

DEUTSCH-BRITISCHE GESELLSCHAFT

55th Young Königswinter Conference

Tuesday 23rd June – Sunday 28th June, 2015, Berlin

Conference Report



The future of the European Union (“ever closer or?”)

- 1. The EU’s economic and financial outlook**
- 2. EU’s domestic development, Challenges for European integration**
- 3. EU’s foreign policy priorities, Europe facing crisis and conflicts in Europe, Asia and Africa**

PROGRAMME

Conference Venue / Accommodation	Europäische Akademie Berlin Bismarckallee 46/48 D-14193 Berlin Tel.: ++ 49 (0)30 - 89 59 51 -0 Fax: ++ 49 (0)30 - 89 59 51 -95 E-mail: eab@eab-berlin.de www.eab-berlin.de
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Date	23 June - 28 June 2015
TOPICS	<ol style="list-style-type: none">1. The EU's economic and financial outlook2. EU's domestic development, Challenges for European integration3. EU's foreign policy priorities, Europe facing crisis and conflicts in Europe, Asia and Africa

Tuesday, 23 June 2015

19:00	Arrival at Berlin Tegel (BA 986) Everybody will make their own way to the EAB
19:30	Light dinner at the EAB
As of 21:00	Opportunity for a welcome-get together at the EAB

Wednesday, 24 June 2015

08:30	Breakfast
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- 10:00 **Opening of the conference**
- by the Chairman Sir Nigel Broomfield, Former
Ambassador to the Federal Republic of Germany
and the German Democratic Republic
and Hans-Henning Horstmann, Ambassador ret.
Chairman of the Deutsch-Britische Gesellschaft
e.V.
- Key note Speakers**
Martin Kotthaus,
Director General, Auswärtiges Amt
- Sir Peter Torry,
KCMG, Former British Ambassador to Germany
- 11:30 Group photo take and Coffee break
- 12:00 **Introductions** to the study group topics by
selected participants
- Group 1: Dr. Silja Baller; Jan Eger
Group 2: Julian Rappold, Clare Sturla
Group 3: Tobias Finke, Alexander Ward
- 13:30 Lunch at EAB
- 14:00 **Lecture with regard to the topic of group 3**
- Speaker: Dr. Jana Puglierin,
Program Officer, Future Forum Berlin, DGAP
- 16:30 Coffee break
- 17:00 **Study group sessions begin**
Selection of Chair and Rapporteur
- 19:00 Bus transfer to the Würth Haus
- 19:30 **Würth Haus**, Schwanenwerder
Concert,
Lecture,
Dinner
Speaker: Manfred Kurz,
Director of Würth Haus

Thursday, 25 June 2015

- 08:00 Breakfast
- 09:00 **Lecture with regard to the topic of group 2**
Speaker: Dr. Daniela Schwarzer,
Director Europe Program, German Marshall Fund
- 10:30 Coffee break
- 11:00 **Study groups**
- 13:00 Lunch at EAB
- 14:00 **Study groups**
- 16:15 Direct Bustransfer to Federal Ministry of Finance,
Wilhelmstraße 97, 10117 Berlin
- 17:00 **Lecture with regard to the topic of group 1**
Speaker: Dr. Marco Semmelmann,
Federal Ministry of Finance
- 19:00 Walk to Brasserie am Gendarmenmarkt
- 19:30-21:30 **Dinner at the invitation of the Federal Foreign Office**
Speaker: Ambassador Joachim Bleicker,
Deputy Director-General for European Affairs and
EU external & bilateral relations, Auswärtiges Amt

Friday, 26 June 2015

- 08:00 Breakfast
- 09:00 **Sir Nigel Broomfield**
“A personal anecdote on Germany”
- 10:30 Coffee break
- 11:00 **Study groups**

13:00 Lunch at EAB
14:00 **Study groups**
15:30 Coffe break
16:00 **Study groups**
As of 18:00 Light buffet and Time off

Saturday, 27 June 2015

08:00 Breakfast
09:00 **Preparation of study group reports**
10:30 Coffee break
11:00 Transfer to Berlin-Mitte, Deutscher Bundestag
12:00 **Visit of the Cupola, Deutscher Bundestag**
13:30 Time off
17:30 Walk to the Berliner Dom
18:00 **Boat trip** through the historical centre of Berlin with buffet, Berliner Dom at the Radisson Blu Hotel
Boat will leave at 18:00 sharp
21:00 Time off

Sunday, 28 June 2015

08:00 Breakfast and check-out
09:30-12.45 **The future of the European Union**
(" ever closer or? ")
13:00 H.E. Sir Simon McDonald, KCMG
British Ambassador to Germany

Dr. Martin Heipertz,
Federal Ministry of Finance

10:00	Coffee break
10:30	Presentation of working group results
	Plenary session
13:00	Presentation of the Young Königswinter Alumni e.V.
	Wrap-up
	Feedback
13:15	Lunch at EAB
14.30	Transfer to Berlin-Schönefeld

Conference Sponsors

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Topics for the Young Königswinter Conference 2015

The EU is currently facing a series of linked challenges all of which are fluid and evolving. It is not possible therefore to describe them accurately as it is likely that they will have changed by the time the conference takes place. These terms of reference therefore attempt to describe the factors underlying the problems confronting the EU which need to be agreed on by our leaders before sensible long term policies can be implemented.

