



**Conference**

Belgo-British Conference 2012

8 - 9 November 2012, Brussels

# **Two countries, how many Europes? A Belgo-British dialogue**

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Last year, our Conference was devoted to the challenges of growth and employment in a harsh economic climate. This year, we considered choosing a similar immediate issue, but the two of us thought, and our colleagues on the Board agreed, that the policies of both British and Belgian Governments would be, indeed were already being, critically influenced by the decisions being taken on the future of the European Union project as a whole.

So, this is one of those existential moments when it is right to try and assess and forecast, but to do so in a way which still focuses on the policy choices which Britain and Belgium both face, albeit with very different perspectives.

President Mitterrand used to say to Margaret Thatcher, with regard to the European project, that whether the stonemasons working at their trade believed they were building a wall or a cathedral, their task was the same. But the analogy only works so far. The nature of your vision for the future affects the degree of your commitment. But even commitment is not enough.

The Eurozone has embarked on a path whose implications are far reaching for all its member countries in terms of fiscal, budgetary, pensions and wages policy. Will Governments have the will to see through their commitments when the going gets even tougher than it is now? Will an increasingly federal project command popular support in what will remain essentially national electoral constituencies?

As far as Britain is concerned, can she increasingly not participate and still stay influential? Can she be outside the big debate and not be out altogether? Or does Britain's economic size and her key role in European foreign and security policy make her an essential partner?

We shall try to look in our Conference from both the top and the base of Mitterrand's wall at the options open to our two countries. We do not pretend in the Belgo-British Conference to be grand architects. But sometimes it is the stonemason's signature on a hidden cornerstone that can unlock a vision.

**Sir Stephen Wall & Honorary Ambassador Lode Willems,**

**Chairmen, Belgo-British Conference Board**

## Foreword

The Belgo-British Conference 2012 is the 13th annual UK-Belgium bilateral conference.

It is a high-level event established and supported by the British and Belgian governments to discuss issues where the two countries have shared interests, if not always common policies and approaches. It aims to explore differences, compare methods and look for common ground for progress bilaterally and, in partnership, within the European Union.

Traditionally, this event brings together around 100 politicians, business people, academics, journalists, and other opinion-formers to debate themes of common and crucial importance to Belgium, Britain and Europe. In recent years themes have included "Player or Spectator, Europe in tomorrow's world", "Natural resources: challenges and opportunities" and "Employment and Growth- comparing UK and Belgian policies". One important product of these Conferences has been a particularly active network which enriches bilateral political and cultural relations between the two countries.

This annual meeting is also a long-standing and valuable partnership between the Foreign and Commonwealth Office, the Belgian Ministry of Foreign Affairs, EGMONT – the Royal Institute for International Relations, and the British Council.

The success of this Conference is due to the hard work and dedication of many people and we would like to take the opportunity to express our thanks: firstly, to our two distinguished patrons, HRH Prince Philippe of Belgium and HRH The Prince of Wales; whose continued support and confidence in the value and future of this enterprise is of the greatest importance to us all. Secondly, may we express our profound gratitude to our two Chairs, Honorary Ambassador Lode Willems and Sir Stephen Wall, for their support and guidance during the preparation of this year's Conference. We would also like to thank the other members of the conference board: Robin Berkeley, Alexandra Cogels, Marina Cruysmans, Mia Doornaert, Piet Eeckhout, Jonathan Fenby, Piers Fotiadis, Katrina Johnson, David Kernohan, Dirk Loncke, André Oosterlinck, Véronique Petit, Catherine Stewart and Véronique Vlieghe.

The organisation of this Conference would not have been possible without the support of our sponsors and we would like to express our sincere thanks to them all: BNP Paribas Fortis, BP Europe, Eurostar, GSK, HayGroup and UCB. We would also like to thank the chairs and the panellists of each session for their time and their valuable contributions.

**Johan Verbeke, Ambassador, Belgium Embassy, London**

**Jonathan Brenton, Ambassador, British Embassy, Brussels**

**Marc Trenteseau, Director General EGMONT – Royal Institute for International Relations, Brussels**

**Andrew Murray, Director British Council, Brussels**

## CONFERENCE REPORT

### Plenary session 1      Implications of the Eurozone crisis for the EU as a whole

**Moderated by Honorary Ambassador Lode Willems, Belgian Chairman of the Conference**

What are the policy implications of greater political and economic integration between Eurozone countries? Will the “new” Eurozone lead to a two-speed Europe, a multi-speed Europe or to two distinct Europes: a hard core in ever closer union and a periphery? What steps can be taken to ensure the continued coherence, in both policies and governance, of the EU as a whole? How do we achieve growth alongside fiscal discipline? What are the chances of success of the Europe 2020 growth strategy?

