deviation of EU directives in relation to the emission of pollutants and energy savings that result in the imposition of fines
- The increase in the price of electricity for industry and for households, resulting in increased production costs of products and expenditure.

Imports of crude oil in EU27 by country of origin 2007



Imports of natural gas in EU27 by country of origin 2007



Source: Eurostat

Cyprus in the European Energy Charter

The EU policy, to ensure secure access to energy resources is particularly pertinent for Cyprus, under the light of the exploitation of hydrocarbon resources in its Exclusive Economic Zone (EEZ).

The European Energy Charter is full of ramifications of gas pipelines because it is a fuel more environmentally friendly than crude oil. The imports come mainly from Russia, Norway and Algeria. The prospect of yet another alternative pathway from the east Mediterranean, highly interests the EU.

In the Cyprus case, the interest becomes more intense as the exploitation and drilling process progress in order to accurately determine the quantity and to plan its utilization in a sustainable and economically beneficial way.

The above are also supported by the observed instability in the supply from Russia via Ukraine and the volatile situation in northern Africa.

Currently the "Mediterranean way" is recorded in the EU planning as well as the constant support to the Republic of Cyprus for the sovereign right to exploit its natural wealth.

The share of RES in Cyprus

The contribution of RES to electricity production system in Cyprus has remained very low. By the end of 2013 the share of RES in Cyprus reached 7.3%.

The obligation undertaken by Cyprus to the EU under the objectives for 2020 is to achieve 16% gross electricity production from RES. Serious delay is expected leading to loss of significant financial resources due to the fact that there was no time for an up to date forecast and strategy for RES.

Some progress is observed only in the last three years. Large wind parks were set into operation again, however, because of the urgency, there had to be a big state support in the form of incentives to private investors. Thus the production of electricity from wind farms amounted in 2011 to 2.3% in 2012 to 3.9% until the end of 2013 to 5.4%.

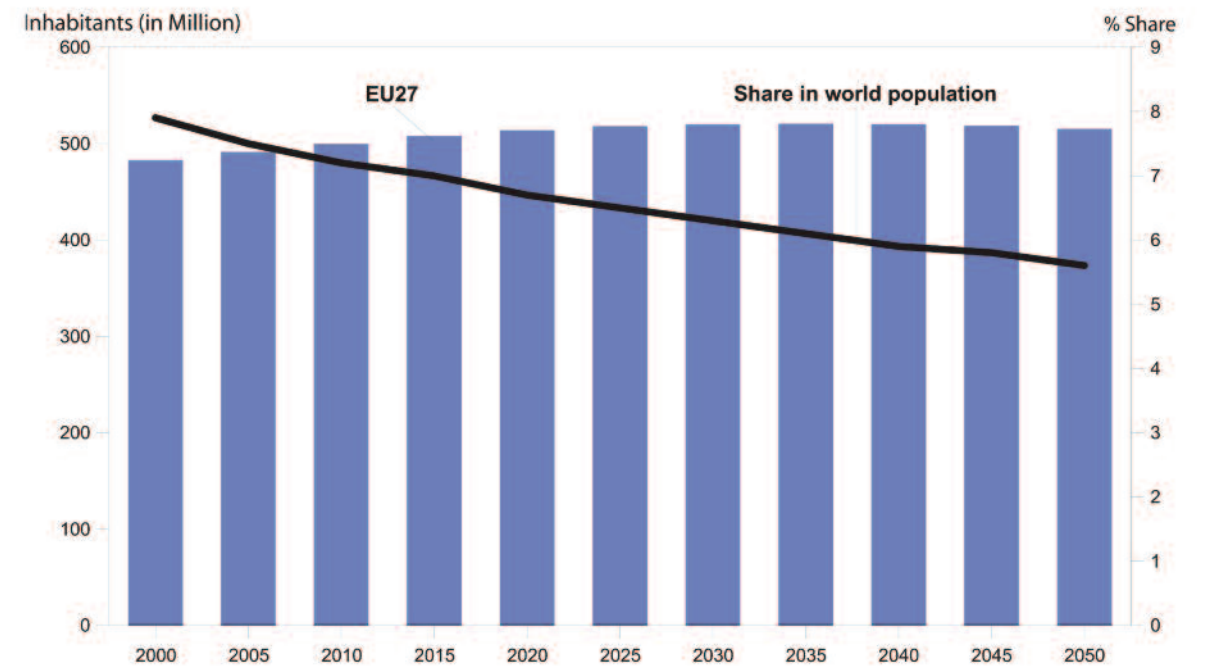
Despite the fact that Cyprus has, in Europe, the most favourable weather conditions for the development of electricity production from photovoltaic plants, their contribution is disappointing. In 2011 it was 0.2% in 2012 and 0.4% by the end of 2013 was only 1%.

The remaining percentage contribution of RES regards other technologies, such as biomass.



Climate change and the European Union

Development of European population 2000 to 2050 and share in world population



Source: Eurostat population projection; UN Population Prospects (2008 Revision)

The demographic challenge

In Europe, the demographic projection for the coming decades is very specific, and demonstrates that the population is aging. Also the EU countries as a whole are of great uniformity and combine the most extreme parameters that lead to accelerated aging of the population. The one comes from the positive fact of the increase in life expectancy and the second from the reality of modern life in a European family, the decline in fertility numbers.

Life expectancy

Today, on average, men live for 75 years, and women for 82. In the course of this century, because of science and improved living conditions, European citizens will live up to 15 years longer.

The low birth rate

European women give birth to an average of 1.5 children and an increasing number are considering having one or no children.

The effects of these parameters on the evolution of Europe's population create a great number of new data and serious consequences. The population is aging and human resources, on which the renewed efforts for development are based, are declining.

Change can only exist if the issues are integrated into an active demographic programme and some frequent simplistic interpretations heard in public are put aside, such as subsidising large families.

Demographic estimates and their impact

The proportion of the active population to inactive (pensioners) will be completely reversed over the next 40 years, and 3 pensioners will correspond to every 4 employees. The gap between those who contribute and those receiving pensions will grow and a way to finance it will have to be found.

The EU is under unbearable pressure and there are attempts to coordinate member states to formulate a comprehensive policy to address aging.

It is obvious that the conditions created will require additional resources that can only come through a development policy and better organisation of the welfare and health system.

In the long-term economic plans, the member states, based on the EU Treaty, are solely responsible to finance their citizens' health and social care policies, and have constantly over them the sword of Damocles of the diversion of budgetary indicators. They must predict that additional resources will be needed for their population, and that these will only come if development is reached. In particular they should:

- Finance decent and adequate pensions for their citizens
- Ensure the long-term health care and care for the elderly.

In parallel, the EU promotes in the member states policies and suggestions for ways in which they can encourage demographic renewal with emphasis on:

- Better combining professional and family life
- Child care and healthy activities for young children (flexible hours, teleworking, parental leave).



Work and Ageing in Cyprus

In Cyprus, the effect of EU policies began in the first years of membership and it is becoming increasingly evident, beneath the grill of the economic crisis. The measures implemented now are focused on:

- How to strengthen the productive working lives of human resources and labour market participation
- Non-discrimination against women and older workers
- More flexibility and mobility to work in conjunction with lifelong learning programs
- Promoting an integrated public health policy.



A comprehensive immigration policy

The European Union, in the hypothetical scenario that closes its external borders in 2050 to the influx of migrants, which is unlikely, will show a decrease in the population corresponding to approximately 68 million people in the active working population.

The need for an integrated immigration policy is undeniable, but the EU member states allow only a certain extent to develop. Based on current policy perceptions and social consensus in member states, realistically it is not feasible, nor is it desirable, to organise such a large net inflow of migrants for replenishing the population. The gap in the population needs to be supplemented in other ways related to the better organisation of the Internal Market as well. However, the issue is extremely complex and solutions have yet to be found.

Immigration is necessary and it is a fact that member states have been experiencing for decades. In the minds of many EU member states and their citizens, today's immigration is associated not with nationals from third countries but with employees of other poorer member states following the great enlargement. The truth is that the enlargement of 2004 was met with a utilitarian approach by the "old" member states in two ways: firstly, at the conclusion of the Accession Treaty they imposed limits on the free movement of workers from new member

Article 3, Treaty on European Union

[...] The Union shall offer its citizens an area of freedom, security and justice without internal frontiers in which the free movement of persons in conjunction with appropriate measures with respect to external border controls, asylum, immigration and prevention and combating of crime.



Colourful Societies

Together! Towards an open society

Limassol: one city, the whole world

states that were only lifted in 2013 and secondly, the renounced responsibility to manage migration and refugee flows from Africa and Asia, shifting the weight where they can amongst the new member states and the Mediterranean that are situated on external borders.

So the paradox of EU immigration policy is that it is not really complete. It falls under inter-governmental cooperation and the Council legislates with the European Committee. However, decisions taken in the Council are also then adapted to the individual interests of member states, particularly those who are away from the external borders. So, while the EU is a large internal market without borders, immigration policy is neither coherent nor effective.

This does not mean that they lack an overarching framework consensus defined by the assumption that the EU needs a fair, proactive policy to manage in a controlled and organised way all immigration, according to the labor market needs and reception capacities of each state. The EU also needs to protect its external borders and be able to deal with the smuggled and unwanted movement of EU immigrants. Finally, the EU needs to have fair and effective asylum policies. The EU adopts harmonized laws and practices that ensure the minimum rights and reception standards for refugees, asylum seekers and immigrants.



The responsibility of the first country of entry

The implementation of the migration policy consensus framework recruits, however, the following dimensions. The largest number of smuggling of migrants to the EU manifested by the Mediterranean sea routes and land border between Greece and Turkey. Many undocumented immigrants apply for asylum in order to gain time for residence in a member country of the EU. It is important for the EU to retain the ability to offer effective protection and asylum to those expelled from their homeland. But the massive applications for asylum and the inability of some countries to fulfill their role, is treated without the necessary spirit of solidarity. The Council continues to apply European legislation defining the responsibility of the first country of entry to manage refugee and migration flows. This means in practice that the burden of implementing the policy lies with the countries at the external borders. Despite the adoption of the Common Asylum System, the rule that is called the "Dublin II" prevents even distribution of recognized refugees, not only the asylum seekers, to another EU country than where they first submitted their request.



Cyprus and multicultural societies

A key dimension of migration in the EU is the successful economic and social integration of immigrants, combating discrimination and diversity and appreciating an open polymorphic society and respect towards diversity. The EU has a great deal of experience in immigrant integration policies with the example of Denmark and the local government authorities. However, in the last decade xenophobic feelings, systematic rhetoric of extreme political forces and the consequences of the economic crisis have reduced the capacity to receive immigrants in several of the EU member states.

Cyprus has been experiencing the phenomenon of immigration since the early 90s. After 2004, with the technical support and financial assistance of the EU, Cyprus is developing some important interventions for the smooth integration of immigrants.

With their permanent legal establishment in Cyprus, immigrants, and recognised refugees, should obtain their rights and have equal rights with other citizens which would enable them to participate fully in economic and social life.

According to the latest population census in November 2011, the demographic composition of the population of Cyprus shows significant changes compared to the previous 20 years. The latest demographic composition reflects the significant presence



Political refugees in Cyprus: Seeking a new beginning

Young Cypriots get to know the refugees

A new lease on life (UNHCR)



Population census data in Cyprus



of other European citizens who reclaimed the free movement for employment purposes.

Some notable initiatives for the social integration of migrants and asylum beneficiaries in Cyprus are applied by local authorities. These are funded by the European Solidarity Fund, from which the Republic of Cyprus raised European funds of over 60 million euro for the management of migration and asylum policies. The experience of other European countries shows that local government authorities, municipalities and communities, may apply more effectively successful initiatives for social inclusion because they identify and better meet local needs of migrants and indigenous peoples.

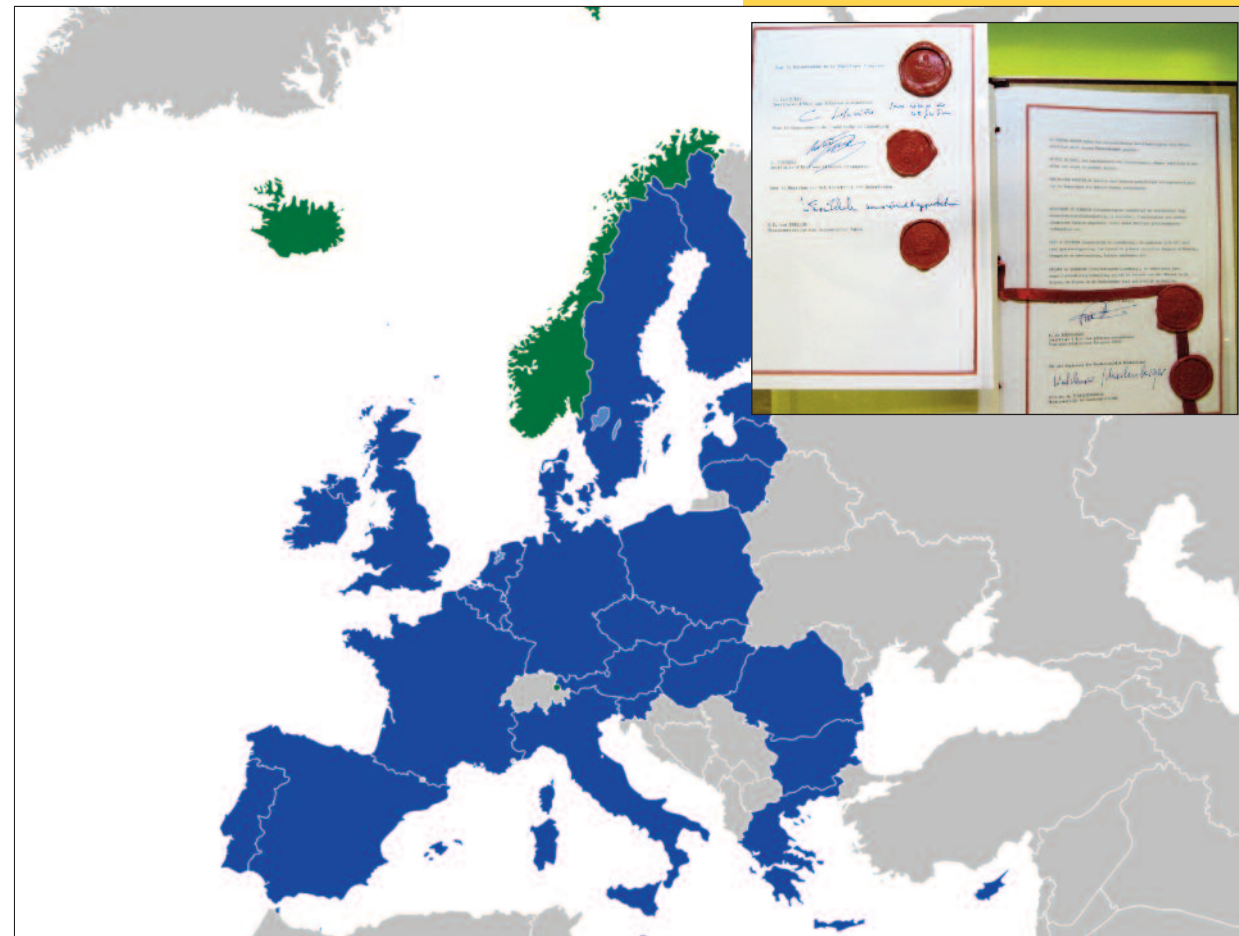
8

THE EUROPEAN INTERNAL MARKET

More than two decades have passed since the European Union created, in 1992, the Single Market. Today it has been re-named European Internal Market. It is the largest market in the world with 28 member states, more than 500 million population and financial transactions of 12 trillion euros a year.

The Internal Market is implementing the four Community freedoms: the free movement of goods, freedom to supply services, free movement of people and free movement of capital.

The Market is an established context for all member states of the European Union without exceptions. It



is considered to be the lowest common integration framework from which no state shall be disconnected while it remains a member of the Union.

This does not mean that the community freedoms are applied automatically and without problems. For more than two decades now, the European Union has been trying to remove various kinds of constraints encountered by citizens and businesses due to regulations applied by member states which prevent them from utilising all the benefits of the Internal Market.

The Schengen Agreement and Cyprus

The Schengen Agreement abolishes, the customs at border crossings between its Member States. This means that many people, European or other citizens, legally enter the Schengen area and are not subject to any control while moving between Member States covered by the Agreement. This important dimension of integration is encountered almost throughout the whole mainland Europe. A man travels from Hungary, then to Slovakia, Austria or Germany and then in France, Belgium and Holland. He will see throughout his path the old border crossings without employees/police anymore; he will pass without any stops and will simply find out that in one

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The advantages of the Internal Market are important. The removal of national border barriers in conjunction with the launch of the common currency, the euro, offers multiple benefits to citizens, more than any other form of cooperation, such as a free trade area or a customs union between states.

For European citizens, the internal market is directly linked to the fundamental community freedom of movement, establishment and work, without special procedures being required. Wherever a citizen of a member state is located -as a tourist, employee or entrepreneur- in another part of Europe from his country of origin he cannot be considered a stranger. He is a citizen of the Union and no distinction can be made. European citizens can live, work, study or do business freely throughout the European Union. For the younger generation in particular, a Europe without borders is a huge area that offers a number of possibilities and opportunities. There can be no comparison with the past, just a few decades from today's European reality. A trip once upon a time had a host of restrictions for citizens. Today European citizens travel across the borders of member states and see borders or customs checkpoints as abandoned museum pieces. The conditions of unhindered passage, are particularly felt by citizens located in countries belonging to the Schengen Treaty.



moment he is in one country and immediately he can cross to the next. Historically Europe suffered with the human loss of millions in the quest to specify the borders.

A Member Country of the Schengen Agreement may exceptionally reintroduce border controls in case of serious threat or for reasons of internal security. This can be justified for a period of time up to 30 days, and in order to continue the European Parliament and the European Commission must be informed.