The EU is the successor of the European Economic Community, the European Community and is now the European Union. Its founding principle, as its name implies, was to bring economic benefits to its Member States and their citizens. Since the financial crisis of 2008/9 the EU, in the eyes of the majority of its citizens has failed to do this. The reasons for this have been discussed and analysed exhaustively as have the policies to deal with them. But the fall in many people's living standards has given rise to a considerable diminution in the EU's popularity and a rise in avowedly anti-European political parties - or parties hostile to 'economic austerity'- whose popularity at last year's European parliamentary elections was clear.

The elections in Greece which brought to office a Syriza Government committed to reverse the austerity measures of the last five years, has confronted Eurozone members with a major problem. Is this Greek Government to be trusted to implement the reforms the country so clearly needs in return for some alleviation in the measures now in force? How high a value should be placed on 'solidarity' between EU partners? How damaging might a relaxation of the present policies prove to be for other Eurozone members who have persevered with austerity? How will the outcome for Greece play with parties in France, Britain and elsewhere who have campaigned on a Eurosceptic platform? Do the Greek arguments have tacit support among some influential Eurozone members?

Finally and more widely, unless and until the EU as a whole starts to grow as an economic power it is unlikely, on the world stage, that it will be listened to by its major allies, including the USA, or other major economic powers in the world led by China, India and others. Together with Russia some of these countries have adopted a political system described as 'authoritarian capitalism' where wealth creation by private actors is encouraged but political power remains in the hands of a closed

circle who do not share the EU's commitment to liberal democratic values nor necessarily to the values set out in the UN's Charter on Human Rights.

The second set of challenges facing the EU come from our near neighbours in the Middle East. The 'Arab Spring' seems a distant memory when the fighting in Syria is considered together with the emergence of ISIS and a potential Sunni/Shia battle for control in Iraq, Syria and elsewhere in the Gulf. A year or so ago the effects of this turmoil were expressed by a refugee crisis for the EU. Those nearest to the conflict, Italy, Spain and other Mediterranean countries urged 'solidarity' and burden sharing without an enthusiastic response from their partners. This has now mutated into a clash of values and political cultures as the recent shootings in Paris, Copenhagen and arrests of Muslim extremists elsewhere in the EU have highlighted. Can the EU Member States agree on policies which deal with the causes of immigration from the Middle East (and Africa), on burden sharing in the EU and with Muslim extremism within EU Member States?

Immigration has become a central political issue in many EU Member States and underlies disaffection with the way EU politicians have failed to take a lead publicly in dealing with the external as well as the internal problems caused by the 'free movement of people' between EU Member States. Are policies to tackle these linked issues close to being agreed? If the Conservative party is returned at the UK's general election in May as the leading party in the next UK Government this issue will feature prominently in the UK's renegotiation of the terms of its membership of the EU before a national referendum in 2016 or 2017.

The third set of challenges facing the EU come from Russia's actions in the Crimea where it has unilaterally changed the frontiers of a neighbouring state and where, in spite of attempts to broker cease fire agreements and bring some sort of stability to Ukraine the outlook does not seem promising. The EU has applied sanctions and threatened more. Chancellor Merkel and President Hollande, apparently speaking on behalf of their EU colleagues, have set themselves resolutely against the use of force to counter President Putin's policy and are at odds with some influential politicians in the USA, possibly including President Obama who is perhaps exercising 'strategic patience'. Crimea appears to be accepted as a *fait accompli* by the EU.

Do we have an agreed analysis of Putin's objectives and any agreement on what to do if he continues to violate international frontiers and rules?

Some EU politicians have called for a relaxation of the sanctions against Russia and Syriza's first foreign policy move was a meeting between their Foreign Minister and the Russian Ambassador coupled with references to the possibility of financial help from Russia if the Eurozone and ECB failed to meet Greece's requests for a relaxation of the existing austerity programme. The opportunities for division within the EU by Russia are clear.

It is suggested that these three challenges might be used as pegs on which to hang discussion of:

- the EU's economic and financial outlook with reference to Greece, the Eurozone's stability pact and increasing growth in the EU overall. Will it be possible to live with permanent 'Euro outs'?

- its domestic development with reference inter alia to immigration, the rise of euro-sceptic political parties, the possible limits on 'solidarity' among Member States and the ability of the European institutions (the Council, the Parliament and the Commission) to identify and concentrate on issues of real concern to the EU's electorate.

- Its foreign policy priorities. Is there agreement on them, an analysis of what the EU is prepared to do to achieve them and some evaluation of the danger of not being able either to influence the 'near abroad' or the rise in the world of powerful Governments who no longer see the liberal democratic system as one to copy or even to respect.

A more detailed set of questions is set out in an attachment to these terms of reference.

1. The EU's economic and financial outlook

The Eurozone's stability pact and increasing growth in the EU overall? Will it be possible to live with permanent 'Euro outs'?

Is the EU not only a partner, but also a player in the world-wide economic competition?