#### ***Summary of the Panellists' Presentations***

**Baron Frans van Daele**, Honorary Ambassador, former Head of the President of the Council's Cabinet  
Herman Van Rompuy

**Mr John Stevens**, Chairman of the British Committee of the European People's Party

The impact of the crisis can be discussed at the economic, political and institutional levels.

From an economic perspective, **Frans van Daele** stressed that the euro crisis could ultimately promote a more competitive and stronger Europe. He warned against putting too much emphasis on services, while neglecting the industrial base. European Monetary Union would be consolidated and gradually protected from repeated crisis, thanks to the unprecedented initiatives taken at the EU level.

At the political level, the crisis would lead to a redistribution of powers. The evolution of the Franco-German axis was the object of much attention. Current fears of a German-dominated Europe were reminiscent of past concerns about German reunification. Germany, however, was merely seeking to protect “its currency” rather than seeking to dominate its partners. Overall the share of power and influence within the Franco-German couple might seem unequal at present, but they tended to balance over time. Regarding the UK, most people believed, without being overly concerned, that the country was in a deliberate process of marginalising itself within the EU. However, in so far Britain is predictable in European affairs, it could be a driving force within the EU.

Finally, the crisis would modify the role of EU institutions. The push for a stronger EMU required eurozone level institutions that might build on the existing ones. More institutional autonomy might be required. Either new institutions could be created or more freedom could be allowed for the use of current common institutions for different purposes. Small countries would benefit from the use of the current institutional approach and should favour this approach. Another point was that the crisis was leading to an increase of competence transfers from the national to the EU level. These transfers tended to occur ‘by stealth’. This approach was necessary as European partners were not ready to decide about the ‘end-state’ of the European project. Among others, the revision of the Stability and

Growth Pact, the creation of common crisis management mechanisms and the forthcoming Banking Union illustrate the transfer of powers to the EU level that were triggered by the crisis.

**John Stevens** considered that the risk of the UK leaving the European Union was above fifty percent. The euro crisis could have two outcomes which were of concern to the UK. If the euro prevailed, the necessary integration would lead to significant transfers of sovereignty. The “status- quo” of Britain would de facto no longer be viable. On the other hand, if the euro failed, it would lead to the collapse of the European project and severely undermine the single market.

There was a widely shared view in the UK that the euro was a flawed project and that all recent measures taken at the EU level were stabilising rather than solving the euro crisis. However, there was a profound misunderstanding of the common currency’s role and purpose in the European project. The euro had always been a political project whose design imperfections were long known. There was a belief, however, that the euro would foster competition and convergence, and make the project viable in the long run. Yet the economic and financial crisis had struck unexpectedly, revealing and exposing the euro’s flaws. This had set in motion a dynamic process of reforms of unprecedented magnitude at the EU and national levels. There was still enormous potential for growth in Europe that could be unlocked if sub-optimal areas were improved by these reforms.

The UK, which was never wholeheartedly keen on the EU, adopted a mere ‘benign observer’ status in European affairs. The success of the euro, more than its failure, would be fundamentally problematic for this ‘semi-detached position’ of the UK. The current UK position was a drag on its partners as the EU was moving towards a political union. Its disruptive potential on the rest of the EU was very significant: for example, if the UK was to hold a referendum on its future in the EU at the same time as other EU countries were holding referendums on any new European Treaty.

There is no alternative for the UK than being either ‘right-in’ or ‘right-out’ of the EU. The status-quo, that of a “half-in” position defended by pro-Europeans, would be unsustainable and another way of exiting. Moreover, the idea of renegotiating every aspect of EU policies would take away the point of the UK being part of the EU. However, making the ‘right-in’ case to the British public was not impossible. British politicians, however, were not defending this view. It was important to remember that major shifts in public opinion had defined key moments in Britain’s history: in particular the glorious revolution which saw the overthrow of what was set to become an absolute monarchy, and, in the late thirties, the shift of Britain’s stance towards Nazi Germany.