Members of the Agreement are all EU member states except the UK and Ireland who have chosen to be excluded, as well as some countries who are still candidates for accession: Cyprus, Bulgaria, Romania and Croatia. Cyprus is the only remaining candidate from the countries that joined in 2004 the EU. The reason for non-participation in the Schengen Agreement is the Green Line dividing Cyprus, for which the Government of the Republic of Cyprus does not wish to create control conditions as applied at the external borders of the EU. Due to this situation Cyprus cannot benefit from the Schengen Agreement.



The most obvious benefits of the European Union without borders are also very understandable to the business world, which has tangible effects on its activity within the Internal Market, which:

- Reduces the cost of production and distribution of goods, thereby improving purchasing power and supports the livelihood of European workers
- Reduces financial costs on exports
- Facilitates economies of scale and business
- Gives more powerful bases and new dynamism and creativity in European businesses to cope with international competition.

In a global economy, especially among multinational organisations, economies and companies of small and medium-sized European states locked to national borders could hardly cope with the acute international competition. The large internal market gives them a springboard for conquering foreign markets.

The Internal Market also creates additional challenges, difficulties and the need to adapt to many areas of the business that require human resources, skills, and innovative new products. The competition is more open; consumers are looking for the best product at the most affordable price. The market favors the brave, creative and extroverted.

The Internal Market rights

The European citizens have many rights to that come as a natural consequence of the implementation of the Internal Market. These are directly related to the daily life of citizens. Citizens expect to enjoy their social, civil, family and labor rights wherever they travel in the Union. In this way Europe acquires more importance and meaning for its citizens. Citizens of EU countries can travel, live and work in any EU country.

Here are some examples:

The right of work

As an EU citizen you are entitled to travel and look for a job in any country of the Union. For a period over six months, if you do not find a job you have to prove that you are searching intensively for a job thus have a substantial likelihood to find one.

For this period of time the new Country of residence has to offer support on the basis of equal treatment through a job placement agency. The new residence country can, in exceptional cases, decide to deport you on grounds of public order, security or health, but only they can prove that you pose a serious threat.

You may also be asked you to leave the country, unless you can prove that you have legitimate hopes to find a job there.

Labor rights

As an EU citizen working in another EU country, both yourself and your family, are entitled to equal treatment as the nationals of your new country. This means that you are entitled to the same benefits as the employees of that country from the date you start working there.

Residency

If you work in another EU country, you and your family have the automatic right to live in that Country.

Traveling

If you are an EU citizen you do not need to show your national ID card or passport when traveling between EU countries incorporated in the free border Schengen territory.

Unfortunately Cyprus, together with Bulgaria, Romania and Croatia are not yet members of the Schengen area. For Cyprus the basic reason is the extensive green line for which they do not want to implement surveillance, as they would at a border crossing.

But again traveling for all EU nationals, as well as those who are not in the Schengen Agreement, is safe. With simple formalities. Usually, the identity card is enough. All EU nationals when traveling by plane, train, boat,

The economic benefits

The European Union has taken account of the benefits of the market during the five years 2008-2012, quantifying a range of indicators. Statistical data show that the Internal Market has yielded the following:

- Increase of the GDP of the Member States by 2.14%
- This increase corresponds to 500 euros extra income to every citizen
- The trade within the Single Market of 800 billion euros in 1992 reached 2800 billion in 2012
- EU exports to third world countries increased from 500 billion in 1992 to 1500 billion in 2012
- The flow of foreign direct investment in the Single Market rose from 64 billion euro in 1992 to 260 billion in 2012.

The Internal Market has particularly benefited the consumer by strengthening its position and its purchasing power. The Market offers:

- Easy trade
- Abolition of border controls and barriers
- Product Cost Reduction, multiple options
- Rapid movement of goods
- High levels of quality and Control

The cumulative effect of the Internal Market is the development and creation of new jobs. Consumers have many more options at affordable prices and companies have many more customers.

In the conditions of the global crisis that erupted in 2008, the challenges of the European internal market are very large in order to achieve growth and to strengthen confidence between the EU member states.

In the large field of the development of Europe, the Internal Market will need to be extended to vital sectors of energy and transport that require huge investments in infrastructure.

In the field of everyday life, the European Union must minimise bureaucracy and find ways to facilitate the movement of people who want to find work.

The European Union often talks about the reboot of the European economy and the development of productive forces. This relates to its people, its businesses, and its universities.

bus have passenger rights and compensation in cases of delays.

Absolute attention and additional access and traffic rights apply for people with reduced mobility.

Recreation or work?

If you choose a tour package it should be pre-determined (e.g. transport, accommodation) and the total cost billed.

If you proceed with online payment then the fee cost is the same as that applicable in your country of residence.

If you use a mobile phone or tablet, the roaming charges applicable are clearly cheaper now and very soon will be removed.

If you are in a member country of the Eurozone you know! You can do everything with the same currency, the euro.

Health

If you are a citizen of an EU Member State and you get sick suddenly while temporarily staying abroad - for holidays, a business trip or studies - you are entitled to immediate and without obstacles health care that should be provided to you, before you return to your home country. You have the same health care rights as the citizens insured in the visiting country's health system.

If you suffer from illness and you are on a waiting list or if this is a rare disease, you have the right to receive medical treatment in another EU Member State under the same conditions and the same cost as the citizens of that country. You are also entitled in principle repayment of all or part of the cost, from your country, if you are insured.

School, University...

As an EU citizen, your children can go to school in any EU country under the same conditions applied for the nationals of that country.

They have the right to enroll at the grade of the same age group and level corresponding to the grade and level they were enrolled in the country of origin, regardless of their language level.

If you are an EU national and relocating for work purposes in another EU country, your children are entitled under European law to receive free language lessons in the new country of residence in order to adapt to the new school system. If you are a teacher or student and you are interested in developing relations with other schools in Europe, you can find assistance through the Erasmus + programme.

Online communication is also possible for schools from across Europe, through e-Twinning portal.

The Future of the Internal Market

The key challenges of the European Internal Market that require changes and new approaches are:

- The removal of the last obstacles to Community freedoms and removal of considerations by member states
- The creation of new conditions for employment of workers, particularly the younger generation, in order to consolidate those labor and social rights and to be transported from one country to another
- The drastic reduction of bureaucratic obstacles, the formalities and the administrative burden to the achievement of community freedoms
- Further progress and harmonization of member states with the conditions required to operate the Indoor Digital Market to offer jobs and easier, faster and more secure transactions in cross-border commerce (eg; e-commerce, on-line shopping , electronic signatures etc)
- Harmonization of the benefits of European workers across the Internal Market (work permit, social security, taxation, pension rights)
- Establishment of minimum European average wage and guaranteed minimum income for the poor
- Unlocking the mobility of professionals in order to find quality jobs across Europe
- Harmonisation of professional standards and qualifications, support for mobility of researchers, promotion of innovation through the European Patent.

Through the juxtaposition of the above important gaps in the Internal Market in its function, arises naturally the need to improve its effectiveness. The European Union legislates and implements common policies, but the member states should fully apply these in the internal market provisions. There is a need for opening public markets in order to develop mutual recognition of standards and simplify the administrative and tax formalities.

These requirements are not met uniformly and in a satisfactory manner, so in numerous cases the Commission initiates the procedure for sanctions when the Internal Market obligations are not fulfilled. The open or unmentionable protectionism applied by member states is the biggest obstacle, because they believe that exposure to undistorted competition would bring a disadvantage. In fact this approach grounds the productive forces of each country on outdated practices, distorts competition and removes rights from consumers.

University

As an EU citizen, you have the right to study at a university of any EU country under the same conditions applied for the nationals of that country. However, acceptance conditions vary greatly depending on the country and the university.

Regardless of the acceptance conditions, you cannot be denied to access in training or education in another EU country on the basis of different nationalities.

The tuition of the European universities differ greatly one from the other: in some countries, tertiary education is free, while in others the fees are too high. The criteria for granting financial assistance in the form of grants and loans also differ significantly.

Nevertheless, if you are an EU citizen and you are studying in a University of another EU country:

- They cannot ask you to pay higher tuition fees
- You have the equal rights with the nationals of that country in regards to grants covering tuition fees

Recognition of Educational Degrees

There is no automatic recognition of Educational Degrees across the EU.

So if you want to continue your studies in another EU country, you may need to follow the predefined national qualifications recognition process.

If you already know that you may continue your studies in another country, check whether your degree is recognized in that country.

The educational systems fall under the responsibility of the governments of the EU Member States. They may apply their own rules and regulations on the recognition or not of qualifications and Degrees acquired from another country.

Studies with Erasmus+

If you are a student, you have the opportunity to study abroad for a period of time during your studies or undertake an internship in an Organization abroad through the Erasmus + programme.

If you are interested to do part of your studies abroad, you first need to contact your own university.

When you go to study abroad through the Erasmus+:

- You do not have to pay registration or tuition fees at the host university
- Your studies abroad count towards your degree
- You receive EU grant for living expenses and traveling

An additional problem highlighted by the financial crisis is the fact that some member states, due to structural problems, are unable to compete with those that are more modernized and flexible or those that dared to make timely adjustments in public administration and production base

Europe cannot impose a solution for the structural problems afflicting the economies of member states. But it can provide a measurable support of the reform programmes of the member states, to enhance both the competitiveness and the creation of new jobs.

These are key questions that inevitably arise in the thinking of many, because the European citizen is both consumer and worker.

If you are planning to go to another EU country for your studies, your income must be adequate to live there without the need of financial assistance. Your income can come from various sources, such as your parents, the spouse, or, of course, your work. As an EU citizen, you have the right as a national to work while you study in that country. You do not need a work permit, even to work full time.



Single Market:
pros and cons

Erasmus+: How work
and study abroad
works abroad



Erasmus+

e-Twinning



9

THE EUROPEAN ZONE OF STABILITY AND PROTECTION

We are in the second decade of the 21st century. Is this the century of peace? Modern problems that have emerged indicate that the new century will be neither safer nor easier than the previous one. Quite the opposite events confirm both the perpetuation of old wars, and the emergence of new threats.

The global system is characterized by many different power polarities that produce asymmetric challenges in security and stability.

The need for a strong common foreign and security policy is manifest in the European Union. These new threats are more complex, sometimes unpredictable, and know no boundaries. Some of these threats are:

- International terrorism and international financial crime
- Corruption and money laundering
- The proliferation of Weaponry of Mass Destruction
- Human trafficking, the exploitation of women and children
- The movement of illicit drugs and arms trafficking
- The violent displacement of people (war, natural disasters)
- Cybercrime
- Climate change

Faced with such a range of threats, the European Union has a very reasonable interest in strengthening its position internationally in order to be able to offer external and internal security to its citizens.

Globalization imposed the close link between these two concepts of security for Europe, internally and externally. In fact the boundaries between the two challenges have been nullified. Life in Europe is affected by both what is happening in the region and also in the world.

Under the weight of such huge problems, the rational choice may be a most cohesive and strong Europe within the global context. This means that the EU needs to act as an international actor with a common foreign policy and an ability to apply it in accordance with the terms of the UN Charter. At the same time, within the EU, it is not only a market but a single area of security, justice and protection of citizens.



Cyprus in the south-eastern tip

Cyprus has been a member of the European Union since 2004 and for this reason it is considered to be a stable country, mainly because of its Union membership which creates an empowered security environment in a zone of stability and cooperation set up by the EU institutions. The stability is enhanced by the fact that Cyprus maintains traditional friendly ties with countries in the region of the Middle East. However, the geo-strategic environment of Cyprus to its periphery and the specific safety issues and guarantees that remain due to the continued problem of the Turkish occupation, create serious uncertainties and persistent outbreaks of threats. A picture of current international affairs shows that the EU and Cyprus in the south eastern-most edge are surrounded by a world immersed in interrelated problems. The volatile situation in Libya prevails, the instability in Egypt, the permanent conflict between Israel and Palestinian Territories, the civil war in Syria, the dangerous mission in Iraq.

Foreign Policy and the EU Security Policy

The European Community took the first steps in the field of common foreign policy in the 70s in the form of political cooperation. It was a political cooperation facilitated by the downturn in the Cold War confrontation observed at that time in Europe.

A more coherent character in the foreign policy was acquired by the European Union with the Maastricht Treaty in 1993 as a result of geo-strategic upheaval after the collapse of the eastern bloc. Then the pillar of intergovernmental cooperation between EU member states was established, which included the Common Foreign and Security Policy (CFSP). The CFSP is the common position forming the EU member states in the institutions, the Council, in matters of foreign policy and security. Decisions are taken unanimously because they fall within the hard core of national sovereignty of member states. Since 1999 these also formed a defense identity within the framework of the Common Security and Defense Policy (ESDP), thus acquiring the ability to not only adopt a common international viewpoint, but also to act on implementing their policy, based on the common objectives defined in the Treaties.

From the period of introduction of CFSP, Europe experienced the transient conditions of the post-Cold War era, which, in the case of the Balkan region, were particularly painful because of the wars following the breakup of Yugoslavia. However, overall, the transition from the old to the new political and geo-strategic environment has been smooth, due to the success of the EU enlargement. Never before in Europe was such a big reversal made, in such a relatively bloodless manner.

The enlargement brought a renewed and powerful framework of security and stability for all member states, including Cyprus, despite the continuation of the Cyprus problem. In the turbulent region of the Western Balkans there have been significant changes due to the Yugoslav war. The wounds of nationalistic confrontations opened instead of closing and have kept the area mired in bloody conflicts for a decade. Still, violence and instability in the EU fell due to the possibilities of an enlargement policy.

The EU offers both in Cyprus, which remains divided, and in the candidate countries of the Western Balkans, a security framework and stability which help to end divisions and anachronisms, and to enable peoples and ethnic or other communities to move forward from their painful past.

CFSP in the Treaty of Lisbon

The CFSP completes a fourth of a century which can be characterized as a period of significant involvements. In the Lisbon Treaty the CFSP objectives involve combining traditional aspects of foreign policy and security, and others associated with globalization and other modern challenges.

The CFSP has the following fundamental objectives:

- Safeguard EU values, fundamental interests, security, independence and integrity
- Consolidate and support democracy, the rule of law, human rights and the principles of international law
- Peacekeeping, conflict prevention and strengthening international security in accordance with the objectives and principles of the Charter of the United Nations and in accordance with the principles of the Helsinki Final Act and the objectives of the Paris Charter, including those on external borders
- Promote, in developing countries, sustainable development in economic, social and environmental terms, with the primary aim of eradicating poverty
- Promote the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade
- Help develop international measures to preserve and improve the quality of the environment and the sustainable management of global natural resources, in order to ensure sustainable development
- Assist populations, countries and regions confronting natural or man-made disasters;
- Promote an international system based on stronger multilateral cooperation and good global governance.



The EU as a whole is still, however, surrounded by a host of open international problems that lead to wars and destabilization.

Faced with the magnitude of such problems, the European Union is often criticized as politically unable to operate in the international arena because it really does not have a single voice. The most hard core where CFSP tested is where a common approach is needed in major international problems and collective action for stability and peace. Often the interests of EU member states, especially the powerful, diverge. The last 20 years give a number of examples:

In the explosion of the Yugoslav crisis (1990-1995), the EU was totally unprepared to act to prevent the escalation of the war. Unilateral action by member states in the conflict worsened the situation. When the Yugoslav crisis peaked in the EU in 1999, the CFSP played second fiddle. It was not able to shape the prevention policy and provide on time the chance for a peaceful resolution. Of course, neither of the opponents, Serbs and Kosovars, searched for it. NATO, led by the US, imposed a harsh military solution. Only the progress of the EU enlargement process has restored the EU's role in the Balkans. From 2003 onwards, the EU, having developed some features of international missions, replaced the NATO military force in Bosnia and Herzegovina. Now it has in the Balkans political missions in

Bosnia and in FYROM (Skopje), and since 2007 the police mission in Kosovo.

In the collective response by the international community after the blow of September 11, 2001 the EU has developed through the CFSP, a strong common approach.

On the contrary, in 2003, the EU was divided and only some member states followed the US and UK military intervention against Saddam Hussein's regime in Iraq.

In 2006 the EU, through the CFSP, adopted a neutral stance towards Russia's military conflict with Georgia in the Caucasus.

In 2008, as far as the issue of Kosovo's independence, most member states recognized the independence of Kosovo, but some among them Cyprus, kept their reservations. Despite the disagreement on the question of diplomatic recognition, the EU holds a common stance and developed a police force.

On the Palestinian issue, which has remained unresolved for decades, the EU through the CFSP does not hold a significantly strong influence.

In the fluid situation created in Syria, Egypt, Libya and Tunisia, the EU is trying to forge a new approach through the CFSP, that will introduce the issues of evaluating the process of democratization, without facilitating the slippage of these countries neither to new dictatorships, nor strengthening the religious fanaticism.

In the Ukraine crisis, the EU, through the CFSP, has formed a common position of sanctions against Russia, exactly as the US, but many member states due to their energy dependence, do not wish to revive Cold-War situations.

Through this overview on some important international issues of the last 20 years, it seems that the EU has potential but the shaping of CFSP is difficult. In addition, the dimension that is already emerging is linked to the EU's capacity to implement its policies, having developed intervention structures in the field of security and defense.

The EU's defense identity

The Yugoslav crisis of the '90s, stimulated for the EU member states a real desire to create a common security and defense identity. As an extension of the CFSP the EU's defense identity was created in 1999 with the decisions taken by the European Council in Cologne and Helsinki.

The EU stood before a number of hard dilemmas. The most important concern was the political will and ability of the EU to take joint decisions and the development of capabilities in the field of security and defense, in conjunction with NATO.

Under those conditions the EU's defense identity was gradually formed, and was named Common European Security and Defense Policy (ESDP) as an extension of the CFSP.

The ESDP is influenced by NATO because most member states are simultaneously members of NATO. This is also reflected in the EU Treaties. Especially in the Lisbon Treaty it is stated that the ESDP:

[...] "shall not prejudice the specific character of the security and defense policy of certain member states and shall respect the obligations of certain member states, which see their common defense realized in the context of the organization of the North Atlantic Treaty Organisation (NATO) under the North Atlantic Treaty and shall be compatible with the common security and defense policy established within that framework."