Are Britain and Germany strong enough to act as national partners with China and India or do we need a EU-coordinated approach?

How can we anchor the rules-based international economic order?

How do political actors in the US, the UK and in Germany 'sell' TTIP to citizens?

What are good reasons to establish a free trade area between the EU and the US?

What are public concerns against TTIP and how do they differ in the UK and Germany? How do political elites deal with public concerns regarding TTIP negotiations?

2. EU's domestic development, Challenges for European integration

The right of EU citizens to live and work in any EU member state is one of the central features of the EU. However, this creates tensions especially when EU citizens from Southern and Eastern member states look for work in Europe's North. How salient is this issue in the UK and Germany? How do political parties deal with this issue differently in the UK and Germany?

The EU is attractive for asylum seekers, refugees and immigrants: how should the EU respond to these hopes? What is the right balance of national vs European policy on asylum, refugee and immigration policies?

Is the current EU approach to dealing with immigrants just and reasonable? How might an EU policy look like that distributes immigrants more just?)

UKIP in the UK and the AfD (Alternative für Deutschland) in Germany mobilize against European integration in general and immigration in particular. How does this affect mainstream parties and public opinion in the UK and in Germany? Does this trend affect policies in Brussels? What are policy-strategies to counter the influence of populist xenophobic groups?

What role can Germany and the UK play to combat youth unemployment in the Southern EU member states? Is this a problem that national governments must solve on their own? What are the responsibilities of/ for the UK and Germany when considering youth unemployment from a European perspective?

Germany is now embedded in a system of institutionalized solidarity among Eurozone members (through the European Stability Mechanism) while the UK might even leave the EU altogether. How do these differences matter for the future of European integration? Do we presently face the limits of European integration? And in what areas would more integration still be possible?

3. EU's foreign policy priorities, Europe facing crisis and conflicts in Europe, Asia and Africa

Where is the Eastern boundary of the European polity? What is Russia's game-plan? How should Germany and the UK deal with Russia on a political and economic level? Russia is not anymore member of the G7, and has broken with NATO and the EU: Do we have options to accommodate Putin's Russia in an order of international law or do we face a new Cold War?

What are key elements for a EU-Ukraine-strategy?

How do you evaluate European efforts to end violence in the Near East? What are the risks and opportunities for the UK and Germany to get or not get involved?

How do you evaluate the relationship of Turkey with the EU in general and the UK/Germany in particular? How does this relationship matter? Is an EU membership for Turkey still on the table?

What should be the European answer to our crisis-plagued neighbour-continent Africa?

How should a 'European nation' pursue best its foreign and security policy? What is the right mix between a unilateral and common EU foreign and security policy? Must CFSP mean an agreement/action at 28? What are problems if some EU member states have their own agenda or prefer not to get involved in certain conflicts?

23.03.2015

Report

Opening of conference

Wednesday 24 June 2015

The 55th Young Königswinter conference was held between 23- 28 June at the Europäische Akademie Berlin. It was attended by 40 delegates from Germany and the UK, representing a range of fields and professions, including academia, the civil service, businesses, think-tanks and politics. The conference took place with a backdrop of escalation in the Greek debt crisis, which was to dominate the attention of European leaders for weeks to come, and daily news reports of the tragic deaths of asylum seekers trying to cross the Mediterranean to reach Europe.

Sir Nigel Broomfield, Chairman of the conference and Former British Ambassador to the Federal Republic of Germany and the German Democratic Republic, welcomed delegates with the observation that it was an extraordinarily interesting time to be meeting, given the impending deadline for Greece to reach a deal with its creditors over extending its bailout programme. He also noted that the Queen was in Berlin to meet with the Chancellor Merkel.

Key note speeches

Martin Kotthaus

Director General

Auswärtiges Amt

Mr Kotthaus began by emphasising the strength of the relationship between Germany and Britain, as shown by the great media interest in the Queen's visit, then taking place. He looked back to the previous Young Königswinter conference of the year before, when the outlook for Europe was by and large positive. EU members were recovering from the 2008 financial crisis, GDP was rising and several countries had successfully exited their bailout programmes.

In contrast, we now faced what could be called a difficult historical moment, with the Greek debt crisis and the conflict in Ukraine uppermost in minds of EU governments.

He stressed that the whole of the EU wishes to see Greece stand on its own two feet, regain market access and be able to offer its citizens a vision of a prosperous future. This was the aim of the Eurogroup meeting to be held that very evening. It was clearly in the Greeks' interest, he said, to remain in the Eurozone. They had begun some good work, including a significant internal devaluation, but all the effort would be for nothing if the country left the Euro.

On Ukraine, Mr Kotthaus suggested this was the most dangerous conflict in Europe for decades. Europe had thought that the post-WW2 borders were sacrosanct, but Vladimir Putin's actions had swept away that assumption. There were two challenges as he saw it, to stop the fighting, and to stabilise Ukraine's economy. These were long-term projects, he said, adding that "Russia will not evaporate" as an issue for the EU.