### ***Discussion***

Among the participants, there was significant division over the ‘all or nothing approach’ suggested by John Stevens regarding the UK’s participation in the EU. Variable geometry’ was anchored in EU law through the Treaties and could offer space to the UK. Another participant, however, stressed that reinforced cooperation was meant as a device allowing temporary delays for a country because of specific circumstances: it was not conceived as a way for a country never to adopt a set of policies. Moreover, the systematic use of opt-outs by the same country would undermine the rationale of this mechanism.

Several participants doubted Europe could move forward indefinitely 'by stealth.' In the long term, a popular buy-in was required and someone would need to make the case for European integration if it were to succeed. However, such a debate required specific conditions. One interlocutor argued that an overall EU referendum could make more sense than at national level as it was considered undemocratic to allow a minority to block European integration going forward. Any attempt to use variable geometry to repatriate powers would open a Pandora's box of alternative demands.

Regarding the UK's attitude, others pointed out that while the risks of exit were increasing, the figures of 50% seemed excessive and the wisdom of going for an in or out referendum questionable; a 'tragic mistake' as one contributor put it. One participant noted that the UK faced a dilemma posed by opposing scenarios – the danger of the eurozone not integrating (and therefore failing) and the eurozone integrating (and potentially leaving the UK outside in key areas of interest like single market).

Some argued that the EU remained active in the fields of single market, enlargement and external affairs. Several participants highlighted its history and geography as a major factor explaining its pragmatism and reluctance for 'ever closer union'. There was speculation that a UK exit would encourage Scotland to leave the UK and rejoin the EU.

There were some doubts, however, about this historical narrative, as other European countries also had their own cultural, geographical and historical particularities which did not make them any more predisposed to taking part in the European project.

## **Plenary session 2 Implications for European External Policies**

**Moderated by Jonathan Brenton, British Ambassador to Belgium**

What are the implications of the EU's internal problems for its external influence? Will stronger monetary, fiscal and economic discipline in the Eurozone lead to a more united and influential EU in the International Financial Institutions? Can the EU's enlargement commitments be sustained? Does protectionism in the EU endanger prospects for world trade? Is it possible to devise a European defence policy which is more than the sum of bilateral co-operation e.g. between France and the UK?

### ***Summary of the Panellists' Presentations***

**Prof. Dr. Richard Whitman**, Professor of Politics and International Relations at the University of Kent and an Associate Fellow at Chatham House.

**Prof. Dr. Sven Biscop**, Director "Europe in the World Programme", EGMONT, the Royal Institute for International Relations.

In his opening remarks, **Richard Whitman** introduced five major challenges that the EU was facing in its external action. To begin with, the EU's power of attraction had diminished as a consequence of its tarnished image in the wake of the crisis. Europe's model of stability and prosperity had been undermined in the eyes of outsiders (in the neighbourhood and beyond), but also in the eyes of

Europeans who were increasingly seduced by nationalistic discourses. The EU thus had a major problem of image and perception, which required a new narrative to sell Europe at home and abroad in the 21<sup>st</sup> century. Secondly, the EU's efforts to improve its soft power should be complemented by similar efforts to build up some hard power. The problem, however, was that the EU was not accustomed to shows of strength, which was a requirement for global power. Thirdly, some recent developments (such as Libya or the Arab spring) had highlighted once more the difficulty to present a common European position – not to mention common action – on key foreign policy issues. Stakeholders and observers in Europe (and elsewhere) expected much from the newly established European External Action Service (EEAS) in terms of foreign policy coordination, but results remained below expectations level. Fourthly, in relation with the previous point, Whitman asked what Member States really wanted from the EEAS? A review of the service, with regard to their expectations, interests and priorities was needed. Finally, it was pointed out that the EU was still muddling through in its external action as a consequence of not having a common strategy to deal with the new global environment.

The second panellist, **Sven Biscop**, picked up where Whitman ended - on the EU's need for a new global strategy. The 2003 European Security Strategy (ESS) was outdated, not least following the shocks that had hit the global system, starting with the economic crisis. The EU had traditionally been very active on the global stage, notably through its wallet 'diplomacy,' but the impact was limited given the absence of a clear vision and priorities. The lack of money due to the crisis was an obvious incentive for Europeans to think and prioritise more. In Europe's neighbourhood, European leaders were promising "more for more", but this sounded too much like "more of the same", Biscop said. On defence, Member States were all cutting their budgets, endangering the EU's limited hard power. Again, the crisis was mentioned as an incentive to spend more collectively (even, or perhaps particularly, if it meant deeper cuts at national level) to ensure a full spectrum of capabilities at the European level. For example, Benelux countries were increasing and deepening their defence cooperation. Finally, Biscop warned that the debate on a new global strategy should not be about form or method, but about substance, i.e. what should Europe do in the world? The 27 Member States should focus on their shared priorities, and on the EU's potential added value. What was needed was an agenda for action.