Under the Lisbon Treaty, every EU member state retains its sovereignty in defense matters.

Historically, from the end of World War II until today, many western European countries are participating in NATO. During the Cold War they considered that NATO guaranteed the protection and safety against the then Soviet threat. With the collapse of the eastern bloc and the dissolution of the USSR, some approaches have changed because the structured rival coalition ceased to exist. For NATO member states the strategic threats and sources of insecurity were not, however, removed. The basic orientation remains until today with some particularities.

Most new EU member states since 2004 joined NATO. By participating, they strengthened the "Atlantic" dimension within the EU because they believe today that NATO mainly, not the EU, offers them a collective defense against the revival of the influence of Russia.



Hard dilemmas

The Enlargement Commissioner Hans van den Broek, from the Netherlands, a leading personality of the 90s on the European scene, tried to give his own position in response to the ironic comment of former US Secretary of State and "guru" of American diplomacy, Henry Kissinger, that Washington during the Yugoslav crisis was looking to find a European telephone line and could not find how to talk. At one of his speeches, van den Broek at the Foreign Policy Association of New York in 1995 raised the size of the challenge for the EU:

- The ability to act in time to prevent a crisis before it derailed
- To use a reasonable potential military threat against any party aggression, but not call the bluff
- The decisive political will for immediate action based on common positions formulated, not the skilfulness of the neutral
- The predominance of EU values against the nationalist aspirations of parties involved in the conflict
- The formation of economic reconstruction projects in the regions and populations suffering
- The overlap between the EU and NATO
- The undertaking of specific initiative for Europe by the EU rather than NATO or other third parties.



Of all the 28 EU member states, 22 are members of NATO. Through a consensus between EU member states, an upgraded strategic dialogue with NATO was introduced.

Within the EU, there has been in some extent a convergence in the strategic approach between the two most important EU military powers, France and Britain that now converge at NATO - EU relations. France once looked at some autonomy of European defense capacity but in recent years it has returned to the military wing of NATO as well. Britain on its part recognized the growth potential of the European defense identity, but as complementary to NATO. Germany is a more economically powerful country. Strategically it is integrated and committed to NATO, but for historical reasons it is restrained and does not want to give the impression of rushing in military operations.

Noteworthy, is the diverse attitude towards NATO of some traditionally neutral member states, like Sweden, Finland, Ireland and Austria. The four countries agreed to develop with NATO institutional relations, through the programme "Partnership for Peace", without becoming members. Malta also joined this effort recently, in 2008. Cyprus is the only country that has no institutional relationship with NATO. The government of President Nicos Anastasiades, who came to power in 2013, intends to submit its application for membership in the "Partnership for Peace".



The Franco-British convergence

The most important compromises on the path of European integration have provided the consultation France - Germany. In the field of defence policy, however, the more necessary compromise is the one that regards France with Britain. With regards to the issues of development of the European defence identity and development military capabilities, the Franco-British approach was made possible at a summit in the French town of Saint-Malo in 1998.

The initiative was made by then British Prime Minister Tony Blair who wanted to give a 'European air' in his country for not marginalizing, because they had not participated in the area of the euro. Without questioning NATO's dominance in European security, Blair proposed to the President of France Jacques Chirac the establishment of a new defence cooperation. Blair and Chirac proclaimed together that "the European Union, so as to play its full role on the international scene must have the capacity for autonomous action, supported by credible military forces, the means to decide to use them and the readiness to tackle international crises. It is necessary for the EU to take decisions and approve military action where NATO as a whole does not intervene."



The importance of participation in the NATO programme "Partnership for Peace" is related to the development of military missions where NATO and the EU act in concert, or the EU needs NATO assets, manpower and equipment.

After the Cold War ended, the two sides of the Atlantic, the US and the EU had a high level of understanding on issues of foreign and defense policy that faced though several challenges depending on the intents of US governments. Throughout these years European leaders had a far greater range of convergence with US Presidents who came from the Democrats, despite the Republicans who are distinguished by a more aggressive foreign policy. The reform of the Euro-Atlantic relations in the defense sector was established during the presidency of Bill Clinton in the 90s.

NATO, at a summit in Washington in 1999, at the fiftieth anniversary of its foundation, recognized the EU's ability to develop its own security and defense identity. This absolved the hands of the EU and has facilitated consultations between France and Britain.

The European Council proceeded then to the absorption of NATO's defense arm in Europe, the Western European Union (WEU) into the EU. The Union took over the responsibilities for carrying out the so-called 'Petersburg' type missions: humanitarian tasks, rescue missions, peace preservation and crisis management, including peacemaking.

NATO and the EU

In cases of missions that the EU needs to act with NATO, European units support defence capabilities in the use of NATO instruments and equipment. NATO has as a major contributor the USA.

In the critical area of satellite communications, airborne units and the exchange of confidential information, the dependency of European countries on NATO is almost absolute.

In missions that involve both NATO and the EU, NATO bears more purely a military wing where all allied units are subjected. This falling undertakes dealing with conflict that requires organization and coordination of the host of modern military means, aviation and navy.

The European contribution focuses on complementary areas of policing and upgrading administrative capacity in the areas under reconstruction (police, judicial, customs, and experts).

A typical example in Europe is the mission today in Kosovo, known as EULEX.



**Mission in Kosovo:
EULEX KOSOVO**

The European Council's decision was to enable the EU, by 2003, within 60 days to mobilize forces of up to 60 000 soldiers. Activation of civilian or military missions is conditional on a decision by unanimity in the Council and the participation in missions is voluntary. But all member states are invited to make commitments and to allocate forces to meet EU preparedness objectives.

The ESDP progress was closely associated with the formation of the consultation mechanism between the EU and NATO that would allow the participation of third countries which are members of the Alliance, such as Turkey. The issue has created complications on critical security issues such as access to confidential information and the use of high technology and NATO aviation systems. It also caused serious and heated discussion on both sides of the Atlantic. For a moment, the European autonomy was perceived by NATO's ranks as an act for undermining the leading role of the USA in European security. It also posed critical issues of overlap of military capabilities and burden of European defense spending. It even sparked debates in EU member countries that it violated the neutrality of some member states.

The basic guideline that prevailed in the discussions between NATO - EU and within the EU itself is the "complementarity" of the European defense identity with NATO. Largely due to the gradual reconnection of France to the military wing of the Alliance. The concept of complementarity came for economic reasons as well. Some European governments refused to shoulder the burden of soaring defense spending, by reducing the corresponding spending on social benefits. This debate was even preceded by the economic crisis that struck the Europeans seriously.

Despite the complexities, the EU in 2003 made its first contribution in the field of defense and security, taking over from NATO the peacekeeping operation in FYR Macedonia (Skopje). Subsequently, the EU replaced NATO troops in Bosnia and began to develop peacekeeping missions in Africa, in countries and regions with which it has historical relations. The EU intervention is significantly beneficial to the peoples of the Third World, who are plagued by civil strife, hunger and lack of development.

With the Treaty of Lisbon the EU has, for the first time since 2009, a more visible expression in the leading level. It has a President of the European Council and a High Representative for the CFSP, but also for the ESDP.



The most advanced expression of cooperation in security and defense is enshrined in Article 42 of the Treaty that includes a mutual assistance clause in the event that a State is the victim of armed aggression. So the ESDP acquires a dynamic dimension that relates to the protection of EU territory and member states within the perspective of a common defense policy, without affecting the obligations and commitments of member states, whether they are members of NATO or neutral. For this reason, it is clarified in the Treaty that the EU defense dimension does not conflict with the obligations of states that are members of NATO as NATO remains the foundation of their own collective defense.

The character of EU missions is broad. These may obtain the form of direct military intervention or simply humanitarian protection. They can be combined with peace or conflict prevention and crisis management. They may still be contributing to the creation of multinational forces.

Lisbon Treaty, Article 42

1. The common security and defence policy is an integral part of the common Foreign Affairs and safety. It ensures the Union with an operational capacity drawing on civilian and military means. The Union may use them on missions outside the Union to preserve peace, prevent conflicts and strengthen international security, in accordance with the principles of the Charter of the United Nations. The execution of these tasks shall be provided by member states.

2. The common security and defence policy shall include the progressive framing of a common defence policy of Unification. The common defence policy will lead to a common defence, when the European Council, acting unanimously, so decides. In that case it is recommend to the member states the adoption of such a decision in accordance with their respective constitutional requirements [...]

[...] 3. Member states shall make available to the Union, for implementing the common security and defence policy, civilian and military capabilities to contribute to the objectives defined by the Committee. The member states, which together establish multinational forces, may also make those forces available to the common security and defence policy.

Member states shall undertake progressively to improve their military capabilities. The Agency in the field of defence capabilities development, research, acquisition and armaments (hereinafter referred to as "the European Defence Agency") shall identify operational requirements, shall promote measures to satisfy those requirements, and shall contribute, to identifying and, where appropriate, implementing any measure needed to strengthen the industrial and technological base of the defence sector, shall participate in defining a European capabilities and armaments policy, and shall assist the Council in evaluating the improvement of military capabilities.

4. Decisions relating to the common security and defence policy, as well as decisions relating to a mission under this Article shall be adopted by the Council acting unanimously on a proposal from the High Representative of the Union for Foreign Affairs and Security Policy or an initiative of a member state. The High Representative may propose the use of both national resources and Union instruments, possibly together with the Commission.

5. The Council may entrust the execution of a task, within the Union framework, to group of member states in order to maintain the

The international missions of Europe

The EU has launched until today 23 peacekeeping stabilization and monitoring missions worldwide. European missions are carried out following an order by the UN Security Council and sometimes in cooperation with NATO. The European missions include blocking means and human resources for military and civilian missions.

The EU is based on member states voluntary commitments to military means. A decision on each task is taken unanimously and applied by the member states interested in participating in the framework of enhanced cooperation.

The Union may use military and civilian means, including:

- Joint disarmament operations,
- Humanitarian and rescue tasks,
- Missions designed to provide advice and assistance on military matters,
- Conflict prevention and peacekeeping,
- Missions of combat forces in crisis management, including the recovery missions of peace and stabilization after conflict.

All these tasks may contribute to the fight against terrorism, by supporting, inter alia, third world countries in combating terrorism in their territories.

Unions' values and serve its interests. The execution of such a task shall be governed by Article 44.

6. Member states which fulfil higher criteria for military capabilities and which have made more binding commitments in this area with a view to the most demanding missions shall establish permanent structured cooperation within the Union. Cooperation shall be governed by Article 46. Den affect the provisions of Article 43.

7. If a member state is the victim of armed aggression on its territory, the other member states have an obligation to aid and assistance by all the means in their power, in accordance with Article 51 of the Charter of the United Nations. This does not prejudice the specific character of the security and defence policy of certain member states. Commitments and cooperation in this area shall be consistent with commitments under the North Atlantic Treaty Organisation, which remains, for those States which are members of the foundation of their collective defence and the forum for its implementation.



The common security and defence policy



Modern military

In the 21st century, maintaining a modern military is part of a reality that no one, not even Europe as a whole, nor the member states can ignore. The army modernization issue concerns Cyprus as an EU member state, in the light of both the non-resolution the Cyprus issue, and the reality that is created in conditions of settlement and demilitarization. The necessity of a flexible body of safety even in the case of a Cyprus settlement (demilitarization) will continue to exist so that it can respond to contemporary security and defence challenges of an EU member state. At an EU level, the debate on the need for modern military bodies is intense. The cumulative military capabilities of the member states are significant but do not correspond to modern challenges. Many member states have troops with obsolete structures and overcrowded military doctrine staff. The army

Can the EU have one voice?

Frequent differences of interests between the powerful states of the EU have turned the CFSP into a painstaking exercise for there to be even a belatedly common line on what can be agreed. This is due to the fact that the enlargement of Europe to 28 member states led to further stiffness in foreign policy because of the veto. Often small and medium sized member countries confederate with the powerful members, who quarrel with each other in order to avoid exposing themselves to undesirable choices in their foreign policy.

The CFSP is ultimately the common foreign policy not of the EU but of its member states. This shows the weakness of the EU as a whole to capitalize on its strength as it quite successfully does when the European Union jointly represents the member states in major global negotiations. Such examples of the EU power are the trade negotiations on market liberalization under the World Trade Organisation, the establishment of common rules on international trade, the meetings of G7, G8 and G20 and global negotiations on climate change.

The sheer size of the European Union of 28 Member States in economic, trade and financial terms makes it a worldwide factor. It is indeed the biggest trading block in the world, with the second strongest international currency, the euro.

The EU plays a growing role in world affairs, not corresponding though to its power. Probably the continuous upgrading of the effect of international relations due to the intensity of global economic and energy issues pushes the EU into a more coherent foreign and security policy. But this remains to be proven in practice.

The status of Europe as a "soft power", capable of spreading its principles and values in other parts of the world has not yet been fully exploited. These dimensions should be assessed taking into account the current structure of the multipolar world and the new challenges, along with the historical origins and the fundamental commitments of the EU member states, particularly after the end of the Cold War. The fact is that as the EU takes decisions collectively, the more it maximizes its influence in the world, spreading the values and defending its interests. To succeed, the EU and its member states will need to travel a long way, both political and diplomatic, as well as in a defense and military level.

is adapted to territorial defence purposes against ground invasion, the Cold War residue. The formation of a modern army, however, is based on flexible and low number of bodies responding to immediate missions: rapid growth, air transport, helicopters, communications, and military police. Yet the EU as a whole invests in defence budgets 50% of US expenditure. In practice it is difficult to establish a force of 60 000 soldiers, while 70% of staff is inappropriate for foreign businesses (direct development and remaining in an unfriendly environment). As long as the structures and the doctrine of the member states army are outdated, it cannot but have a much lower performance.

The internal security and justice

The people in Europe live and enjoy conditions of relative security. The European Union is committed to its citizens for the establishment of the Internal Market and a Common European Area of Freedom, Security and Justice.

The new Lisbon Treaty places special emphasis on internal security. The specific powers of Europe have been upgraded, constantly generating new acquis laws and rules and including the coordination of policies and instruments in a number of issues related to police and judicial cooperation.

Some areas that stand out are:

- Maintenance of order and security
- Timely information exchange
- Allocation of substantial resources and instruments in the field of security
- Management of migration flows
- Consolidation of existing common institutions and formation of new: the European Police Office (Europol), the European Judicial Cooperation (Eurojust), control and surveillance of external borders (Frontex), the coordination of counter-terrorism.

The EU is also creating the framework for coordination, prevention and cooperation between member states to address humanitarian disasters and weather-related calamities. Member states may request emergency assistance staff, facilities and money when they are faced with threats that they cannot cope on their own, such as fires, earthquakes, floods, industrial accidents.



The power of Europol

Europol is the EU police with the responsibility for implementing the European legislation to help build a secure Europe for its citizens. It helps the EU member states in their fight against serious international crime and terrorism.

International organized crime and terrorist networks pose a serious threat to internal security in the EU and the lives of citizens. The biggest threat sources are terrorism, drug trafficking and money laundering, corruption and organized human trafficking. New threats are even being added in the form of electronic Internet crime.

Europol is in close cooperation with the national authorities of member states in policing, offering powerful databases, data and networking to identify the most dangerous criminal and terrorist networks operating in Europe and the world. Based on operational action by Europol is leading in recent years to investigate more than 13,000 cases a year and the arrest of thousands of dangerous criminals, recovery of million from illegal acts and saving hundreds of victims including women and children who are victims of trafficking.

The Frontex agency



The European Frontex Agency was set up by the EU for operational

cooperation between member states in managing the external borders. In substance it supports border control and protection applied by the member states when dealing with emergency situations and migratory pressures.

Frontex coordinates joint operations at sea and land borders. If requested by a member state, it mobilizes rapid response teams.

At the request of the Greek government, Frontex has played a very important role in curbing the trafficking of undocumented migrants at the Greek - Turkey border in Evros. The land border between Greece - Turkey is one of the most common corridors of smuggling circuits' immigrants from Asia to Europe.

In many cases, Frontex and the member states' national border authorities conduct coordinated search and rescue operations in maritime external borders.



Similar initiatives were developed by the EU to remove EU citizens from war zones. Every EU citizen who is abroad may seek protection and assistance to any member state's embassy.

The field of internal security and justice falls within the competence of the EU but the decisions are made in the context of inter-governmental cooperation. The expectations of citizens in relation to these issues are greatly increased. More and more citizens realize that these problems can only be addressed through close cooperation.

The EU is able to take the greatest role in the political protection and justice by ensuring the unity of the European area. The attention, however, is to preserve the character of life, open society and freedoms of the people affected, whether they are EU citizens or citizens of a third world country.

Priority needs to focus on the interests of citizens, the respect for privacy and human rights and individual freedoms. Europe, in order to be collectively effective, must operate proactively with a high level of coordination at the source of the causes of insecurity and not running behind the consequences.



EU funding

The EU provides financial assistance for the management and protection of external borders. They benefit from particular countries facing strong migratory pressures. The financial assistance is utilized for the purchase of border surveillance systems, such as ships and aircrafts for search and rescue.

Cyprus has benefited from this funding because it has a huge coastline and sea surveillance zone.

The assistance is also offered to facilitate legitimate travel and combat illegal border crossing and fraud regarding visas.

10

CYPRUS IN THE EUROPEAN UNION



Cyprus in the European Union

Cyprus joining the European Union in 2004 was the culmination of great effort and cooperation between the governments of Cyprus and Greece that started in the late 80s. During this time, there were important milestones that required strong leadership and political will, many years of planning and tough negotiating effort. Many worked in the foreground and background of political and diplomatic effort, having faith in a great purpose for Cyprus and its people that today determines our future in the European family.