He turned to another pressing issue for European leaders: refugees. Disintegrating states on the EU's borders, in North Africa and the Middle East, had caused a huge surge in the number of people seeking asylum in Europe. Germany for example, expected the number of asylum seekers to double this year compared to last year. The EU, he said, was trying to solve the crisis by tackling people smuggling in these countries, but in the longer term more development aid would also be needed.

Mr Kotthaus also warned of the dangers of some EU member states, for example Hungary, acting unilaterally on the issue and taking a hostile stance on refugees. He pointed out the irony that, due to its ageing population, Europe would need a considerable number of migrants over coming years to sustain economic growth.

When it came to the issue of the impending referendum on Britain's membership of the EU, Mr Kotthaus thought the case was clear; the economic arguments strongly suggested the UK should stay, as did his judgement that leaving would damage the UK's standing on the international stage.

Germany wanted Britain to stay, he added, and he could only see losers from 'Brexit'. The leaders of his country would certainly listen to David Cameron's requests, and they could find common ground on measures to boost competitiveness, but ultimately any reforms would also have to be agreed by all member states, and the European Parliament.

Sir Peter Torry, KCMG

Former British Ambassador to Germany

Sir Peter seconded Mr Kotthaus' sentiments about the strength of the relationship between Germany and the UK, noting the strong trading relationship, and agreement in key areas, including the Transatlantic Trade and Investment Partnership, the importance of a strong relationship with the USA and NATO, and climate change.

But he also highlighted areas where the relationship could be stronger, noting concern in Germany about how the country was perceived in the UK (although he felt negative stereotypes were diminishing), and lamented the low numbers of young people studying German in school and at university. Germany was also worried, Sir Peter suggested, that Britain was increasingly abandoning its global role, citing concerns that public spending cuts may lead its defence budget to fall by the 2% of GDP required of NATO members.

Sir Peter moved on to an explanation of the historical reasons for the difference of approach to the idea of European integration between different member states. For many countries, he said, integration within a wider union was a way of providing protection, either from foreign aggression, or domestic dictatorship. Britain, on the other hand, came out of WW2 the victor, only to see its economic and political prowess decline over the following decades. Applying to join the European community, he said, was an admission of defeat.

There was also a difference of approach between the UK and continental Europe, with Britain viewing the European project essentially as a trade relationship. There may be greater positivity about Europe on these grounds, he felt, if the EU single

market in services had been completed, as this would have clearly benefitted the UK's service-based economy.

Despite these differences, Sir Peter agreed with Mr Kotthaus that the UK would decide to remain a member of the EU. Opinion polls in the UK pointed to a 'yes' vote at the coming referendum (although he noted the poor performance of polling companies in the run up to the recent UK General Election), and he thought that voters would shy away from the unknown when it came to make their choice.

However, the growth of protest parties, of both right and left, across the EU suggested that the UK was not alone in desiring reform. Sir Peter outlined the four main areas of reform from the British perspective:

- An opt-out from the 'ever-closer union' provision in the EU treaties
- Measures to boost economic competitiveness
- Ensuring fair treatment of non-Eurozone members
- Migration.

Sir Peter ended by noting that he believed that 'Brexit' would not just be bad for the UK, but also the rest of the EU, particularly Germany, who would lose an ally.

Sir Nigel brought the introductory session of the conference to a close by reminding delegates that the British political scene was considerably more complicated than it may appear. The EU, and arguments about the UK's continuing membership, were being used by ambitious politicians in the Conservative party, seeking to position themselves for the next leadership contest. The SNP, on the back of recent electoral success, were also pushing hard for a referendum to require support in all four nations of the UK, England, Scotland, Wales and Northern Ireland.

Study Group introductions

Group 1 – The EU's economic and financial outlook

Dr Silja Baller

Jan Eger

Dr Baller began by saying that the most pressing economic questions for the EU are how to raise long-term growth levels, and how Europe could protect itself against the next economic crisis.

Europe's position on the global stage, she said, was linked to its economic strength, and the slowdown in growth in recent years posed a challenge to the EU for this reason.

Dr Baller challenged whether 'trickle-down' economics could be successful, and raised the issue of income and wealth inequality, which has come to prominence in recent years. Inequality, she argued had a negative impact on economic growth.

She made a call for increased use on common sense in economic forecasting, citing the opinion held by some eminent economists that reliance on complex mathematical models to make predictions had meant that we did not see the 2008 financial crisis coming.

Since the crisis, many countries had either chosen, or been forced, to implement austerity policies, but Dr Baller argued that the effect varied considerably country by country. She looked at the example of Greece, and questioned what the effect of austerity has been in there. She pointed to the significant internal devaluation that had taken place in terms of wage cuts, but said this had led mainly to an increase in profits for companies. The real problem, she suggested, was that the Greek economy was dominated by oligopolists.

Dr Baller also expressed scepticism about the potential gains that could result from the Transatlantic Trade and Investment Partnership (TTIP) currently being negotiated between the EU and the US. She finished on a positive note, citing a recent McKinsey report that found that the EU contained many examples of good economic policy, and there was significant growth potential if these practices were replicated across the Union.

She was followed by Jan Eger who chose to focus first on the reasonably positive economic outlook for Europe, which had been aided by monetary activism by the European Central Bank, a weak Euro and the fall in oil prices. There were risks, he

conceded, which could affect growth, primarily the Greek debt crisis, and the threat of Britain leaving the EU.