### ***Discussion***

The subsequent debate discussed three main themes: the European Security Strategy (ESS), the European External Action Service (EEAS), and European multilateral cooperation.

Some, notably on the UK side, argued that the EU should be celebrating its successes more publicly given opinion polls showing that this was an area where electorates wanted action. EU actions in Iran, Libya, and Somalia were encouraging. One foreign policy practitioner noted that his contacts with Latin America had underscored that the EU remained a pole of attraction for other global actors. Others noted that the EU faced growing real world challenges e.g. the Middle East Peace Process (MEPP) and there were questions about how effective the response had been to the Arab Spring.

On the ESS, one participant reminded that the 2003 document had not been the result of an intense and interactive debate among stakeholders, but rather the product of the reflection of one person with his team, submitted for approval to Member States. If a debate was to be opened today, it would likely lead to a sort of "Christmas tree", i.e. a document in which every single country would



like to defend or promote its own interests and priorities, and would therefore not be a strategic text. Some participants agreed with the inherent difficulty of the exercise but disagreed on the implications. They emphasised that priorities for the EU's external action appeared relatively self-evident (neighbourhood, broader neighbourhood, energy security and relations with strategic partners).

Another participant wondered why such a strategic exercise would not be possible at the European level, whereas it appeared crucial at the national one (for instance in the UK and in France). Others argued, however, that today's major problem was less one of strategy than one of appetite: Member States were reluctant to engage further in the EU framework. The mood in Europe had shifted from unfulfilled expectations to a complete absence of expectations. If a strategic review was undertaken all the same, one participant noted, it would be essential to bring in the European Commission, in addition to Member States, in order to cover the full spectrum of European external competences, many of which were shared between Brussels and the capitals.

There was some discussion of the role of big member states. The experience of Libya had been telling. U.S rebalancing meant that the EU was likely to be first respondent in case of crisis in its periphery. One participant commented that it showed that EU foreign policy was dominated by Sarkozy and Cameron. But in other areas e.g. the BRICS, it sometimes looked as if Merkel was increasingly speaking for Europe.

The debate turned to a basic assessment of the EEAS. Some noted that setting up the new service had been a difficult task, which had diverted a lot of attention, efforts and resources. But others argued that the EEAS was now starting to make a difference on the ground, which was a positive development. Much remained to be done, but there was still hope. There were also concrete proposals to improve the new service, for instance relying on some sort of "pooling and sharing" in the diplomatic realm.

Finally, some participants evoked "multi-bilateralism" with clusters of cooperation among Member States as a possible way to move forward. Some "clusters of cooperation", such as Franco-British and Benelux cooperation on defence matters, were depicted as possible models for future European cooperation. Others noted that such restricted cooperation could work, but would still require a higher European level of coordination to ensure consistency and effectiveness. There were also concerns that a future Europe at variable geometry would inevitably complicate the EU's external representation and action.

### **Plenary session 3 The EU and its Citizens**

**Moderated by Ms Jacki Davis, Managing Director, Meade Davis Communications, and journalist, commentator and senior adviser to the European Policy Centre**

Are we witnessing a significant disaffection of the EU's citizens from the EU's institutions and even its objectives? Is there a trend towards populism in national politics? If so, can it be remedied in an EU of "ins" (the Eurozone) and "outs"? Is there a realistic prospect of Europe-wide democracy? Would it address the underlying problem?

## ***Summary of the Panellists' Presentations***

**Mr Mats Persson**, Director, Open Europe, independent think-tank

**Mrs Christine Roger**, Director Media and Communication, Council of the European Union

### **Mr Mats Persson**

During the recent crisis, several trends with regard to citizens and the EU had become clear. First of all, European integration was no longer about technocratic, "*boring*" issues, but increasingly struck at the heart of national democracy, with taxation and spending. In addition, trust in the EU was declining in Member States. Southern European countries resented the austerity that was being imposed on them, while triple-A rated countries were adopting a more assertive tone with regard to the EU and bailouts. No one was offering to say sorry to Europe's electorates for mistakes in the euro's construction. Perhaps the most worrying trend was the increase in tensions between citizens in different Member States.