The accession of Cyprus to the EU on May 1, 2004 is not the end of the journey because the European integration project is not static, nor technocratic. In fact it is the beginning of a new era for Cyprus to continue its current course. The attainment of integration does not automatically generate benefits and the events of the intervening decade have proved this. European participation offers opportunities and possibilities for Cyprus to face the current challenges from a new, more hopeful perspective in the modern world, having a more secure and stable direction and endorsing common objectives with other EU partners.

This short historical and diplomatic record is part of the living history of Cyprus of the events during the last three decades or so that turned what was unthinkable -the accession of Cyprus to the EU- into a



feasible political project and then reality. The value of political and diplomatic success is analyzed under the light of events that developed in three phases:

The first phase concerns the decade 1980-1990, in which the position of the European Community was absolute that Cyprus, while the Cyprus issue was unresolved, could not even be a candidate and could not apply for membership.

The second phase relates to the period 1990-1995, in which the European Union accepted that Cyprus could one day become a member of, but in no way could start accession negotiations if it had not first solved the Cyprus problem.

The third phase of the 1995-1999 period, in which the Union accepted that Cyprus could become a member of, but not before solving the Cyprus problem.

All these years, the Governments of Cyprus and Greece, culminating in the period 1998-2003, were able to come to an unprecedented level of coordination, similar to the early period after 1974, with main characteristics the common action and high political and partisan consensus.

The strategy of integration was designed and implemented not as an end in itself but as a catalyst for resolving the Cyprus problem. So it took into account the vital interests and orientations of the Turkish Cypriot community, which progressively

shared a European orientation of Cyprus, as a common homeland with Greek and Turkish Cypriots integrated into the modern European world. The Cyprus accession strategy also facilitated the further binding of Turkey to the EU, with terms and conditions associated with the European authorities and the Cyprus problem.

The dynamics of accession on 1 May 2004 created a new departure, which is still in the hands of the Cypriots on how to utilize it better, to overcome the deep problem of the 42-year Turkish occupation and face the diverse challenges of the 21st century.

The Association Agreement

Cyprus signed an Association Agreement with the then European Economic Community (EEC) on 19 December 1972. This agreement entered into force on June 1, 1973, which coincided with the accession of the United Kingdom (i.e. Britain and Northern Ireland) to the EEC. The temporal link was not accidental. Cyprus made its first international financial exposure relying on the capabilities offered by the British Commonwealth and the preferential status in the trading of products. The integration of Britain into the European Community created the need for Cyprus to adapt to the corresponding economic and trade relationship with the European Community.

The Association Agreement itself, however, proved then to be a base on which the next integration steps in the European Community were built. The Association Agreement included in particular the gradual application of a customs union with arrangements for trade, economic and technical cooperation which set on an established base the economic relations between Cyprus and the European Community.



Cyprus and the Non-Aligned Movement

Cyprus as a new member since 1960, had strong historical roots within the broader context of European civilization. It also had political, economic and social structure corresponding to western European countries with a multi-party system and adoption of the free market. But the political horizon of the Cypriot leadership at the time of Independence and also during the Makarios government there was no formulated approach to European integration, with no relation to the current ideas of the time of Jean Monnet. Cyprus was a member of the Non-Aligned Movement, choosing a balance of relations between the two rival blocs of the Cold War. These factors defined the perceptions of the political elite of Cyprus in the 60s and 70s, even after the events of 1974 to the end of the 80s, which put the country under considerable pressure to end the de facto partition and reunification under a federal settlement.



The customs union

After 1974, the Turkish occupation of Cyprus caused difficulties in the completion of the customs union, which gradually acquired clearer political overtones. The EC members did not want to be charged with the effects of an unresolved political problem and the disturbance of their relations with Turkey. They also sought to develop relations with Cyprus, both its internationally recognized government which was not disputed, and with the Turkish Cypriot community.

But Cyprus, with Greece's accession to the European Community in 1981 acquired a permanent and vigorous supporter that quickly became familiar with politics, logic and procedures of the European Community to support the demands and aspirations of Cyprus. The project was commissioned by the government of PASOK and Prime Minister Andreas Papandreou, to the Deputy Foreign Minister at the time Theodoros Pangalos and the Secretary General for European Affairs at the Ministry of Foreign Affairs, Yiannos Kranidiotis.

The Greek government found a very good level of understanding in technocratic issues with Nicosia. To overcome the political objections of the Community, however, it was necessary for important political decisions to be taken by the Greek government. Specifically, Pangalos and Kranidiotis decided to exert pressure, including threat to block relevant Eu-



ropean policies if Cyprus was not assured of the customs union.

At that time the European Community was discussing the implementation of the Integrated Mediterranean Programmes (IMP) which would benefit all partners in the Mediterranean. That movement created the need for a mutually beneficial compromise and thus secured the consent of the other Europeans to sign the customs union. The agreement entered into force at the end of the presidential term of President Spyros Kyprianou in January 1988. The customs union proved to be an election controversy, as it was supported by the Democratic Rally of Glafkos Clerides and the Democratic Party of Spyros Kyprianou, while opposed by AKEL and the Socialist Party EDEK. The elections of February 1988 were won by George Vassiliou, who was supported by AKEL, but in the election campaign stood in favor of the European perspective of Cyprus.

The achievement of the customs union prompted Pangalos and Kranidiotis to consider for the first time a comprehensive strategy for the accession of Cyprus, building on the logic of interface of Cypriot demands with broader interests and objectives of the European Community. This was prepared by Yiannos Kranidiotis at a time when in Cyprus the first discussions about the European perspective were only at the beginning. The Kranidiotis' strategy included a multi-page document that was served in September 1988 to the Foreign Minister of Cyprus George Iacovou for the immediate application of accession of Cyprus to the European Community. At that time Greece held the EU Council Presidency and one of the arguments concerned the procedural option the Greek Government had to promote the Cyprus' membership application.

President Vassiliou considered, however, that he should primarily contact the powerful European countries and try to seek out their intentions while still having a central objective of revitalizing the peace talks that were in a prolonged deadlock. President Vassiliou sought to promote the Cyprus settlement process, undertaking high-level contacts with the US and the then Soviet Union (USSR), in the midst of momentous developments that led to the fall of the Berlin Wall. Indeed President Vassiliou's efforts to revive international interest in the promotion of the settlement were well received by the international community. However, regarding the issue of the application of integration in the Community, the President met enormous reservations,



The accession strategy

"The integration of Cyprus' EU edifice provides a political guarantee for the independence, sovereignty and strengthening of the role of Cyprus in the international system. Ensuring the effective application of the basic freedoms are fundamental principles of the Community law grid. In this sense, the accession of Cyprus in the Community can be part of a comprehensive settlement of the Cyprus problem ..."

"The existence of the application for accession to the EU negotiating table offers specific advantages in Cyprus under the intercommunal dialogue, in terms of power politics with Turkey. The presence of Greece in the Community makes it possible to interconnect the Cypriot application with other applications, or issues where appropriate. Certainly it should be noted that the application of Cyprus to follow the negotiating process regardless of the outcome of efforts to resolve the Cyprus problem ..."

Letter Th. Pangalos, September 1988

even the categorical opposition by the interlocutors in the European Community.

President Vassiliou's efforts significantly enhanced the image of the Greek Cypriot community as a constructive side and helped the Greek government to form a common position with the support of the '12' in the European Community in relation to the Cyprus issue. The most important aspect of this common position was first recorded in the Community Council in 1988 during the government of Prime Minister Andreas Papandreou and later during governance of Prime Minister Constantine Mitsotakis at the Dublin European Council in the summer of 1990.

The membership application

President Vassiliou considered that the best timing for submitting a request for inclusion was July 1990 and assigned to Yiannos Kranidiotis, as a Cyprus government advisor, to prepare it. The submission of the membership application of Cyprus provoked the strong reaction of Turkey and the Turkish Cypriot leader Rauf Denktash.

Then a diplomatic competition began with various dimensions and tensions that lasted 14 years, until the moment that Cyprus became a full member of the European Union.

Turkey set as its baseline the rejection, at first, of the application for accession on the grounds that it was invalid because Cyprus could not join an organization in which Turkey itself was not a full member. Also Turkey put as a condition the prior resolution of the Cyprus problem and required the application of Cyprus to freeze. The European Commission, with an official opinion to a corresponding membership application by Turkey during the presidency of Turgut Özal, had rejected the prospect of Turkish membership.

Turkish Cypriot leader Rauf Denktash accused the Cypriot government that it was not legitimate to apply for accession for the entire population of Cyprus because the Cyprus problem was unresolved and the Turkish Cypriot community was not represented. He also postulated to first give his assent to such an application. Rauf Denktash often threatened to withdraw from talks held under the auspices of the UN, if the proceedings in the European Community proceeded.

Greece supported the submission of application for EU membership so that there were no procedural objections or political objections from its European

The Dublin European Council

In the mid-80s, the Turkish Prime Minister Turgut Özal sought to reignite the country's relations with the European Community in order to strengthen the democratization process, but in 1987 the European Commission issued a negative opinion on the Turkish application for membership. In trading on the Council for an alternative to Turkey, the Greek government has the need to exercise political pressure on Ankara to resolve the Cyprus problem. The Greek position was shared by German Foreign Minister Hans Dietrich Genscher and turned it in April 1988 to a common position of "12" to the Council Ministers, under the seemingly anodyne statement that "the Cyprus problem affects relations between the European Community and Turkey." Subsequently, the Councils' common position was adopted by the European Council in Dublin and is valid until today. The conclusions unanimously approved in Dublin stated that:

"The European Council discussed the Cyprus issue having obscured the impasse that has come to the intercommunal dialogue. Expressing its deep concern about the situation, the European Council fully reaffirmed its previous declarations and its support for the unity, independence, sovereignty and territorial integrity of Cyprus in accordance with United Nations resolutions. Reiterating that the Cyprus problem affects EC-Turkey relations, and bearing in mind the importance of these relations, the European Council stresses the need to quickly eliminate obstacles to continuing meaningful intercommunal talks for finding a just and viable solution of the Cyprus problem".

The debate in Cyprus

In Cyprus in the late 80s, the political and partisan elite began to sense the European perspective, without however, crystallizing a specific policy. But the international climate began to change and favored such a development as the ending of Cold War confrontation begun with the initiatives of the President of the USSR Mikhail Gorbachev. The issue that dominated between politics and party leadership was a single issue overshadowing the rest: the solution of the Cyprus problem which for many years stalled the efforts of the UN Secretary General.

In those conditions during the period 1987-1988 Pangalos and Kranidiotis organized a series of visits and talks in Cyprus to positively influence public opinion and policy makers about the prospect of the European Community for Cyprus. Cypriot society created the first small streams of pro-European ideas and movements. Some were influenced by the experience of Greece and in particular from those of PASOK, others were moving in the field of business, others were technocrats

partners. The Council referred the Cypriot request to the Commission to prepare its opinion, as provided for in the Treaty establishing the European Community.

In 1991 President Vassiliou began a determined international campaign to promote negotiations to resolve the Cyprus problem, deploying the positive international situation which led to the fall of the Berlin Wall. The Cypriot President obtained the activation of the UN Secretary General Boutros Ghali and leading international players, aiming to secure either a successful outcome to a federal compromise or attributing the responsibility for a deadlock to Rauf Denktash who postulated a dichotomy solution and separate sovereignty. With his moderate and flexible attitude, President Vassiliou extended the resonance of the Cypriot application within the European Community, in order to initiate the process for a positive official opinion by the European Commission. However, the argument of the Turkish side to have the positive opinion of the Turkish Cypriots was incorporated into the package of proposals for a comprehensive settlement prepared by the UN Secretary General (Ghali Set of Ideas), with provision for separate referenda on accession. The complete intransigence of Rauf Denktash and the rejection of the Package Ideas and Ghali Charter in the summer of 1992 partially weakened the approach of the international community. On those events the President of European Commission Jacques Delors came to the decision to take the next step to a positive opinion on the accession of Cyprus, which was finally delivered to the new government of Cyprus under President Glafcos Clerides on June 30, 1993.

The opinion

The opinion of the European Commission is a historical document for Cyprus because the European Union acknowledged the European identity and European character of the island, as well as its intention to be part of the EU.

The opinion was positive, but its next stage, any decision to open accession negotiations, was under review at the discretion of the Council of Ministers. The Commission set such a decision in direct relationship with the continuation of efforts to resolve the Cyprus problem, in order to reach an agreement. Of course, the accession itself was not even mentioned, without solving the problem because the European Union did not wish in any way to take responsibility for an unresolved problem.

and some diplomats. But they could not influence the party leadership that had a single-issue approach to the traditional aspects of the Cyprus problem.

The National Council was at that time on promotion of a policy targeting to the European Community. The key objective of President Vassiliou was to formulate a shared framework claim to all parties to get quickly to the international campaign on the Cyprus issue. He succeeded with the unanimous recommendations of January 1989, in which the National Council included under "Financial Matters" a reference to the European Community: "Cyprus has concluded an Association Agreement and has entered the customs union and is constantly developing closer ties with the European Community. This could be beneficial to the prosperity of all Cypriots and will help promote balanced regional development. The Federal Republic (Cyprus) should be responsible for the common foreign European Community customs tariff, but the resources must be allocated fairly ..."

The then UN Secretary General Javier Perez de Cuellar in June 1989, submitted his first proposals of mediation, in which for the first time included a reference that "the prospect of membership in the European Community should be studied."

The "plethora" of accession applications

At that time the European Community began to receive a "flood" of applications for membership from western Europe, as predicted by Pangalos and Kranidiotis. First to apply was Austria in 1989, followed by Cyprus and Malta in 1990 and then Sweden in 1991, Finland, Norway and Switzerland in 1992. But the European Commission by receiving applications for admission, started assessing them with political priority criteria. Applications lent wealth and power in the Community which took advantage of the opportunity. The candidature of Cyprus could not compete because of the political problem, while Malta's nomination encountered many problems due to internal disagreements.



From the submission of application of accession of Cyprus to the issuance of the opinion, three years had passed. The delay was expedient for the part of the European Commission because it timely disconnected the candidacy of Cyprus -and Malta- from the enlargement of the EU which was already at an advanced stage and concerned the Nordic countries and Austria. Rich countries, net contributors, organized without political problems ... This confirms how heavy the burden of occupation and unresolved Cypriot problem was for the candidacy of Cyprus.

In February 1993 Mr. Clerides was elected as President of the Republic of Cyprus. The new government with Foreign Minister Alec Michaelides put the top priority on the promotion of relations between Cyprus and the European Union. In November 1993 PASOK, and Prime Minister Andreas Papandreu returned to power in Greece and reiterated his commitment to the efforts towards Cypriot accession with Theodoros Pangalos, as Deputy Foreign Minister and Yiannos Kranidiotis as Secretary for European Affairs. Following the adoption of the opinion it was clear for the protagonists of the effort in the Foreign Ministries of Greece and Cyprus that they had to fight every step of the way and win at every point in the marathon procedure that had begun. The great question was then to set a date for open-

The historic document

"The geographical position of Cyprus, the close ties which for more than two millennia link the island with the same sources of European culture and civilization, the intensity of the European influence both on common values of the Cypriot people and the organization of cultural, political, economic and social life of its citizens, the importance of any kind of transaction that has developed with the Community undoubtedly give European identity and character in Cyprus and confirm its vocation to be part of the Community.

The political settlement of the Cyprus issue would result in the strengthening of this destination and the bonds that unite Cyprus with Europe.

At the same time, this arrangement would open the way for the full restoration of human rights and fundamental freedoms in the whole territory of Cyprus and allow the deepening of pluralistic democratic practice. The Commission is convinced that the accession of Cyprus to the Community would mean for Cyprus increased security and prosperity and contribute to rapprochement and reconciliation of the two Cypriot communities. If there will be a political settlement, the prospect of the restoration of basic freedoms would allow the elimination of the inevitable practical difficulties that arise during the transition period, in adopting the relevant Community legislation.

ing accession negotiations with the unanimous decision of the EU Council.

The next step had to be built with coordinated diplomatic moves of the governments of Greece and Cyprus on the European level for a representative of the EU to decide on the attitude of the Turkish side, so as for Cyprus to no longer be held hostage to its intransigence. Foreign Minister Alec Michaelides focussed on winning this argument, for Cyprus to not be held hostage of the Turkish side.

In parallel, the Greek Ministry of Foreign Affairs used the Greek Presidency in the first half of 1994, promoting the addition of a general paragraph in the unanimous conclusions of the Corfu European Council, that "Cyprus and Malta are included in the next enlargement wave", i.e. after the completion of the accession of Sweden, Finland and Austria.

The months that followed the Corfu summit proved the most crucial at this stage in promoting the accession of Cyprus. The portfolio of the accession of Cyprus had been undertaken exclusively on behalf of Greece by Yiannos Kranidiotis as Deputy Foreign Minister and responsible for European Affairs, setting a target for Cyprus to cross the critical threshold: establishing a clear timetable starting accession negotiations with the unanimous decision of the Council of Ministers. He had against him the strong refusal of Germany, France and Britain to accept such an arrangement. Then he decided the first strategy, linking the accession process of Cyprus to the EU-Turkey relations and persuaded for that the Prime Minister Andreas Papandreu. Kranidiotis' strategy was to secure the consent of the European partners to begin accession negotiations with Cyprus in exchange for the lifting of the Greek veto on the customs union of Turkey. Then Kranidiotis presented his approach to President Clerides and Foreign Minister Alec Michaelides in autumn 1994.

Greece for the first time would put the terms to bind Turkey to the European Union. At the same time, the EU appointed Frenchman Serge Abu, as observer for Cyprus Problem, who triggered the reference to the opinion on Cyprus to review the situation on the island. Abu put under his own assessment the informal talks between Clerides and Denktash that were then conducted by the UN in Cyprus, in order to determine whether there would be a prospect of a solution.

This opinion also demonstrates that the accession of Cyprus to the Community presupposes that there will be a peaceful, balanced and viable settlement of the Cyprus issue, which would enable reconciliation and the restoration of trust between the two communities and cooperation between their leaderships. The institutional provisions of such a settlement should ensure the necessary balance between the two communities and the right of each of them to defend the fundamental interests, be incompatible with the smooth participation of Cyprus in the European Union decision-making processes and the proper application of Community law throughout the island ..."