He went on to outline the topics which this study group were to look at. He called the Capital Markets Union (CMU) an opportunity for growth, which could help to integrate the EU's financial markets, which were currently fragmented. The CMU, he argued, would help the movement of capital, boost investment and reduce business dependence on bank finance.

Turning to trade, Mr Eger was more positive about TTIP than his colleague, suggesting it would benefit EU citizens. It was an opportunity, he said, for the EU to be involved in setting regulatory standards which could become the global standard. In reference to 'Brexit', he added that, outside the EU, Britain would not be able to negotiate as advantageous terms for a bilateral trade deal with the US.

He added, however, that the EU needed to find ways to accommodate difference, particularly in the case of the UK. If the greater integration of the Eurozone led to Britain feeling side-lined in Europe, it would add to the risk of an exit.

Group 2 – the EU's domestic development, challenges for European intergration

Clare Sturla

Julian Rappold

The first section of the introduction was given by Clare Sturla who gave an overview of the issues of immigration, asylum and the rise of Eurosceptic parties. In the UK, she said, public concern over immigration was linked to a perception that politicians had lost control of the country's borders. The EU was often blamed for a rise in immigration, particularly since the eastwards expansion of the bloc.

Often-cited concerns relating to immigration included pressures on public services and the effect on wages and jobs. The media, Ms Sturla said, tended to exaggerate these pressures. The Government response in the UK to these concerns had so far been to focus on access to welfare for new arrivals.

She spoke about the dramatic rise in popularity of UKIP, giving as part of the explanation the appearance of being an alternative to traditional parties, and ability to tap into resentment over a perceived loss of sovereignty to the EU.

Youth unemployment was another issue that the EU should consider a challenge to further integration, because it was a driver of movement between member states.

She raised the question of what the EU could do to tackle youth unemployment, mentioning several schemes that were already in place. Noting that the UK and Germany had relatively low levels of unemployment, she suggested there may be lessons for other EU states to learn from them.

The subject was taken up by Julian Rappold who set out to identify the root causes of the rise of populist parties, which were spreading rapidly across Europe, with notable election victories recently in Germany, Britain and Denmark in particular.

Populism was not a new political force, he said, but it had reached a higher level than seen in recent years, and was influencing the political agenda of mainstream parties. It was perhaps not surprising that support for Eurosceptic parties had increased in the crisis-stricken countries of Southern Europe, but these parties were also on the rise in Scandinavia, due, Mr Rappold suggested, to concerns over the affordability of welfare systems.

Populist movements channel prejudices and resentments rather than suggesting policies. UKIP has been particularly successful in linking concerns about immigration to the EU. But mainstream parties shared some of the responsibility for the rise of extremist parties, he said, giving the example of successive Greek governments who had failed to tackle widespread tax evasion and clientelism.

In countries such as Greece which had received bailouts, the perceived unaccountability and distance of the creditor institutions was a powerful argument in the hands of populist parties, who exploited it to generate anger among voters.

Mr Rappold finished by noting that populist parties were no longer a marginal force, having gained significant numbers of MEPs, and were now organised into groupings in the European Parliaments.

Group 3 – EU's foreign policy priorities, Europe facing crisis and conflict in Europe, Asia and Africa

Tobias Finke

Alexander Ward

Tobias Finke began by looking at the problems facing the EU as a foreign policy actor. The External Action Service, he said, had only received limited support from member states. The EU could be a much more significant power, he suggested, but currently member states were pursuing individual priorities.

The EU needed a new foreign policy framework, which could be achieved if member states could reach consensus. For the EU to develop this framework, Mr Finke argued, Germany would have to take a more active role. Germany was uneasy about using force, he said, giving the example of its unwillingness to use air power against ISIS. Instead, its foreign policy goals were closely linked to its economic priorities, such as preserving good relations with its major import market of China.

Alexander Ward discussed the way in which Russia had massively increased its aggression towards Europe, in a way very few people expected. Some of the rhetoric coming from Moscow, he said, had a distinct Cold War flavour.

Vladimir Putin wanted to tear up the post-communist settlement, Mr Ward suggested, and was prepared to use force. But Putin's actions were largely opportunist, rather than forming part of a 'master plan'.

The current Ukraine crisis could only be concluded successfully if Russia could be convinced the solution was in their interest. But it was hard to persuade the Russian people that the West's intentions were not aggressive, as the level of distrust was very high.

Mr Ward felt that the EU had to take a tough line with Putin, including sanctions. He felt it was positive that Germany had shown willingness to take the lead in Europe over the Ukraine crisis.

But despite the difficulty of the situation, it was still an easier problem to approach than ISIS. He even raised the possibility that a partnership could be built with Russia to counter ISIS.

Lecture with regard to the topic of group 3

Dr Jana Puglierin, Programme Officer, Future Forum Berlin, DGAP

Dr Puglierin began by describing what she called an 'arc of crisis' beginning on Europe's southern flank with the conflict in Syria and Iraq, and stretching up to Ukraine, currently the target of Putin's expansionist intentions. These crises were significant challenges in themselves, but the problem for Europe was that not only were they both happening at once, but the EU was also beset by internal troubles, including the destabilising force of populist parties in several countries and the risk of 'Brexit'.