Yet, despite the massive crisis, no country had yet been forced to alter its policies radically following pressure from citizens. The euro itself did not seem to have brought down governments.

An often cited option to address the crisis was a move towards much closer integration. This option would entail a fiscal union, in turn necessitating a central oversight entity and common liabilities. Mr Persson wondered whether European citizens would accept such an increase in EU competences. He perceived a tangible possibility of a popular backlash against European integration. This could result both in a rise of extreme parties, as well as increasing tension between citizens of debtor and creditor countries. Mr Persson stated that the proposal to speed up European integration constituted a gamble with democracy.

The EU should therefore revise its strategy with regard to future European integration. Integration should not occur through big leaps, as we first need to anchor the EU more solidly with EU citizens. National parliaments were vital in this process, not the European Parliament. Furthermore, some countries needed to hold referendums on additional steps of European integration. Finally, future integration was not a black-and-white choice between in or out. Flexibility in the level of integration in the European project, particularly for the UK, was not only possible, it was a necessity.

### **Mrs Christine Roger\***

*\*The views expressed in this presentation are personal and do not necessarily represent those of the European institutions supported by the General Secretariat of the Council*

The crisis had been accompanied by a decline in the trust of the citizens towards the EU institutions. This current trend towards euroscepticism was not only visible in the UK, as elections in Finland and France had shown that euroscepticism was also on the rise in other countries. Populism and the divide between citizens in the North and the South were truly worrying trends.

In communication terms, the EU suffered from a reputation management issue. Reputation created support, and support in turn created results. The EU's reputation was dependent on various factors, all of which were to be taken into account when addressing the issue.

First of all, the citizens' direct experiences with the EU were important. In this respect, certain policies like the Erasmus Programme, free movement of people and regional aid could improve the popular perception of the EU. Other experiences by EU citizens could have a negative impact on popular support for the EU. The euro crisis, for example, created a negative image of the EU among Greek citizens, while Germans had the feeling that they were forced into paying for others.

A second important factor in reputation management was what the European institutions and European leaders themselves said about the EU. However, there was currently no "*EU communication strategy*". Striking examples were the European Council press conferences, where leaders tended to focus on their own national interests. The EU and Member States needed to make an effort to increase support for the common EU brand.

A final factor in the EU's reputation discussed by Mrs Roger was the external view: namely what did others say about the EU? The vision of third countries and the media was of key importance. To this extent, even in EU affairs, they often tended to focus on Member States instead of EU institutions.

To conclude, beyond the issue of whether the EU had a "democratic deficit", the EU's reputational problem needed to be addressed. Together with other reforms, this would be a vital element in reaching out to European citizens.

### ***Discussion***

During the subsequent discussion, participants underlined that the disconnect between citizens and the EU was an issue that had been around for a long time and was not just confined to the UK. Pro-European sentiment in France was also 'worrying brittle'. The cause of this disconnect, however, did not only reside with the EU. In order to close the gap between the EU and citizens, all actors had to make an effort. This included the EU, citizens and media.

With regard to the role of the media, some considered the importance of media ownership to be critical. Media group management had an important voice in decisions on the media's content. The concentration of media into large media groups could therefore have an unfavourable impact on the EU's reputation if management had a negative view of the EU.

Others argued that while the vision of journalists and the media's management played a role in public perception, this should not be exaggerated. Even if British media changed overnight, the British public would remain eurosceptic.

Both Belgian and British participants agreed that it was important to have a healthy debate on Europe at national level. This helped keep Europe thinking about what was best for citizens rather than moving forward without debate and therefore without legitimacy.

Several participants underlined that changes in the perception of the public often tended to be a long-term process, as it could take time before reforms influenced public opinion. Others retorted that some changes could nonetheless have short-term results. Increasing the involvement of national parliaments in European decision-making was mentioned as an example of the latter.

During the discussion, the question of EU legitimacy was put in a wider context. The EU, they said, was not alone in its difficulty connecting with citizens. National institutions also experienced a

decline in public support. To this extent, the legitimacy of decision-making was an issue that needed to be addressed both at the national, European and international level.

A stronger narrative could help increase the EU's perceived legitimacy, as had been the case with post-war reconstruction and the single market. Others argued that the era of big narratives was over. In any case, one narrative alone seemed insufficient given different views in Member States. In this view, the EU needed to adopt multiple strategies, so as to appeal to different parts of the population.