Alec Michaelides and the European Cyprus

Alec Michaelides took over the Foreign Ministry during the period a reconsideration of alternative routes for Cyprus to emerge from the deadlock of two decades of de facto partition. Clerides' government persevered towards the political and diplomatic promotion of a European course that was to culminate gradually throughout the following decade into an unprecedented spirit of consensus on the accession of Cyprus to the EU.

The framework of the great diplomatic effort in 1993 was developed by Alec Michaelides, based on the content of the opinion:

[...] "First of all it is good that the dominant element in the provisions of opinion is the Commissions' position that Cyprus meets the criteria for inclusion.

Certainly we are not satisfied with the precondition that in order to join the Cyprus problem must be solved. But it is noteworthy that the Community implicitly acknowledges that no time limit dependence integration of the Cyprus problem would provide incentive for Turkey to continue the negative attitude and, irrespective of the Community's intentions, perhaps would give Turkey the ability to block the accession of Cyprus. So I am very positive that the Commission sets a time limit which would force the connection with the integration solution. If in a year and a half there is no solution, then the Community will

The agreement of March 6

Yiannos Kranidiotis negotiated with the German Presidency to lift the Greek veto on the customs union of Turkey, but the German Foreign Minister Klaus Kinkel had not accepted an arrangement which would be satisfactory for Cyprus. Kranidiotis blocked, in December 1994, the customs union of Turkey. By taking the French Presidency, in January 1995, Foreign Minister Alain Juppé invited Deputy Foreign Minister Yiannos Kranidiotis and Foreign Minister Alec Michaelides to participate in intensive talks in Paris at the French Foreign Ministry. Alain Juppé accepted Kranidiotis' terms and Michaelides' arguments and Cyprus secured on March 6, 1995, the mandatory appointment: "The Cyprus accession negotiations with the EU would begin six months after the conclusion of the 1996 Intergovernmental Conference". The next day in the EU-Turkey Association Council Greece withdrew its veto and there was a unanimous decision for the conclusion of the customs union of Turkey.

During the dense consultations of those months an important role was played by the US Deputy Secretary of State Richard Holbrooke. Holbrooke exerted active diplomacy, by promoting the idea of an agreement by which all would come out winners. The US Deputy Foreign Minister pushed reluctant European governments on the strategic value of binding Turkey to the EU, while at the same time he was persuaded by the Greek and the Cypriot governments for the conciliatory dynamic that a(n) (open) Cyprus accession prospective would obtain. Very positive was also the contribution of Serge Abu who drafted the report that deplored the attitude of the Turkish Cypriot leadership under Rauf Denktash, who undermined any federal settlement.

The decision of March 6, 1995 gave new impetus to the relations of Cyprus with the EU and brought the prospect of accession closer to implementation, at a time when the EU was preparing intensively for the next enlargement. Already one after the other, countries of the former Eastern bloc began to file applications for membership, confirming the forecast for bundling applications and concentration of strong interest for a major enlargement, both to the east and to the Mediterranean (Cyprus and Malta).

Turkey and Rauf Denktash reacted harshly to this development and adopted political challenges for annexation of the occupied by Turkey territory,

review the matter and if the problem is on the fault of the Turkish side, then the solution connection - integration, linking the start of negotiations with Cyprus, will cease to exist "[...].
"The course of Cyprus is Europe. The European orientation is the axis of our policy and the inclusion in the Community our clear objective. For this we will use the potential of our opinion provided".



but also creating tensions that lasted quite a while. The climate of tension was combined with the decision of the Cypriot government to strengthen its anti-aircraft defense with the Russian anti-aircraft missile system of long-range S-300, but also with the internal political rivalry and instability in Turkey. This situation gave rise to an upsurge of nationalism in Turkey regarding Cyprus, cultivating fertile ground for Denktash to stay constantly in the spotlight and constantly affect Turkish foreign policy with the intervention of the army.

The escalation of Turkish aggression was spotted by the events at the Imia in January 1996, and in Cyprus in the summer of that year, when nationalist elements shamefully murdered two young Greek Cypriot demonstrators in the confrontation line in Deryneia.

The Turkish aggression was unable to stop the steady course taken by Cyprus until the next appointment, the start of accession negotiations. The European Commission released in the summer of 1997 its report on the enlargement of the EU entitled "Agenda 2000" making positive references to Cyprus and recommending Cyprus in the first enlargement group.

The "catalyst" of the resolution

The baseline of Yiannos Kranidiotis in the Council and in contacts with the United States was included in a letter on 11.16.1994 to all foreign ministers: "[...] the examination of the request of Cyprus accession to the EU offers a unique opportunity to help the General Secretary of the UN in its efforts to find a solution. A clear and unambiguous message that would make the parties concerned to the Union will begin on a specific date the accession talks with Cyprus, could change its attitude Turkish side and act as an important lever of pressure to achieve a solution and to end the 20 long years of disappointments ...". The arguments were raised and President Clerides, with Foreign Minister Alec Michaelides, continued negotiations through the capitals of Europe.

The Agenda 2000

"The timetable that was agreed for the opening of accession negotiations with Cyprus means that they could start before a political settlement. If there is no progress towards a settlement before the planned opening of negotiations, then they should start with the Government of the Republic of Cyprus, as the only authority recognized by international law."

At the European Council in Luxembourg in December 1997 it was decided to open accession negotiations with Cyprus, Hungary, Poland, the Czech Republic, Estonia and Slovenia. Negotiations began on March 31, 1998 in Brussels at the first Intergovernmental Conference with the participation of the Cyprus Foreign Minister Ioannis Kasoulides, Deputy Foreign Minister of Greece Yiannos Kranidiotis and important personalities who supported very harsh decisions regarding Cyprus, just like the Foreign Minister of Britain's Labour Robin Cook.

The Cypriot government of President Clerides appointed the former President George Vassiliou as the Head of the Negotiating Team of Cyprus, who, with political authority and technocratic knowledge, gave international status and dynamics in the Cyprus effort.

Meanwhile, President Clerides responded to the EU's request and invited the Turkish Cypriots to appoint representatives "as full members of the negotiating team" for the accession of Cyprus to the EU. This invitation, which was ratified by the EU Member countries, was rejected by the Turkish Cypriot leader Rauf Denktaş.

The technocratic performance of Cyprus in negotiations to harmonize with the European acquis confirmed the commitment of the state in the accession effort and the efficiency of public administration. But the central issue concerning the Cypriot accession was political. Soon it seemed there could be a permanent obstacle in the integration process.

In late autumn 1998, four powerful EU countries- Germany, France, Italy and Holland- circulated within the Council a common position on the basis of which they proclaimed that there were chapters of negotiation with Cyprus that would not allow closure without first resolving the Cyprus issue. The argument focused on the risk of breaches of the EU common foreign and security policy without making a direct reference to Turkey and its reactions.

The Greek and Cypriot governments responded to the statement of "4" against the accession of Cyprus to the EU which coincided with a period of a very fine maneuvering on the issue of the supply of the military S-300 system that also constituted a point of friction with a lot of powerful European countries, plus the US, even Israel.

The performance of Cyprus

The first stage of accession negotiations with Cyprus, that started on April 3, 1998, were related to the screening of the *acquis communautaire*, a process known as «screening». The process was designed to determine the areas where they had to make the necessary changes in Cypriot law in order to harmonize with the EU legislation. The phase of negotiations on the *acquis* screening was completed in 2000 and covering the new *acquis* up to 1 January 2000. From that point, the process of screening was done in the accession negotiations. Substantive discussions on each chapter of the *acquis* were opened on November 10, 1998.

In repeated Progress Reports the Commission noted that Cyprus had achieved a satisfactory degree of convergence with the *acquis* in most areas and progressed towards the establishment of the necessary administrative mechanisms to implement the *acquis* in a considerable number of areas. It also noted that Cyprus is generally meeting the commitments made in the accession negotiations and concluded that "in view of the degree of convergence achieved by Cyprus [...] and its track record [...] in the implementation of the commitments made in the negotiations, the Commission considers that Cyprus can take on the obligations of membership within the envisaged timeframe."



At parliamentary level, the Greek Parliament had already been prepared by adopting a resolution which proclaimed that the national parliament of Greece as the competent body for ratification of the Treaty of Accession of new member states would prevent any entry without Cyprus. In November 1998 the president of the Greek Parliament Apostolos Kaklamanis declared this position, stressing that the parliament resorted to this last option, which would be disastrous for all, only as a reaction to possible punitive behavior against Cyprus. The burden of the Cypriot application for EU membership from the declaration of '4' was one of the causes that led to the annulment of the decision of placing S-300 in Cyprus in December 1998, by joint decision of President Clerides and Prime Minister Simitis.

Cyprus Problem in early 1999 resurfaced as a "sword of Damocles" for accession and once again it was shown that a strategic move was needed to unblock once and for all any objections from European partners.

In the spring of 1999, the question of Cyprus' accession was the subject of a series of confidential meetings of Greek Prime Minister Costas Simitis and its closest colleagues in order to develop a new holistic strategy of the Greek government towards Turkey. Another severe test for Greece emerged when the country engaged in renewed tension with Turkey because of the secret entrance and the effort for evacuation of Kurdish separatist leader Abdullah Öcalan.

Statement of the "4" against Cypriot accession

France, Germany and the Netherlands, with a joint statement to the Council which was later signed by Italy as well questioned the prospect of Cyprus joining without solution arguing that "the accession of Cyprus should benefit all communities ". The "4" also expressed the warning that "the division of the island raises fundamental questions about the functioning and coherence of the CFSP." The Greek Government has submitted a unilateral statement whereby the "fruitless efforts were made in Nicosia for the Turkish Cypriots to also participate in the procedures, due to the "hostage of Cypriot accession" from Turkey." The Greek government requested "respect for the decisions," and warned that "Cyprus actions and statements that are not consistent with the decisions threaten the momentum of the accession process."

Yiannos Kranidiotis, having taken the position of Deputy Minister of Foreign Affairs with responsibility for the Cyprus problem and the accession course of Cyprus, had worked closely with Professor Christos Rozakis and Nikos Themelis -the two closest collaborators of the Prime Minister- and other executives of the Greek diplomacy to formulate a new approach towards Turkey that would put the whole of the open problems in the context of further binding of Turkey to the EU.

The key elements were finalized by Prime Minister Simitis and crystallized in meetings with Foreign Minister George Papandreou and Yiannos Kranidiotis.

The revised Greek foreign and European policy had set the following priorities in a single framework of diplomatic demands:

- The unobstructed accession of Cyprus to the EU without the Cyprus problem and its solution to be a precondition
- The activation of the European catalyst for the shifting of Turkey and Denktash from intransigent positions in order to solve the Cyprus problem
- The incorporation of Greek-Turkish differences in the Aegean within the framework of Turkey-EU relations with Turkey's obligation to peacefully resolve them in the context of international law
- The, under these conditions, support of the European aspirations of Turkey to become a candidate, the activation of powerful international actors with converging interests (USA) and the continuous sounding of powerful European capitals and the European Commission (Berlin, London, Paris)
- The implementation of openings towards Turkey in order to bring the two peoples closer, but also in Cyprus for the rapprochement of the Greek Cypriots to Turkish Cypriots

The essence of the new strategy was to protect the Cypriot accession, to create a network of pressure on Turkey to cooperate for a solution, and bring Ankara and Denktash from the field of provocation and tension, to the field of negotiation with the rules of EU in search for mutually beneficial (win-win) solutions.

Foreign Minister George Papandreou, on the occasion of the terrible earthquake that struck the region of Constantinople in June '99, promoted the rapprochement with Turkey, by changing the climate with the "earthquake diplomacy". Kranidiotis took all summer working on the issues concerning the Cypriot accession, Cyprus Problem and EU-Turkey relations. By early September, with many confidential meetings and personal appointments with British Foreign Minister Robin Cook in London and German Foreign Minister Joschka Fischer in Berlin, Kranidiotis formed the framework for a political agreement to be confirmed by a unanimous European Council which would then commit the EU.



The foundation for Kranidiotis

"For the last time we were together in a mission in the summer of '99, at the first impact to Joschka Fischer. The meeting was closed in Berlin. During the meeting Yiannos unfolded clearly, without sentimentality, our arguments and spoke with the sobriety that characterized him. Fischer did not seem excited, he was surprised. He could not see any serious counter-arguments to refute. He continued to react openly to enter into the logic that was unfolded by Yiannos. He was not discouraged, as if he did not realise the ice that was in front of him. Towards the end of the meeting, German Foreign Minister, a straight-talking man with regards to the formulation of his views and his thoughts, was seriously concerned and abandoned his original position that was wholly cautious. We left with a sense of cautious optimism, with a justified belief that had become the beginning of a project that needed time to mature and reach December in Helsinki ..."

*Speaking in Nicosia Nikos Themeli,
February 25, 2009*



Yiannos Kranidiotis died in a plane crash, as he was traveling to participate in the Balkan ministerial conference in Bucharest on September 14, 1999. The previous day in a meeting in the presence of Prime Minister Simitis and President Clerides in Maximos Mansion in Athens, there was a detailed briefing by Yiannos Kranidiotis for the full development of the diplomatic mobilization of Greece and coordination with Nicosia until the European Council's meeting, which would take place in Helsinki at the end of that year.

Report to Yiannos Kranidiotis

Yiannos Kranidiotis used to outline the context of the new strategy of Greece to Cyprus and Turkey in interviews to international agencies, escaping from the restrictive logic of the diplomatic backstage.

On July 12, 1999 Kranidiotis gave an interview to Reuters giving the international media the essence of the strategy. The most prestigious international agency reported the following telegram:

"Greece today announced it would withdraw its objections to make Turkey a candidate for EU membership, if it allowed Cyprus to join the Union without a requirement to previously solve the Cyprus problem.

Athens will also expect open support from its partners in the EU for the substantive differences with Ankara to the Sea, he said in an interview with Reuters the deputy foreign minister of Greece Yiannos Kranidiotis.

Developing the political map for the partners of Greece in the EU and the US who want to ensure the future of Turkey in the West Yiannos Kranidiotis said it would be desirable if Turkey fulfill its conditions and the membership criteria set by the EU. These include improving the situation of human rights and democratization of Turkey, good neighborly relations with Greece and support the resolution of the problem in Cyprus has been divided since 1974 when Turkey invaded the island in response to a Greek Cypriot coup with the support of the Junta that ruled Greece. But if Turkey does not fulfill these obligations and criteria and Greeces' partners in the EU want to give it an official accession vote -probably in December at the membership candidacy at the EU summit in Helsinki then Greece would allow it under two conditions: The guarantees first, a decision that the accession of Cyprus to the EU will proceed unhindered, without a political settlement of the Cyprus issue is a prerequisite and secondly, an EU declaration of solidarity on the Aegean issues [...]"



**Innovative creation award
"Yiannos Kranidiotis"**

Helsinki: the milestone of accession

From the autumn of 1999 up to the European Council meeting in Helsinki in December, when the unanimous conclusions were drawn, an intense diplomatic scene developed with dense consultations in the most important EU capitals and the US. This period was probably the most active joint diplomatic mobilization period ever held by the Greek Ministry of Foreign Affairs under George Papan-dreou and the Cypriot foreign ministry under Ioannis Kasoulides.

The question of the exact wording of the European Council conclusions remained in the hands of Prime Minister Costas Simitis until the last meeting of the "15" in order to ensure completeness of the Greek claims. Turkey, through Prime Minister Bülent Ecevit, exerted unbearable pressure to prevent reports for the accession of Cyprus, the Cyprus problem and the Aegean with no success. In the end, Ecevit was forced to attend the ceremony for the photo shoot in Helsinki, having received a nomination of candidacy which entailed a lot about Turkey at the level of European requirements and norms, but with no ability to block the accession of Cyprus.

The goals of Greece and Cyprus were achieved, a fact that triggered the international community to organize and intensify efforts to solve the Cyprus problem, on a new framework, the framework of Helsinki. The catalyst of the accession perspective began to work for the solution of the Cyprus problem before the planned accession in order to regard a reunited Cyprus on the one hand, and for the launch of bilateral negotiations between Greece and Turkey for the differences in the Aegean on the other. But the Cyprus issue would not be a prerequisite and Greek-Turkish differences in the Aegean, if not resolved by bilateral negotiation, should be referred to the International Court of Justice in Hague

The initiative of the UN

The ground for a new effort to solve the Cyprus problem was prepared by UN Secretary General Kofi Annan, appointing Alvaro De Soto as his special advisor. This development was welcomed by the Cypriot government and forced Turkey and Rauf Denktash, despite their reactions, to attend the negotiations after a long period of intransigence.

The basic orientation of the Clerides and Simitis government was to resolve the Cyprus issue well before accession, in order to make the appropriate adjustments in the Accession Treaty for the Turkish

Helsinki European Council

Unanimous Conclusions

Paragraph 4

The European Council reaffirms the inclusive nature of the accession process, which now comprises of 13 candidate countries within a single framework. The candidate countries participate in the accession process on an equal footing. They must share the values and objectives of the EU, as defined in the Treaties. In this context the European Council stresses the principle of peaceful settlement of disputes in accordance with the United Nations Charter and urges candidate states to make every effort to resolve any outstanding border disputes and other related issues. Otherwise, they have to bring the dispute before the International Court of Justice within a reasonable time. The latest at the end of 2004, the European Council will review the situation relating to any outstanding disputes, in particular concerning the repercussions on the accession process in order to promote a settlement through the International Court. Moreover, the European Council recalls that compliance with the political criteria set by the Copenhagen European Council is a prerequisite for the opening of accession negotiations and that compliance with all the Copenhagen criteria is the basis for accession to the Union.

Paragraph 8

The European Council notes with satisfaction the substantive work undertaken and progress made in the accession negotiations with Cyprus, Hungary, Poland, Estonia, the Czech Republic and Slovenia.