The Ukraine crisis, she said, had strengthened the trend for member states to act alone, rather than through the EU, what she called the renationalising of foreign

policy. This renationalising was dangerous, because the power of individual states was limited, while the EU could achieve more together. What action the EU had been taken against Russia was economic rather than military, primarily sanctions.

The Ukraine crisis had permanently damaged the stability of the EU, she argued, as it had shown the Union could no longer be relied on to act consistently in foreign policy matters.

The situation was severe, because Europe and Russia were following very different models of foreign policy: the West was attempting to maintain the 'Helsinki model', named after the accords between the Western powers and the Soviet bloc in the 1970s which attempted to normalise relations between the two; Putin on the other hand favoured the 'Yalta model', named after the post WW2 conference which created counter-balancing spheres of influence. Efforts to make Russia more like Europe, by entry to the international organisations such as the G8 and the WTO, had failed.

In this context, Dr Puglierin could not see what the EU could possibly offer Putin that would satisfy him. We were at a dead end. And yet, the EU had to find some way of dealing with him. The best we could hope for, she said, was containment.

She raised the question of how successful Russia had been in its attempts to destabilise Europe through hybrid warfare. While many post-soviet states were weak and vulnerable to the Putin's combination of force and misinformation, the EU itself had, so far, remained united behind the sanctions. Greece was a possible weak link in the chain.

Germany needed to prioritise supporting the Eastern Partnership, an initiative of the EU to build closer links with several former Soviet states. German politicians needed to be clearer that they could not have it both ways, supporting these countries and also placating the Russian leadership.

This topic was taken up by delegates, who questioned Dr Puglierin on the balance between standing up to Putin, and being deliberately provocative. She felt that in Germany at least, wide-spread anti-Americanism, coupled with a lack of conviction in liberal values, meant that people found it hard to take a tough line against Putin.

Lecture with regard to the topic of group 2

Thursday, 25 June

Wolf Klinz, Former MEP for the Free Democratic Party

The creation of the Euro was taken against the advice of economists, Mr Klinz observed, who generally thought that currency union could only come at the end of the process of political union. The architects of the single currency had viewed the matter the other way around, assuming that the Euro would lead to greater integration. This assumption had proved to be incorrect, and we had actually seen fragmentation during and after the financial crisis.

David Cameron, he said, was not the only person to think that the EU needs reform, Mr Klinz said, pointing to problems including government debt, high unemployment, slow GDP growth, demographic issues and lost competitiveness.

But as well as these economic pressures, Mr Klinz also felt that basic European values of democracy and a free press were no longer inviolate. He pointed to the premiership of Victor Orban in Hungary.

The combination of these problems feed in to the success of Eurosceptic parties in the European Parliament, including UKIP, the National Front in France, the True Finns and AfD.

The EU was at a critical juncture, he felt. It had lost the confidence of many of its citizens, who underestimated the risks of disintegration.

His solution was more integration in some areas, and less in others. He acknowledged that in some cases this would involve treaty change, which is far from easy, requiring the agreement of 28 member states.

On the areas where member states would benefit from more integration, he said the top priority must be the completion of the single market, covering energy, the digital economy, infrastructure and financial services. Other areas included defence (starting with joint procurement), fiscal coordination within the Eurozone, an insolvency regime for member states and continued banking integration.

Where the EU needed less integration, Mr Klinz argued, was primarily on areas of regulation that should be left to member states, for example product-testing. The EU should aim to deregulate, including through the use of sunset clauses in legislation.

He concluded that the EU's position in the world economic rankings was declining, making it all the more important to band together.

Lecture with regard to the topic of Group 1

Dr Marco Semmelmann

Federal Ministry of Finance

Dr Semmelmann explained why he thought that, despite the developing crisis in Greece, the Eurozone was in a more stable position than it had been two or three years previously. Countries including Portugal and Ireland, he said, were in a much stronger position than they had been, even though levels of unemployment and debt remained much too high.

He emphasised that he wanted to see the UK to remain in the EU, as a supporter of free and competitive markets, and a voice alongside Germany's. The key aim, for the whole of the EU, was to improve competitiveness and focus on sustainable, long-term growth.

Lecture: The future of the European Union (“ever closer union of?”)

Sunday, 28 June

H.E. Sir Simon McDonald, KCMG

British Ambassador to Germany

Sir Simon gave the delegates an overview of the UK's involvement in the EU, going back to its origins. The UK, he said, had after the war thought that it was capable of 'going it alone', but fairly soon into the European project, by the 1950s, it realised that it could not. Even though it has been in the club for many years now, the UK still finds the concept of pooled sovereignty difficult.

The launch of the single currency, he argued, began a multi-layered, rather than just a multi-speed, Europe (although people did not realise it at the time). The UK was not going to join the Euro, making this a permanent division within the EU.

This does not mean the UK would stand in the way of further Eurozone integration, but in return, it was asking for accommodation of its own view of integration.