Paragraph 9

(A) The European Council welcomed the opening on December 3 in New York, the talks for a comprehensive settlement of the Cyprus problem and expressed its strong support for the Secretary-General of the United Nations efforts to bring the process to a successful conclusion.

(B) The European Council underlines that a political settlement will facilitate the accession of Cyprus to the European Union. If until the conclusion of the accession negotiations have not reached a solution, the Councils' decision on accession will be made without the above being a precondition. In this the Council will take into account all relevant factors.

Paragraph 12

The European Council welcomes recent positive developments in Turkey as noted in the Commission report progress and on Turkey's intention to continue its reforms in order to comply with the Copenhagen criteria. Turkey

Cypriot community and the EU acquis to cover the whole territory of the reunified Republic. The pressure tool was the context of the Helsinki commitments and the annual evaluations drafted by the European Commission on Turkey, but also Cyprus, focusing on the behavior of the Turkish and Turkish Cypriot leadership in talks under the auspices of the UN.

The Helsinki Clause for the unimpeded accession of Cyprus was also activated and the accession negotiations developed smoothly, without political objections. With the advancement of the accession negotiations, Cyprus secured the opportunity to shape together with the European Commission, a scenario of accession without a solution and a scenario of accession with the Cyprus problem solved in line with the provisions of the *acquis communautaire*. On these issues the Cyprus government conducted intensive technical legal studies with a team of experts under the Attorney General Alecos Markides. In parallel, the European Commission had progressively acquired an empowered institutional role in the talks on the Cyprus problem under the close supervision of the German Commissioner for Enlargement Günter Verheugen. The "Cyprus' EU membership" chapter was included in the key aspects of the talks for the Cyprus problem, as a fact now and not subject to either the Turkish refusal for a solution, or Denktash's rejection of Cyprus' European perspective.

Turkey, post-Helsinki, spent one of its worst periods of decline due to the risk of financial default and the growing political instability. Adamant in the Cyprus problem, Turkish Prime Minister Ecevit and Rauf Denktash engaged in groundless analyzes and contradictory pronouncements that that they could stem a process that was evolving in the EU and concerned not only Cyprus, shielded by the Helsinki decision, but also the forthcoming historic enlargement. These were events that were irrevocable and they could not understand it.

Denktash proclaimed that Europe would not sacrifice its interests with Turkey in favor of Cyprus.

In the last phase, the Turkish Government, through public statements by Turkish Foreign Minister Ismail Cem, resorted to rhetorical bouts of 'reaction without limits', i.e. even provoking an assault, in the case that the EU accepted Cyprus.

Rauf Denktash himself attempted to coordinate the deep state and the Turkish army with an extreme nationalist attitude that jeopardized the candidacy of

is a candidate state destined to join the Union on the basis of the same criteria as applied to the other candidate states. Building on the existing European strategy, Turkey, like other candidate states, will benefit from a pre-accession strategy to stimulate and support its reforms. This strategy will include enhanced political dialogue, with emphasis on progressing towards fulfilling the political criteria for accession with particular regard to the issue of human rights and to the matters referred to in paragraph 4 and in paragraph 9, point (a).

Denktash for integration

"If Cyprus joins the EU, a war between Turkey and Greece will be inevitable. The Greek Cypriots are trying to achieve through the EU, what they have not achieved by force. If the Republic of Cyprus joined the EU, the Turkish army will be seen as an occupied army. Cyprus should join the EU together with Turkey, after settlement of the issue of property and be a viable solution to the political problem.

The UK fought with the Irish, but no one asked her to solve the dispute to join the EU. If the Greek Cypriots and Greeks take control of the island there will be a repeat of what happened in Crete during the period of the Ottoman Empire ..."

Istanbul, 6 January 2001

During the same period (01.19.2001) Denktash told BBC radio: "If the Union accepts within its borders the Greek Cypriots, the north will advance in economic integration with Turkey, and Ankara will negotiate the time of its own membership; the simultaneous integration of our territories."

Turkey. This brought him firstly into opposition with the liberal Turkish elite in Turkey, but also with a renewed progressive Turkish Cypriot opposition in the occupied territories that were clearly oriented in favor of a solution and EU membership.

The major upset for Rauf Denktash came with the sinking of the Kemalist political parties during the November Turkish elections of 2002 and the rise to power of the Justice and Development Party of Recep Tayyip Erdogan, which, despite its Islamist roots, was strongly in favor of the European perspective for Turkey, including the target of reducing the role of the Turkish army in the political affairs of the country.

Throughout that period from 2000 to 2002, the enlargement process had proceeded rapidly with all candidate countries. The various harmonization chapters were closed one after the other and a mature group for accession was formed, comprised by Cyprus, Malta and eight other countries of central and Eastern Europe.

At the European Council in Laeken in December 2001 the EU underlined its determination to lead the accession negotiations with Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Czech Republic and Slovenia to a successful conclusion by the end of 2002 so that these countries could take part in the elections for the European Parliament in 2004 as members.

Enlargement was an important part of the work of the European Council in Brussels in October 2002, during which the leaders of the member states adopted the findings and recommendations of the Commission under which the ten candidate countries fulfilled the political criteria and would be able to fulfill the economic criteria and to assume the obligations of membership from the beginning of 2004.

The EU completed the accession negotiations with the "10" at the Copenhagen European Council on 12-13 December 2002 and ordered the preparation of the Accession Treaty to be signed in Athens in April 2003 during the Greek Presidency. A long and arduous process of accession negotiations was concluded in Copenhagen, the same capital where it started in 1993 when the EU declared its readiness to accept within its borders all European states that fulfill the political criteria, creating a new political and geographical unity in Europe.

The volume policy

Turkey after the Helsinki decisions, experimented with different ways to draw Greece and Cyprus into the field of tension by applying a series of real and rhetorical threats. The general position of the Turkish Foreign Ministry was that "the EU, having agreed to the accession of Cyprus without prior resolution of the Cyprus problem endangers peace in the eastern Mediterranean." In practice, the Turkish government implemented a policy of hardening positions on Cyprus talks under UN auspices, while the leadership of the Turkish army escalated the challenges in the Aegean. In July 2000 the Turkish occupation army tried to create a heated episode in the confrontation line, promoting 50m of Turkish outposts in the Strovilia area, near Famagusta. In November 2001 the Turkish Foreign Minister Ismail Cem said: "The problem created for us by the European Union starting from the decision to accept as a member the Greek Cypriot Administration of Southern Cyprus, as representing the whole island. [In this case] Turkey will be obliged to take very serious and drastic action against this development. We have said it very clearly. And in any case, when there was the question "what to do if it" happens, I reply that "there is no limit" [the reaction]"



The submission of the Annan Plan

In November 2002, the UN Secretary-General Kofi Annan, despite the reactions of the Turkish side, presented to President Clerides, Rauf Denktaş and the Turkish and the Greek governments his comprehensive plan for a settlement of the Cyprus problem. Apart from UN that negotiated continuously with both sides, the EU actively participated in the development of the Plan, with the involvement of Commissioner's Verheugen members of staff. The Commission was interested to ensure that Cyprus could under the settlement operate efficiently as a normal state. Elaborating on various models of federal systems, the UN and the European Commission incorporated in the Plan the Belgian model for participating in the EU which provides for "one country - one voice".

That was the consensus in the EU in order to prevent any obstacles in the institutional process in the Council and to ensure that the obligations of membership would be undertaken entirely by the member state, without being dependent on the will of one or the other party in the event of a Federation.

The Cypriot government, the National Council and the Greek Government accepted the plan as a basis for further negotiation (Annan Plan1), while Ankara and Denktaş rejected it. Denktaş himself withdrew from the discussion due to a heart operation. However, in late November the political scene in Turkey changed as the Islamic Justice and Development Party of Recep Tayyip Erdogan took the power for the first time. Most partisan allies of Denktaş in Turkey, the Kemalist and nationalist parties suffered

One state - one voice

*Seville European Council,
June 2002, conclusions*

Paragraph 24

As regards to the accession of Cyprus, the Helsinki conclusions are the basis of the EU position. The European Union continues to prefer accession of a reunited island. The European Council strongly supports the efforts of the UN Secretary General and calls on the leaders of the Greek Cypriot and Turkish Cypriot communities to intensify and accelerate the pace of the talks in order to seize this unique opportunity offered to reach a total settlement, in conformity with the relevant decisions of the UN Security Council in the hope that this settlement will be reached before the end of the negotiations. The European Union is liable to take into account the terms of a comprehensive settlement in the Treaty of Accession, according to the principles that underpin the European Union: in the capacity of a member state, Cyprus will need to speak with a single voice and ensure the proper application of European Union law. The European Union is liable to provide a significant financial contribution to support the development of the northern part of a reunited island.

electoral precipitation or some of them were excluded from the political map of the country.

The UN decided to try to reach an agreement on the sidelines of the European Council in Copenhagen and convened there the Cyprus talks. The idea was to push for an agreed solution so that the Accession Treaty to be prepared on the basis of a reunified Cyprus with a federal structure. Talks foundered because Rauf Denktaş did not attend in Copenhagen. He sent a representative to reject the UN plan (Annan Plan 2).

The intransigence of the Turkish Cypriot side was recorded by the UN and forwarded to the EU, a fact that triggered the clause of Helsinki and the accession negotiations were completed normally. This development enabled the Greek and the Cypriot government to finalize, together with their European partners, a second critical agreement with the EU which would be incorporated in the Accession Treaty, the Protocol 10, so that the accession would concern the whole territory of the Republic of Cyprus including the occupied area as well. These issues were settled politically by the unanimous conclusions of the European Council in Copenhagen, along with another appeal for continuation of the negotiations for the resolution of the problem.

In the preparation of the Accession Treaty, the issue of the British military bases, which are not territory of the Republic of Cyprus, was also regulated. Protocol 3 was written, a protocol which excludes the territory of the bases but offers to Cypriot citizens residing there all the rights enjoyed by EU citizens.

The effort to solve the Cyprus problem was repeated the following two months amid presidential election by which Mr Tassos Papadopoulos was elected President with the support of AKEL. This time Rauf Denktaş came to the talks convened by the UN in the Hague but, according to the assessment of the Secretary General Kofi Annan, he rejected the essential aspects of the Plan (Annan Plan 3), while President Papadopoulos accepted it with some reservations.

Clerides for Copenhagen

"It is with great pleasure that I announce to the Cypriot people that the great national goal of accession to the EU has now been completed with the invitation of the Republic of Cyprus to become a member state. For too long we waited for this historic day. Today is a milestone in the integration process of the continent and is a springboard for a more brilliant future together. Our joy on this historic event would be complete if the Cyprus problem were already solved. We are deeply sorry because an agreement for a comprehensive settlement of the Cyprus problem has not been reached, despite the efforts over the years, efforts that in recent weeks reached a dramatic climax.

Our commitment, however, to achieve this goal as soon as possible remains, as always, strong.

I appeal particularly to the T / C - our compatriots - and their call not to lose faith in the need to live together in a reunified prosperous Cyprus, an EU member.

I assure them that to reach a solution in Cyprus, the Cyprus government will do everything possible so that all Cypriots, G / C and T / C, can enjoy the benefits and rights arising from the accession of Cyprus to the EU.

The integration of our country in our united Europe provides the necessary confidence for receiving the bold measures that will help to create a favorable climate for a solution to our political problem.

Cyprus is ready to assume the obligations and responsibilities as a new member of the EU and contribute to fulfilling the objectives of the Union and the process of European integration ..."

*Statement by President Clerides,
December 13, 2002*

Simitis for Copenhagen

"Today a page of history turned for Cyprus to join the European Union. Europe opened its doors in Cyprus; Cyprus is a member of Europe. It is a target set in the Council of Corfu in June 1994 and a strategy followed unhesitatingly to a path of eight years. Unabated efforts were needed to overcome the objections and doubts of our partners that may not be public, but were continuous.

We worked hard and in harmony and together we have built relationships of trust with the EU member states. We transcended the resistance that existed and achieved milestones we set ourselves. We never lost our faith because we were convinced that we had to promote a solution to the stagnant problem and integration was the only way to bring it to the fore. We hope that Turkey, after today's developments, will realize that there is no other way than to contribute to a solution in Cyprus.

For Cyprus and its people the EU membership marks a progress of time, it enhances the



In the Stoa of Attalos

On April 16, 2003, President Papadopoulos, signed the Treaty of Accession of Cyprus to the European Union. The signing of this historic Treaty, which took place at a ceremony at the Stoa of Attalos under the Acropolis, was a diplomatic triumph for Cyprus, a landmark event in its modern history. It was the culmination of a long effort of Cyprus to join the European family.

The signing of the Accession Treaty did not inhibit the political process to solve the Cyprus problem. The opposite happened as the new Turkish leadership began to stabilize in Ankara and the leader of the Justice and Development Party Tayyip Erdogan took over as Prime Minister. Denktash was under constant pressure not only at international and European level, thanks to the ambitions of Turkey, but also from the Turkish Cypriot community itself. The period of mass mobilizations for solution – accession led to the breakdown of political hegemony of Denktash and right-wing nationalist parties that supported him (National Unity Party – Dervis Eroglu, Democratic Party – Serdar Denktash) for the first time in three decades.

Rauf Denktash had a frontal collision with the whole of the EU, but the worst for him was his direct contestation by the new political leadership of Turkey, Tayyip Erdogan and Abdullah Gul.

A week after the signing of the Accession Treaty the new Turkish leadership, amid intensifying conflict between Erdogan and the generals, decided to allow for the first time after almost 30 years, through cer-

sense of security and there is no need to worry about what will happen in the future. The EU is a dispute resolution framework, ensures peace, and ensures that Cypriot Hellenism could continue its course without fear of other interventions. To those who think that we achieved integration so we can let go of the solution, I say that resolving the issue interests Cyprus, Greece and stability in the whole region. It interests Cyprus because there can be no progress, not only in the coming months but also in the years to come, with an open problem and friction. "

The conclusions of the Copenhagen

Paragraph 3

The Copenhagen European Council in 1993 launched an ambitious process to overcome the legacy of conflict and divisions in Europe. Today is a historic landmark unprecedented for completing this process with the conclusion of accession negotiations with Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia. The Union now looks forward to welcoming these states as members from 1 May 2004. This achievement testifies to the common determination of the peoples of Europe to join a Union that has become the driving force for peace, democracy, stability and prosperity on the European continent. As fully fledged members of a Union based on solidarity, these states will fully participate in shaping the further development of the European project.

Paragraph 10

In accordance with the above paragraph 3, as the accession negotiations have been completed with Cyprus, Cyprus will be admitted as a new member of the European Union.

tain checkpoints, the movement of Greek and Turkish Cypriots.

International and Cypriot media recorded for weeks, large numbers of peaceful citizens crossing the line that keeps Cyprus divided, creating the expectation that both communities in Cyprus could reunite and live together even after decades of separation and despite the tragic consequences of the Cyprus problem.

In the following months, the Turkish Cypriot community entered a prolonged campaign up until the vote that took place in December 2003 and revealed a new face in leadership, the center-left Mehmet Ali Talat. Changing relationships in Turkey and the Turkish Cypriot community gave rise to an UN initiative for a solution before the final accession of Cyprus to the EU. European Union favored this evolution, by adopting the strongest ever pressure on Turkey, with the unanimous conclusions of the European Council in Brussels in December 2003.

The EU was also prepared to operate the *acquis communautaire* in northern Cyprus in the event of a solution and to offer, within the solution framework, financial aid to the Turkish Cypriot community.

The new Turkish leadership under Tayyip Erdogan had the dilemma of having to negotiate over Cyprus or see Cyprus integrated with the EU without a solution and its European ambitions to evaporate. From January 2004 Tayyip Erdogan started to review its policy, by developing consultations with the main European capitals and the United States for the resumption of talks, an evolution in which the Cypriot government of President Papadopoulos and the National Council expressed readiness to participate.

The UN Secretary General Kofi Annan convened a new round of peace talks, after having received the agreement of the leaders of the two communities in Cyprus, President Papadopoulos and Rauf Denktash, for arbitration and separate referendums.

The separate referenda were organized on April 24, 2004, just one week before the date fixed for the accession of Cyprus to the EU.

A short-term debate brokered on the final Annan plan at the end of which President Papadopoulos, in his address, rejected it, considering unacceptable many of its provisions, including arrangements for the institutional participation of Cyprus in the EU and how to implement the European *acquis*. This rejectionist attitude towards the Plan was shared by

However, the European Council confirms its strong preference for accession to the European Union of a united Cyprus. In this context, it welcomes the commitment of the Greek Cypriots and the Turkish Cypriots to continue negotiations aimed at a comprehensive settlement of the Cyprus problem, until February 28, 2003, based on the proposals of the UN Secretary General. The European Council believes that those proposals offer a unique opportunity in the coming weeks to reach a settlement and urges the leaders of the Greek Cypriot and Turkish Cypriot communities to seize this opportunity.

Paragraph 11

The Union reiterates its readiness to accommodate the terms of a settlement in the Treaty of Accession in line with the principles on which the European Union is founded. In case of a settlement, the Council, acting unanimously on the basis of Commission proposals, shall decide upon adaptations of the terms concerning the accession of Cyprus to the EU with regard to the Turkish Cypriot community.

Paragraph 12

The European Council decided that, failing a settlement, the application of the *acquis* in the northern part of the island shall be suspended, until the Council decides unanimously otherwise, on a Commission proposal. Meanwhile, the Council invites the Commission, in consultation with the government of Cyprus, to consider ways of promoting economic development in the northern part of Cyprus and to come closer to the Union.

Tassos Papadopoulos

Signature of the Accession Treaty in April 2003

"The signing of the Accession Treaty is a great and historic moment which seals indelibly the future of Cyprus. It is both the culmination titanic effort of Cypriot society and the landmark of the acceptance of a family to which it belongs geographically, historically, culturally, economically and politically.

This historic achievement is even more important if examined in the light of the particular circumstances of Cyprus, the tragedy of the invasion and the continued Turkish occupation of part of our country and its serious consequences.

Cyprus not only faced the cataclysmic consequences of occupation, but today, despite the enormous difficulties and obstacles that came in its way, it has managed, through hard work, perseverance and patience, to achieve the goal of integration.

Now it aims to create the conditions that will



various members of the main parliamentary parties AKEL, DIKO and EDEK.

DISY, the largest opposition party, supported the Annan Plan as a viable compromise.

In the referendum the Greek Cypriot community rejected the Annan plan by 76%. The new Turkish Cypriot leadership under Mehmet Ali Talat and other Turkish Cypriot forces and Prime Minister Tayyip Erdogan and the Turkish Government, supported the Plan. In the referendum held on the Annan Plan it was passed by 65% of voters.

The rejection of the Annan Plan by the Greek Cypriot community gave no power to the plan, but did not alter the context of the accession of Cyprus to the EU.

The Union kept to the letter of the Accession Treaty, despite the vehement disagreement with the choice of the leadership of Cyprus and the Greek Cypriot community. But the EU has significantly changed its stance towards the Greek Cypriot side as two days after the referendum on April 26, 2004, by unanimous decision of the Council it welcomed Turkey's stance and formed a political line for direct support of the Turkish Cypriot community that held for many years and culminated, in February 2006, with the adoption of the Financial Regulation for the Turkish Cypriot community with 256 million euros. Corresponding regulation recommended by the Commission on direct trade, froze after strong and persistent reactions of the Cypriot government. The Cypriot Government argued in the Council and

reverse the intrusion data to serve as a catalyst to achieve a peaceful, lasting, viable, functional and just solution of the Cyprus problem to the benefit of all Cypriots and of peace, security and stability in the eastern Mediterranean.

Demonstrations of T/C

In late 2002 and early 2003, the situation had become explosive in the occupied areas as tens of thousands of Turkish Cypriots took to the streets demanding a Cyprus settlement. The largest demonstrations took place on December 26, 2002, to January 14, 2003 and February 28, 2003. The demonstrators pressed to remove Denktash from the leadership of their community and the position of negotiator.

The Turkish protesters had as their supporter the leader of the Justice and Development Party Recep Tayyip Erdogan who was not yet prime minister, who said in January 2003: "We support the continuation of the policy implemented for 30-40 years in Cyprus. This issue is not a personal matter Mr. Denktash. Mr. Denktash says that the UN plan is negotiable but he does not trust the other side. Let's leave aside the issue of confidence. Although we believe that the Plan can be negotiated then let's negotiate. If thirty thousand people organize protests in northern Cyprus then it means that northern Cyprus is moving towards this goal. We have to examine it and we cannot ignore the will of the people ..."

Cypriot MEPs in the European Parliament that the Regulation on direct trade was based on an erroneous legal basis, which undermined the Accession Treaty and the Protocol 10. If applicable, the occupied area of Cyprus would gain status of a third country, and not of a part of the territory of the Republic of Cyprus where the *acquis* is suspended up until the solution of the Cyprus problem.

Conclusions Brussels

December 2003

Paragraph 40

The European Council underlines the importance of Turkey's expression of political will to settle the Cyprus problem. In this respect a settlement of the problem based on the principles set out in Chapter V below, would greatly facilitate Turkey's membership aspirations.

Chapter V - CYPRUS

Paragraph 42

The European Council, in accordance with its relevant conclusions, reiterates its preference for accession to the Union on May 1, 2004 a reunited Cyprus in order to allow all Cypriots to enjoy a future of security and prosperity, and the benefits of integration in the European Union. The European Council considers that there is a good prospect of reaching a just, viable and functional settlement by 1 May 2004 in accordance with the relevant resolutions of the UN Security Council. The European Council therefore again urges all parties concerned, and in particular Turkey and the Turkish Cypriot leadership, to strongly support the efforts of the United Nations, and in this context, calls for an immediate resumption of talks on the basis of the proposals. The Union reiterates its willingness to accommodate the terms of a settlement in line with the principles that underpin the European Union. In this context, the European Council welcomes the Commission's willingness to offer assistance for a speedy solution within the *acquis*. After the settlement, the Union is prepared to provide financial assistance in the northern part of Cyprus and will invite the Commission to prepare all necessary steps for lifting the suspension of the *acquis*, in accordance with Protocol 10 of the Accession Act.

Turkey-EU relations and Cyprus

After the referendum there was a period of stagnation in Cyprus. But there was intense diplomatic activity in the promotion of Turkey-EU relations in view of the request of Turkey to begin accession negotiations in December 2004. Cyprus was now a full member of the EU and had to handle a unanimous decision at the European Council. Meanwhile, there was a European Council in Brussels in June 2004, in which Turkey at summit level took the credit for its stance on Cyprus.

President Papadopoulos considered it appropriate to approve the EU decision, while highlighting issues concerning the signing and implementation of a contractual obligation of Turkey. These issues arose from the customs union and had been pending since 1995. Specifically, they concerned an additional protocol to allow aircrafts and ships from Cyprus to enter Turkish airports and ports. President Papadopoulos also raised the issue of the recognition of Cyprus by Turkey as part of a process of normalization of diplomatic relations between the Republic of Cyprus and Turkey.

These questions preoccupied the EU throughout the period up to the European Council of December 2004 which was the appointment of Turkey. President Papadopoulos had the strategic issues to handle, such as the final report on the conclusions, the configuration of the "Negotiating Framework" of the EU with Turkey – i.e. the political and technical conditions and obligations under which Turkey's accession negotiations would evolve over the next several years and the exact date for starting the negotiations.

In the unanimous conclusions of the European Council, President Papadopoulos managed to extort the commitment to sign the Protocol before the beginning of Turkey's accession negotiations set for 3 October 2005. However, the issue had not been addressed adequately because the application of the Protocol provided another two stages, the ratification by the Turkish Grand National Assembly and its effective implementation.

The signing and implementation of the Protocol was then set by the Cypriot government as a process that would lead to "functional" recognition and a step towards normalizing Turkey's relations with Cyprus.

In July 2005, Turkey proceeded, as it was obliged, in signing the Ankara Protocol, accompanying this action with a statement of non-recognition of Cyprus. Turkey linked the ratification and effective

Arbitration and referendums

Secretary General Kofi Annan used an unusual for international practice method, the compulsory arbitration provided for completion of a settlement project and reference directly in separate referendums, without the need to agree on the leaders of both communities. In a letter to Papadopoulos and Denktash, Kofi Annan invited them to New York and obtained their consent to this procedure. The procedure that followed provided a period of negotiations in Nicosia by the end of March, in which Plan 4 was largely shaped. During the procedure that followed trading for an agreed solution continued at a conference convened by the UN in Burgenstock, Switzerland, with the participation of Greece and Turkey. The negotiations did not produce an agreed solution and Kofi Annan tried to fill in the gaps through his arbitration and shaping of the final plan, the Annan Plan 5 to be referred to as a separate referenda.

Tassos Papadopoulos for the solution after accession

"If the sovereign people with their vote reject the plan in a week the Republic of Cyprus will become a full and equal member of the European Union. We will achieve the strategic goal we set together to upgrade and shield politically the Republic of Cyprus. We shall achieve this objective. It presents dogmatism and indicates ignorance of the rules of international policy, the view that it will be the last initiative for a Cyprus settlement. The basic parameters that brought this initiative will continue to exist after 25 April. Instead, I say that the pressures for a solution will be greater and daily. The accession of Cyprus to the European Union is a given. The accession process of Turkey also will continue and therefore Ankara is under constant review for the adoption and implementation of the acquis and one of the evaluators will be Cyprus. The international interest for normalization and peace in our region will continue to exist. There are no prerequisites for recognizing the pseudo-state, from countries that have special importance for the Republic of Cyprus, such as the European Union countries. Because these countries all and each, have already signed with the Republic of Cyprus on April 16, 2003 the Accession Treaty which forbids such recognition. What is said about international isolation is blackmail without content. Cyprus will be the only country in the European Union member in the eastern Mediterranean region that will have an upgraded role and responsibilities.

implementation of the Protocol with the simultaneous application of the regulation on direct trade and conducting direct air flights from the airport in occupied Tymbou. On the issue of recognition, Turkey had set the solution of the Cyprus problem as pre-condition, stressing that it does not recognize the Republic of Cyprus as the legitimate government of Cyprus.

The attitude of Turkey not to fulfill the minimum requirements of the issue of the Protocol did not prevent the opening of accession negotiations, but led the EU to adopt a joint declaration on "full and non-discriminatory application, in all member states", i.e. including the Republic of Cyprus. The attitude of Turkey especially in this issue was reconsidered in 2006 with the warning that failure would affect the opening of chapters and will affect the overall progress in the accession negotiations. Regarding the issue of recognition, the EU in a joint statement emphasized to Turkey that "recognition of all member states is a necessary component of the accession process and therefore the Union underlines the importance it attaches to the normalization of Turkey's relations with all EU member states as soon as possible."

The decision to start the accession negotiations with Turkey was taken with the consent of the government of Prime Minister Kostas Karamanlis who came to power in March 2004. The issues of Greek-Turkish differences in the Aegean that were settled in Helsinki in 1999 and Copenhagen in 2002 in order to bring Turkey together with Greece (signed arbitration) in the Hague International Court, languished with general references and with the removal of a deadline for compliance.

We will not rest, however, with our accession to the European Union. We will not stop struggling for a Cyprus settlement. The story does not end on May 1. We will continue to take initiatives for a solution and to promote our compatriots support measures for Turkish Cypriots."

*Proclamation by President Papadopoulos,
April 7, 2004*

European Council in June 2004

Conclusions for Turkey

The European Council welcomes the significant progress made by Turkey so far in the reform process, which should include serious and wide-ranging constitutional amendments adopted in May. Welcomes the continued and sustained efforts of the Turkish Government to meet the Copenhagen political criteria... [...] The Union reaffirms its commitment if the December 2004 European Council decision was based on a report and recommendation from the Commission, that Turkey fulfills the Copenhagen political criteria, the EU will open accession negotiations without delay with Turkey.

The European Council invites Turkey to conclude negotiations with the Commission on behalf of the Community and its 25 member states on the adaptation of the Ankara Agreement to the accession of new member states. The European Council welcomes the positive contribution of the Turkish Government to the efforts of the UN Secretary General to achieve a comprehensive settlement of the Cyprus issue...

The position of the Cypriot Government

The accession negotiations with Turkey began in October 2005. As a result of the refusal of Turkey to fully implement the Additional Protocol, the Council decided in December 2006 that eight negotiating chapters would not open and no chapter will be provisionally closed until Turkey implements its obligations.

The Republic of Cyprus supports the European perspective of Turkey provided that, as a candidate country, it fully respects and fulfills the contractual obligations towards the EU. Turkey has not yet fully implemented the Additional Protocol of the Association Agreement and has shown no progress in the normalization of its relations with the Republic of Cyprus.

If Turkey implements its obligations as a candidate country and cooperates with the EU in line with the Negotiating Framework and the relevant Council conclusions, then there will be a significant boost to the process of its negotiations.

The issue of the Protocol evolved into a diplomatic tug of war between Cyprus and the EU on one hand and Turkey on the other, whenever there is a debate on Turkey's accession course. The EU based on its common position, repeats every time the contractual obligations of Turkey.

Furthermore, the Cyprus Government proceeded unilaterally to the Council and stated its position that it prevents the opening of six other Chapters. In the following decade Turkey's accession negotiations languished and in the recent years they have virtually paralyzed, since no negotiation chapter can be opened. This is due to many factors, from which we distinguish the "Cyprus-related" obligations of Turkey and the change in the climate within the EU against the prospect of Turkey's accession as a full member.

Some strong partners such as France, Germany, the Netherlands and Austria, from 2005 onwards, at times raised their objections to Turkey's ability to become a full member of the EU. The situation was especially aggravated after the complications in the ratification of the EU Constitutional Treaty, and the outbreak of the economic crisis that hit the Eurozone. An open debate is now held in Europe concerning the limits of the European Union and which other member states may join.

Erdogan's government itself and Turkish public opinion also face Turkey's prospects for EU member-

The commitment to the Protocol

The European Council expressed its satisfaction with Turkey's decision to sign the Protocol regarding the adaptation of the Ankara Agreement, taking into account the accession of ten new member states. Welcoming Turkey's statement here that "the Turkish Government confirms that it is ready to sign the Protocol adapting the Ankara Agreement prior to the actual start of accession negotiations and after reaching agreement and finalizing the amendments needed given the current composition of the European Union."

European Council in December 2004

The Greek-Turkish differences

The European Council stressed that the clear commitment of Turkey is necessary for good neighborly relations and welcomed the improvement in Turkey's relations with its neighbors and its readiness to continue to cooperate with the member states in order to resolve outstanding border disputes within the principle of peaceful settlement of disputes in accordance with the United Nations Charter. The European Council reviewed in line with previous conclusions, Helsinki in particular, the situation relating to outstanding disputes and welcomed the exploratory contacts to this end. It confirmed its case that unresolved disputes have repercussions on the accession process, and if seen as necessary to be brought for settlement to the International Court. The European Council will be kept informed of progress achieved which it will review, as long as it is demanded.



ship with much less enthusiasm. Turkey has achieved impressive growth rates and economic growth in recent years, which in some circles of the Turkish elite is interpreted as an ability to pull its own path, maintaining a special relationship with the EU. The "special and privileged relationship" was an option for the EU from the beginning of the process, which was included in the Negotiating Framework for Turkey when it received the unanimous decision in the European Council in December 2004.

Protocol and CBM

The question of the fulfillment of Turkey's contractual obligations for ports and airports was associated in various stages of discussions on Cyprus with the implementation of Confidence Building Measures (CBMs). From 2006 onwards, the government has proposed various proposal versions of the implementation of Protocol from Turkey, the return of Varosha to UN studies and preparing for reconstruction and the return of their citizens and conduct direct trade from Famagusta port under EU supervision. Turkey and the Turkish Cypriot leadership insist that this should be included in this package and the opening of Erchan airport for direct flights.

The Cyprus issue on the European agenda

After 2004, the dominant perception in the EU is that it should not get involved directly and actively in the procedures for resolving the Cyprus issue unless requested by both communities of Cyprus. The EU also continues to consider that the primary responsibility for conducting the negotiations lies with the United Nations under the good offices role of the Secretary General.

The failure to resolve the Cyprus issue remains a problem that has hampered the EU's relations with Turkey and prevents fuller and smoother development of the Euro-Atlantic Dialogue, namely the EU's relations with NATO. So far, however, no circumstances or stressful conditions have been created to convert the Cyprus issue into an urgent European priority. This picture is reflected in the annual reports drawn up by the European Commission on the progress of Turkey-EU relations and the conclusions of the European Council meetings at the end of each year calling on Turkey to contribute in concrete terms to the efforts to solve the Cyprus problem.

This does not mean that a shift in attitude or a challenge of new facts either by the interested parties themselves or by international players could not bring the Cyprus issue and the need to solve it back on the agenda. The EU recognizes the important role played by Cyprus because of its geographical position in the stability of the wider region. A possible mutually acceptable solution in Cyprus will multiply the value of the country as a factor of stability and cooperation, particularly now when there is a considerable volatility in the Middle East and North Africa. A solution to the Cyprus problem will also confirm EU's ability to function in a reconciliatory role, as it happened for so many decades in most of the European countries.

Under all these circumstances, the EU via the European Commission has retained a degree of involvement, providing technical assistance for the issues related to the compatibility of a settlement agreement with the European *acquis*.

In particular, with the full resumption of the UN efforts from 2008 onwards, a separate chapter entitled "European Union" is included in the essential aspects of the Cyprus problem. During his five-year term, the President of the Republic of Cyprus Demetris Christofias asked for the support of the European Commission President Jose Manuel Barroso in the process of talks. The European Commission re-

European Council in December 2004

The Negotiating Framework for Turkey

The shared objective of the negotiations is accession. These negotiations are an open-ended process, the outcome of which is not a priori possible to determine. Taking into account all Copenhagen criteria, if the Candidate State is not in a position to assume in full all the obligations of membership it must be ensured that the Candidate State concerned is fully anchored in the European structures through the strongest possible bond.



sponded by offering technical assistance to the group of UN Secretary General Ban Ki-moon.

Since 2013, the Cypriot government of President Nicos Anastasiades seeks a more active EU involvement in the Cyprus settlement procedures. President Barroso in February 2014 expressed the readiness of the European Commission "to examine in detail the parameters of the solution, which should be in line with EU principles and compatible with the *acquis communautaire* ", but emphasized that "the European *acquis* should not be seen as an obstacle to the solution."

The European dimension in solving the Cyprus issue has also been recorded in the ongoing negotiations between President Anastasiades and the Turkish Cypriot leader Dervis Eroglu. In the joint communiqué concluded on February 11, 2014 it is stated that the two leaders affirm that they are seeking to ensure "a common future in a united Cyprus within the European Union." They also stress together that the bi-zonal, bi-communal nature of the federation and the principles on which the EU is founded, will be safeguarded and respected throughout the island.



Accession in the Eurozone and the economic crisis

The participation of Cyprus in the EU is marked by several events, among which stand out: joining the Eurozone in January 2008, taking the Presidency of the Council in the second half of 2012 and the hardships of the Cyprus economy because of the effects of the global economic crisis.

Cyprus as a new EU Member State on 1 May 2004 committed itself to join the Economic and Monetary Union and adopt the euro as soon as the necessary conditions were accomplished.

From 2002 onwards Cyprus showed very positive economic data that were characterized by a high growth rate of around 4%, low inflation and improved living standards which reached 93% of the EU average. Unemployment did not exceed 4%.

This positive economic cycle was based mainly on the increase in state revenues due to the launch of the housing sector and financial services because of EU membership and the expectation for participation in the Eurozone. Indeed, Cyprus with few financial adjustments, without major reforms, achieved strong convergence targets, up to a remarkable surplus (1.5%), reducing the public debt to 60% (2007).

Cyprus entered the ERM in May 2005 and, two years later, "locked" on the exchange rate of the Cyprus pound to the euro, taking the green light from the

European Council in June 2007 to join the Eurozone on January 1, 2008.