David Cameron's negotiations, he said, had got off to a positive start. But further freedom for the UK posed its own problem: greater Eurozone integration might lead to more regulation and less competitiveness, leading countries in the Euro to resent the UK's greater comparative competitiveness.

Sir Simon finished on a question: Germany had so far benefited from EU membership, but if the cost continued to rise, would the German people cease to think it was in their interest?

Dr Martin Heipertz

Federal Ministry of Finance

The Maastricht Treaty, Dr Heipertz said, created the problem of a currency union without sufficient political union. In order to survive, he argued, there would need to be greater control of Eurozone states' fiscal policies, including the ability for the European Central Bank to rule a Budget illegal.

If he was right, he said, the Eurozone would not be free from crisis until this was solved.

So far, the EU had always done what was necessary to preserve the Euro, and so it followed that this time greater political integration was the likely outcome.

Turning from fiscal matters to foreign policy, he pointed out the combined defence budgets of EU members were three times higher than Russia's. The EU should not be frightened of Putin, he said, but it was missing its chance to get a better return on that spending. Ultimately this might make the case for a European Army.

The talks were followed by a lively discussion between delegates and the speakers on whether EU members would become more individualistic, or whether globalisation would inevitably lead to nation states seeing their future as part of bigger groups. Also discussed was the need, and ability of the EU to accommodate the dissenting views of non-Eurozone members.

Study Group Presentations

Group 1 – The EU's economic and financial outlook

The group set itself the task of considering what actions the European institutions could take in order to generate sustainable economic growth in the EU. They acknowledged that certain steps had been taken already in pursuit of this goal, including the development of a banking union, and the various stability funds, but felt that additional measures could be implemented.

One of the group's primary proposals was to raise the profile of the European Semester, the annual process by which the European Commission analyses the fiscal and structural reforms of each member states and makes recommendations. The group felt that the recommendations were not being adequately followed.

The group turned to education as one of the drivers of long-term economic success. Arguing that better monitoring of educational achievement would drive up standards,

they suggested the creation of an EU educational performance index, along the lines of the OECD's PISA measurements.

On technical education and training, they noted that success varied considerably across the EU. In order to share best practice, the group proposed an equivalent to the Erasmus scheme for apprentices, which they dubbed the "Humboldt" programme. Reducing Labour market regulation had a part to play in tackling structurally high unemployment in parts of the EU, they argued, but it would need to be backed by an adequate "safety net" for people made unemployed.

The Capital Markets Union (CMU) held potential to boost growth across Europe, the group thought, particularly by increasing, and diversifying the sources of, funding for SMEs. They did not think the public were sufficiently aware of the benefits of the CMU, and recommended an awareness campaign.

The Group dedicated considerable time to the Trans-Atlantic Trade and Investment Partnership (TTIP), which they agreed would have a net positive effect on growth, although they acknowledged that it was very difficult to predict the exact level of economic benefit. This was an important time to make an advance in international trade organisation, as other deals were also being negotiated by the US and Asia.

There was acknowledgement that there was an issue over the transparency of TTIP, with the negotiations being conducted 'behind closed doors'. There was information available to the public, but it was not easy to access. The group suggested that the EU institutions should make greater efforts to engage with civil society on the process.

One of the most contentious elements of TTIP was the Investor-State Dispute Settlement system, the quasi-mediation process between companies and government which was a common feature of trade deals. The group felt that ISDS could be left out of TTIP, as EU and US courts were adequate.

Group 2 – The EU's domestic development, challenges for European integration

When considering the issue of integration, the group felt it was necessary to step back and ask what the EU meant for its citizens, what their expectations were, and how the institutions could deliver on these expectations. The group felt it was important when discussing the issues of immigration and asylum, and the rise of extreme parties, to keep in mind the lived experience of the people of the EU.

On the pressing issue of asylum seekers, at the forefront of the discussions because of the ongoing crisis of people fleeing conflict in the middle east and north Africa, the group agreed that the Dublin regulations (which determine which member state is responsible for an asylum claim) was flawed.

The group discussed measures to ameliorate the immediate problem. One proposal was for the creation of an EU-level tribunal to decide asylum cases, which would then be distributed to member states. This suggestion did not achieve consensus, as some group members felt it unacceptably disparaged the court systems of individual states, and would not be accepted by them.

Another proposal, driven by awareness of the sheer volume of applicants, was to allow (or encourage) asylum seekers to also apply for settlement as economic migrants. However, there was the risk this would act as a further incentive for people to make the treacherous journey to Europe.

The above were characterised as ‘front-end ‘ issues, which were contrasted to the ‘back-end’ issue of the reasons why such large numbers were seeking to gain asylum in the EU. This was agreed to be a much harder issue to solve.

Turning to intra-EU migration, the group stated that there were benefits, both for the individuals who were able to move for study or work, and for the economies of the countries who could access needed employees. However, there was acknowledgement that free movement also created losers, particularly the low-paid who experienced wage compression because of the movement of labour.

The negative effects of free movement were always felt locally, by certain groups who perhaps found it harder to access jobs, housing or public services. One solution proposed was to relax state aid rules to allow member states to target spending at communities particularly affected.

On the significant problem of youth unemployment in some EU states, the group felt that this was an issue which had to primarily be dealt with at member state level. The EU institutions could, however, give governments more guidance on structural reform, including on labour market deregulation.

The above factors all fed into the rise of extremist, populist or Eurosceptic parties (the accuracy of these terms being subject to some discussion) in recent years. The group noted the similarities between UKIP in the UK and AfD in Germany; both had begun as almost intellectual movements, but had changed into parties which were focussed on populist attempts to broaden their appeal to voters.

The group suggested that Euroscepticism (as opposed to the outright hostility to the EU displayed by some political movements) could actually be a positive force, compelling the EU to recognise where it was not delivering for its citizens.

Pursuing this aim of producing benefits for citizens, the group suggested that the EU should seek further integration in the completion of the single market, and the signing of TTIP, but thought foreign policy, for the moment, was not an area for further integration. It should be noted that there was considerable disagreement between the German and British delegates on this last point.

The group concluded by noting that the EU faced a challenge in accommodating non-Eurozone members as the single currency area inevitably pushed for greater integration. Was this 'two-speed' Europe, or were the destinations different?

Group 3 – EU's foreign policy priorities, Europe facing crisis and conflicts in Europe, Asia and Africa

Group 3 set themselves the target of 2035 to build an effective common foreign and security policy for the EU. The basis on which member states would agree to this was common interest. The group felt there was common interest in terms of security, energy and the protection of European values. These were distinct for the EU, as opposed to being just general Western values.

They felt that the EU had significant potential it was not exploiting. If it were one state, it would be the third largest in the world by population, while despite recent troubles, it still had considerable economic power.

The group also felt that NATO was not a sufficient vehicle for EU foreign and security policy, as NATO was primarily an instrument of US foreign policy. They questioned whether there should be a separate section within NATO for the EU, or whether EU member states should seek to coordinate separately.

On the subject of defence spending, it was noted that while it may be in decline across the EU, in total member states still spend three times as much as Russia. However, in order to defend the EU's common values, states would need to be prepared to spend more.

There was an acceptance, when it came to discussing Ukraine, that the Crimea, and eastern Ukraine, had been lost. The group looked at different options for approaching the Ukraine crisis, including considering what a realistic outcome was. Suggestions

considered included a partition of the country, or even a return to the spheres of influence approach with Russia.

In the short-term, the group thought that NATO intervention was necessary. In the longer term, more of the burden needed to be carried by the France, Germany and the UK, working together.

The group considered that ISIS was a real and immediate threat to EU security, citing the large number of asylum seekers that were fleeing to Europe, the risks to energy security, and the threat posed by foreign fighters returning to the EU after fighting for ISIS.

The group questioned whether the EU had the capability to help. It was thought that it did, given its range of sizeable, professional armed forces as well as strong relationships with regional powers. This led to the question of should the EU help, to which the group answered there were arguments for and against. There were humanitarian grounds for intervention, and security grounds for the EU, but given the complexity and fluidity of the situation, there was always the risk that intervention by member states could cause even more instability.

The presentation ended with the observation that ISIS was not a traditional state, and so could not be negotiated in the same way. This made military intervention more important, however it had to be led by regional actors, with the EU in a support role.

The Social Programme

The programme of events organised for the delegates enabled them to continue the discussions in more informal settings. The Würth Group kindly hosted dinner on the evening of 24th June at the magnificent Würth Haus on Schwanenwerder Island. As well as an excellent meal, the delegates were treated to the music of a bagpiper in full Scottish regalia, and a talk from Manfred Kurz of the Würth Group on the importance of the relationship between Germany and Britain, from the point of view of one of Germany's most prominent manufacturers.

Following the visit to the Finance Ministry on Thursday 25th, delegates enjoyed dinner at the Brasserie Gendarmenmarkt, where they had the opportunity to hear Ambassador Joachim Bleicker, of the German Foreign Ministry, discuss the position of his department on issues including 'Brexit', Ukraine and the Mediterranean migrant crisis.

Delegates were also given the chance to see a bit of Berlin, with a tour of Bundestag and its impressive cupola, and a boat trip around the city. Time spent together on these excursions, and in other free time, enabled the British and German delegates to begin to build friendships which will, with luck, be reprised at future Young Königswinter alumni events.

Final comments from Sir Nigel Broomfield

At the conclusion of the conference on Sunday, Sir Nigel asked delegates to join him in a vote of thanks to the Deutsche-Britische Gesellschaft and its Chairman, Hans-Henning Horstmann, who had attended throughout, for their continuing commitment to the Young Königswinter conference. He thanked Ellen Haußdörfer and her team for organising the conference, and the Europäische Akademie Berlin for hosting. He also expressed his gratitude to the many organisations who had supported the conference.

Finally he thanked the delegates for attending, particularly the German participants for speaking English throughout the conference. He ended with a call to all of the delegates to continue to take a part in public life, whether that was politics or some other form.

On behalf of the delegates, I would like to echo these thanks, and add that I hope this year's cohort can continue in the spirit of German-British cooperation and friendship which the society was formed to promote.

Edwin Morgan

London, July 2015

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