Since then, Cyprus adopted the euro as its national currency and participates in the "hard core" of European integration.

On July 1, 2012 Cyprus assumed the EU Council Presidency for six months, actively contributing to the pan-European aspirations. The Cyprus Presidency was successful in dealing with complex EU processes and demonstrated the ability of Cyprus to mobilize its human resources in an effective and flexible way in key positions of the public administration. The Cyprus Presidency contributed significantly to the progress on agreement on Multiannual Financial Framework, which is the 7-year EU budget, and filed the renewed EU Maritime Policy with a declaration that was signed in Limassol.

The positive assessment of Cyprus Presidency was overshadowed by the serious problems of the financial sector in Cyprus due to its exposure to risky investments in Greece and elsewhere, as well as to false practices of private lending and over-consumption. The pressure of the economic crisis also brought precipitation in the property sector that was also inflated. Further key balance items in the financial sector were seriously disturbed in 2009-2011, increasing public debt and deficits, while unemployment began galloping to unprecedented levels, reaching to 15% in December 2012. Cyprus applied in July 2012 to the European support mechanism for EU assistance, but the final agreement was reached only in April 2013.

Today, as in all countries of the EU, what dominates the political agenda are the problems of the economic crisis. Cyprus is at a critical stage of the fiscal adjustment process, the promotion of reforms and reorganization of the banking sector. It has achieved some stability, but the recovery effort is particularly painful, will take quite some time and is linked to the broader effort of the country to overcome its problems in order to achieve a more hopeful prospect for its people within the European Union.

Anastasiades for the 10 years of membership

"With Cyprus joining the EU, it has acquired multiple strategic value, not only because it is a small country, but equally important for the EU itself, a value infinitely greater than the lonely and helpless island in conflicting intersection, longitudinal, international, political, economic and other interests.

Joining the European Union was the first political event which changed the correlation of forces, which is why Turkish reactions reached the limits of threats with an unlimited reaction in the case of accession of Cyprus with the Cyprus problem being unresolved.

It would, however, be a fault for the accession of Cyprus to the EU to be faced with a competing or even confrontational attitude with Turkey. This is not a defensive move that was intended to hurt or punish Turkey. It was a development to aid solution incentives for all parties, and for the Greek and the Turkish Cypriot sides and Turkey. It is no coincidence that both Cyprus and Greece, have worked closely in the integration process, that we identify a fully supporting accession process for Turkey.

The status of an EU member state, at the same time gives answers to important aspects of the Cyprus problem, such as security, guarantees and political stability in our country, and safeguard basic freedoms and full respect of human rights for all without exception of citizens of our homeland.

The accession of Cyprus to the European Union offers us the unique, perhaps, chance of winning peace and prosperity to the place we were born. It is our position that we owe to history, not only to our ancestors, and our descendants to deliver a united Cyprus, common homeland of all legal residents of this island [...]

It is our position and position of all political forces, but I think it should have been and the EU's position that the Cyprus problem is not just a small regional problem. It is in itself a European problem because a Cyprus settlement will bring stability and peace not only in Cyprus, but will also contribute to wider regional stability.

At the same time a solution that would certainly be compatible with the *acquis communautaire* will not allow the separation of people or will not necessarily allow the question of interest for implementation of EU values and principles in the whole EU area.

Alongside a solved Cyprus issue, the Republic of Cyprus as a full member can play an important role in the implementation of good neighborly policies, as with the excellent relations that it has with other states



and may even contribute actively to the implementation of such policies. From anyone's position it cannot escape the fact that energy discoveries in the region can be an alternative EU energy source [...]. "

*Speaking at an event in the Home of the EU,
Nicosia, May 1, 2014*

EPILOGUE

THE EUROPEAN UNION, TEN YEARS LATER

"I have always been of the opinion that Europe takes shape in crises and eventually will be the sum of the solutions that will be provided through these crises ..."

Jean Monnet



In May 2004 there was no economic crisis, the Constitutional Treaty had not been rejected in referendums in France and the Netherlands and there was no issue between north and south in the EU. The sense of crisis that currently exists in Europe coexists in a context where, apart from the economic crisis and the debt crisis, we have other crises with longer-term perspectives.

One is the crisis of globalization and increased global competition that has led to the transformation and the trend towards de-industrialization of some European economies (but not in Germany). In the United States much of the consequent economic issues have been addressed through successful scientific and technological development and leadership acquired by the US in the world of science and technology. By contrast, in Europe, the Lisbon Strategy 2010 failed, and now we look forward to the "Europe 2020" Strategy.

The crisis of social democracy and the European social model is linked to this crisis. Additionally, demographic trends of an aging population make difficult the continuity of social welfare systems, as well as health systems and retirement pensions. These demographic data raise problems in the same direction, making the survival of the European social model more difficult. There are also other economic issues that make some European economies less competitive than the US economy for example.

The solution to these problems in accordance with the European Commission, are: (a) The technological development, (b) Completion of the single market, (c) More flexible labor market and social welfare systems ("Scandinavian model" of social welfare.) We know that these recipes work, since the countries that have adopted them do not face such big problems today. One of these, the most notable is Germany.

In 2004 we had the great enlargement of the EU and in 2005 the crisis of rejection of the Constitutional Treaty in France and the Netherlands. This was partly the result of fear of enlargement and the syndrome "fear of the Polish plumber", and the general economic competition. Boosted Euroscepticism had dawned in 1992 with the rejection of the Treaty on European Union (Maastricht) in Denmark, and its approval by a narrow majority in France.

We also have the structural problem of coexistence within the EU for highly developed and less developed countries, with a common currency. The countries of the South are not only less developed, but they also suffer from the existence of state patronage. These problems are exacerbated by the introduction of the common currency, agreed in 1992, for political reasons, not with economic planning: The overarching objective was the integration of Germany in Europe.

The intention was also to consciously take a major step towards integration. However, the smooth co-existence of two types of countries requires much stronger economic, social and political governance in the European Union. These facts are not widely understood in southern Europe, where the view prevails that Germany is in a phase of a hegemonic attempt to dominate Europe.

However, the British professor of modern European history Timothy Garton Ash concludes that "... Germany shows absolutely no neo-Wilhelm ambition to dominate its neighbors or any other", and criticizes Germany for allegedly being "unwilling to lead." He underlines that Germany was charged with the obligation of leadership because of its economic power and the existence of a "half-baked

monetary union". The "nebulous circumstances of its establishment" explain the failure of the monetary union rules.

This does not mean that Germany does not deeply affect other EU countries because of its economic power, and its desire for a globally competitive EU, which means that each member of the EU and all together should have competitive economies. That is why the austerity measures. That is why Germany is so insistent on structural reforms in borrowing countries. Chancellor Merkel says that Europe has 7% of the world population, 25% of world production and 50% of social welfare spending in the world.

However, there is also a tendency in Germany to adopt a moralizing instead of an economically realistic attitude. And Timothy Garton Ash expresses the view that "The German economics is often heard as a branch of moral philosophy, if not Protestant theology."

Germany also, like others, seems to take important decisions for Europe on the basis of its own democratic electoral politics. In this context, serious analysts, such as Jürgen Habermas, have argued that the German electorate has not been properly informed about the issues of the Eurozone and the extent to which Germany has benefited from the introduction of the Euro. Timothy Garton Ash cites an estimate that raises the accumulated trade surplus of Germany with the rest of the EU, from the introduction of the Euro in 1999 until 2011, to more than one trillion dollars, that is a thousand billion dollars.

Some people in Cyprus argued that the country should reject the memorandum and the measures of Troika, with the risk of exit from the Euro, and consequently the endangerment of EU membership. Some of us strongly opposed this position, for political and economic reasons.

A very important reason to ensure the stay of Cyprus to the EU is that small countries need the European Union more than larger countries do. And for Cyprus in particular, the entry into the EU was not a question of tactics, but a strategic achievement that finally reconciles the discrepancy between its culture and history on the one hand and its geography on the other, a discrepancy from which it suffered throughout its history. There are also many indications that small countries, like Luxembourg, by cleverly using their position as constructive members of the Union, can contribute both to the progress of European integration, as well as to their own security and prosperity.

Cyprus should contribute, together with the other member states, to resolving Euro's bad design, both financially and institutionally. The Euro will be on the road to long-term stability when the trade deficit between the core and the periphery of Europe begins to decline. Currently this is done through austerity measures and demand-reduction due to austerity and recession in the periphery, but in the med-term the stability should be achieved through a more competitive periphery, more able to earn its place in the world. The creation of more competitive economies in the periphery requires adoption of the kind of reforms now imposed to us by the Troika.

Contribution to the necessary direction would be the core countries, especially Germany, to increase both consumption and investment in their countries. The problem is that there is no Troika in Germany to tell them what to do. However, there are many capable economists in Germany. They know that maintaining Germany's prosperity depends on the continued existence of the Eurozone, on which the creation of the German trade surplus is based. It is also true that German banks are exposed to EUR 400 billion in Greek, Spanish, Portuguese and Irish debt. Therefore, the survival of the euro zone seems to be the most likely target for which all will work.

Cyprus should contribute to the efforts for solution of the institutional issues facing by the Eurozone and the European Union. Since the enlargement of 2004, there has been re-nationalization of policies of EU's countries. The most significant reform of the Lisbon Treaty which has actually been in operation is the upgrade of the power of the European Council. It really has taken the leadership from the European Commission. And the European Parliament and the Court are excluded from important decisions taken within the Euro Group.

The issue of the Single Banking Supervision System and Mechanism Resolution stagnated for several months because of the different views of the European Parliament and the Council on the role of community and intergovernmental institutions in its operation. There are strong disagreements about whether there should be further joint management of state sovereignty in the European Union. Sometimes the centralized management of some issues, like in the case of the Single Banking Supervision System, comes with a serious cost; the high complexity and the compromise with ad hoc and difficult to understand decision making mechanisms, which are not based on the EU method. The way by which Eurogroup operates is just an indication of the problems of the direction towards which EU is evolving. For the Euro Zone countries and in particular for small countries, the abolition of the Community method (including the exclusion of the Commission's role, the European Parliament and the Court of important decisions), is destructive and must be reversed.

The Community method is not the most elegant system of government. The Federal Movement, Altiero Spinelli, Joschka Fischer and Guy Verhofstadt are right in principle, but European nation states are not ready to be self-abolished, which is why the Community method is the only system of government that currently appears best to ensure the coexistence of large and small states, together with the democratic legitimacy in the European Union.

One obstacle to rational decision-making in Europe is that the "fear of the Polish plumber" has grasped the EU for good. This fear has two components whose weight changes from time to time. In 2004-2005, a very heavy component was to offer services across borders, and the fear of what was then called "social dumping". The other heavy component was the fear of immigration. It has now reached the point that it is to be considered in some cases a threat to national identity.

Moreover, this fear is combined with the erosion of social welfare systems in many countries. This is very serious. Today there is something in common between far-right, anti-European, anti-immigration movements with Islamic fundamentalist movements. One thing they have in common is their foundation on identity, ethnic or religious. National as well as religious identity had been diminished until recently in Europe in favor of citizenship and the citizenship values.

A nationalist, populist Euroscepticism that is an internal threat, the revival of policies grounded in the promotion of national and religious identities that are a threat to EU's external borders, as well as the neo-fascism that is on the rise as a result of the crisis and its political consequences in some cases, are now evolving in a threatening way.

In some countries, populist far right seems to be the only political force that expresses interest in the welfare and well-being (including xenophobia, racism, and in some cases openly neo-Nazism). These developments together have led not only to re-nationalisation, but also the National Front in France, Giompik in Hungary and the Golden Dawn in Greece in large electoral gains in European elections.

The growth of the far right in some countries pushes the moderate right in anti-immigrant and anti-European directions. In the Netherlands (Holland) and the United Kingdom (Great Britain and Northern Ireland), demands for re-nationalisation are heard, perhaps partly in response to Eurosceptic parties, such as those of Geert Wilders and Nigel Farage .

Here I quote a great German, Jürgen Habermas. According to Habermas the attitudes towards immigrants and multiculturalism are related to attitudes to European integration. Moreover, since the beginning of modernity, the market and the state have repeatedly needed to reformulate their limits, and we are in such a period, when we will probably need to redefine the boundaries, if we are to maintain social cohesion and to avoid conflicts.

Euroscepticism is evident not only in the extreme right, but also to the left, such as the European United Left (GUE).

These trends and threats to the European Union, and the stability, prosperity and peace in Europe can only be reversed with growth, prosperity and good national and European governance. The first instruments are technology and education, what was called the "knowledge economy".



The second cannot mean a Federal Europe, as argued, sometimes very convincingly, by Joschka Fischer and Guy Verhofstadt. The reason for this is that European nation-states are not ready to be self-abolished, at least at this stage of history. Jürgen Habermas and other pro-European analysts agree on this. But until it becomes possible to accept federalism, a consistent use of the Community method should be made.

This includes the institutions on Banking and Financial Association, which means further economic governance, and at the same time integration to further democratic political governance for the European Union. Does this mean 'ever closer European Union' and, finally, a federal union? This question is not necessary and anyway it cannot be answered now. Mario Draghi provided some of the answers in a penetrating speech at the University of Harvard, Kennedy School of Government, on 9 October 2013. Firstly, he proposes that we should replace the phrase "ever closer union" with the American constitutional phrase "a more perfect union." This is not difficult.

Given the absolute necessity of a common currency for the single market, and given the absolute necessity for the regulation of banking and financial policies because of a common currency, there is no alternative other than the collection of sufficient dominance which would create the necessary uniform Banking Supervision and Resolution Mechanism and the Financial Union regulating public debt. We can say that recently there was a good but complicated progress on both.

But nothing stops here, because there is also the great work to which Habermas refers, "the re-definition of the boundaries of markets and society" and that is urgent. The issue of cohesion in European societies, social welfare and the European social model as an integral part of European culture, cannot be left to demagogues of the left and the populist and fascist right.

Michael Attalides

August 2014

ANNEX

LIBRARY AUDIOVISUAL MATERIAL

YouTube Channel EU Affairs: toolkit for teachers

https://www.youtube.com/playlist?list=PLyvOK_2B428owALBbHlu24Vj14w-vNrJ2

Video Title	Duration (Min)
1. The idea that led to the European Union	02:02
2. The Cold War - Berlin Wall	45:14
3. Iron Curtain	03:46
4. Iron Curtain - Churchill's speech (abridged)	01:28
5. The Fall of the Berlin Wall - East Germany opens the gates (BBC News)	06:25
6. Berlin Wall	02:43
7. The fall of the Berlin Wall (witnesses' statements)	28:50
8. Schuman Declaration	00:18
9. Fathers of Europe	02:55
10. The First Enlargement (1973)	04:21
11. Margaret Thatcher	03:04
12. The Great Enlargement (2004)	03:20
13. Turkey's road to accession	03:06
14. The history of the Single Market	03:01
15. The European Single Market	04:17
16. The history of the euro	04:21
17. The history of the European Parliament	04:30
18. The European Charter of Fundamental Rights	04:30
19. Saving the euro	11:10
20. The European Stability Mechanism	03:21
21. The strategy "Europe 2020"	01:33
22. José Manuel Barroso presents the strategy "Europe 2020"	02:46
23. Interview with Christopher A. Pissarides	13:25

24. Climate change and the European Union	06:40
25. Colourful Societies	10:53
26. Together! Towards an open society	15:08
27. Limassol: One city, the whole world	13:25
28. Political refugees in Cyprus: Seeking a new beginning	17:43
29. Young Cypriots get to know the refugees	10:28
30. Refugee integration: A new lease on life (UNHCR)	17:45
31. Single market: pros and cons	17:14
32. Erasmus: How work and study abroad works	04:58
33. The Common Security and Defence Policy	02:15

E - Source

1. The Founding Fathers of the EU
2. The Lisbon Treaty
3. The consolidated form of the Lisbon Treaty
4. The European elections 2014 results
5. How it works: EU Law
6. World GDP Ranking 2016
7. The project "Europe 2030": Challenges and opportunities
8. Assessment of the National Reform Programme and the 2013 stability program for Cyprus
9. Energy supply security: the Commission proposes a comprehensive strategy to strengthen security of supply
10. Population census data in Cyprus
11. Erasmus +
12. e - Twinning
13. Mission in Kosovo: EULEX KOSOVO
14. Innovative Creation Award: "Yiannos Kranidiotis"

E - Book

1. The founding fathers of the EU
2. Jean Monnet's Memoirs
3. The stages of the multinational integration process
4. The Unhappy State of the Union

Author of the book: Kyriakos Pierides, Journalist



Kyriakos Pierides was born in Ayios Epiktitos, Kyrenia. He graduated from Kykkos A' Lyceum in Nicosia. He studied at Panteion University, Athens to the Political Science and International Relations Department.

He worked at CYBC, the Public Broadcasting Corporation of Cyprus as a journalist and presenter of radio and television programmes and as main contributor in historical documentaries for more than 25 years.

He acquired expertise in matters concerning the European Union, covering the European course of Cyprus and its effect on the political, economic and social life. It has extensive experience in implementing European programmes in the fields of communication, highlighting key priorities of the EU. He is a founding member of the Association for Social Reform OPEK Cyprus (1997). He is the author of the book «Europe in Transformation» (Livani Publishers - 2002) and of a number of journalistic and training manuals and studies in areas such as fighting poverty and social exclusion, asylum and international protection, migration etc.

The book was written under the scientific supervision of Professor Michalis Attalides



Michalis Attalides was born in Leonarisso, Karpasia and studied at the High School of Kyrenia. He studied at the London School of Economics and Political Science and the University of Princeton, USA.

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He has published the following books: *Social Change and Urbanization in Cyprus: A study of Nicosia* (1971); *Cyprus Reviewed* (ed.) (1977); *Cyprus: Nationalism and International Politics* (1980); *Κύπρος: Κράτος, Κοινωνία και Διεθνές Περιβάλλον* (2009). He has also published numerous articles on European Union, the society and politics in Cyprus, Greece and Turkey.



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