In essence, if the EU wanted to convince European citizens, it would have to prove that European integration was still able to generate prosperity. Output legitimacy and institutional reform would need go hand in hand in bridging the gap between the EU and its citizens.

As a general point it was noted that the markets and democratic decision making moved at different speeds. This was a risk. Slow-moving democracies could not keep up with the speeds required by the markets. Generational change was also having an effect – especially as younger generations were excluded from work. In a short discussion of what it would take to win a referendum in the UK one participant commented that the EU had to be delinked from the euro and that the EU would have to do more to bind in national parliaments.

## **Break-out Sessions**

### **Break-out session 1 Implications of the Eurocrisis for bilateral relations and cooperation**

**Chaired by Mr Marc Trenteseau, Director General, EGMONT, the Royal Institute for International Relations**

**Rapporteur : Professor Iain Begg, Professor at European Institute, London School of Economics**

The eurozone crisis dominated the debate. It was stressed that the crisis affecting the eurozone is not specific to the EMU. There were already fiscal problems when the financial crisis hit the eurozone, and in particular its southern part where countries were most affected. The crisis that struck these countries was considered to be a debt crisis essentially caused by fiscal problems. However, this was only a partial view: asset bubbles and a relative competitiveness decline constituted major causes for peripheral countries' woes. Nonetheless, as a result of this narrow interpretation of the crisis, austerity, rather than structural reforms, had become the main response to the crisis.

Moreover, there was a paradox in reform timing. When, prior to the crisis, Greek, Portuguese and Spanish debts were broadly considered as safe as Germany by financial markets, they benefited from windfall gains. Nothing, however, forced them to pursue major reforms in these good times. Now, these countries were forced to adjust structurally at the worst possible moment – right in the middle of a major economic recession.

The more optimistic argued that reforms forced by the crisis would unlock Southern Europe's potential for growth, and that export performance was improving in Greece and Spain. The more pessimistic argued that eurozone adjustment looked dangerously asymmetric. Core countries needed to raise consumption and debt mutualisation was not a resolution mechanism.

Participants from both Belgium and the UK recognised the importance of the single market. However, both countries had a different approach towards the single market: Belgium saw it as a regulated zone while the UK saw it as a more free, deregulated, area. It was also pointed out that Belgium's growth was particularly anchored to Germany's performance, thereby impacting its own economic perspective.

As agreed by participants, Belgium and the UK could learn from each other's experiences. Belgium's SME culture was regarded positively in the UK. Whether Belgium's public services should be considered as an asset or a liability was disputed, however. Belgium's high labour costs were considered as an issue, in particular for large industrial companies. Commitments from both countries to promote research and development were praised among participants. The UK's entrepreneurial drive was regarded with esteem by many Belgian participants.

Future developments in Europe were also discussed. The importance of a Banking Union was recognised, although no consensus on its possible dimensions could be reached. In particular, the elements requiring fiscal backing proved a sensitive issue. As for its scope, participants also discussed the UK's participation in such a union. Belgian participants tended to believe that the UK should remain in the EU as it would

otherwise be detrimental for both sides. Some eurozone banks thought it was important that the UK was not marginalised in a banking union. In a poll, a narrow majority of the session's participants believed the economic situation would gradually improve in both countries.

## **Breakout Session 2 Implications for European External Policies**

**Chaired by Ambassador Johan Verbeke - Belgian Ambassador to the United Kingdom**

**Rapporteur: Mr Tomas Valasek - President, Central European Policy Institute (CEPI)**

The Breakout session discussed European external policy, both Common Foreign & Security Policy (CFSP), broader foreign policy, and its Common Security & Defence Policy (CSDP) defence dimension. The idea was to compare both Belgium and the United Kingdom's plans and ambitions, analysing how they had been affected by the economic crises and what could be done to mitigate its impact.

The debate began with a short philosophical reflection on the inevitable differences between small and big states particularly in regard to foreign policy. The predictable conclusion was that big states had ambitions to have autonomous national foreign and defence policies whereas smaller states tended to compensate for their size by looking for institutional solutions. This profoundly affected our respective debates on foreign and defence policy. That was not to say that common positions did not exist. One of the key areas that European countries were looking for the EU to deliver was a comprehensive approach to world problems and foreign policy challenges. In an area where the EU was recognised as possessing a niche, and where the West was generally regarded as not having done a particularly good job.

There was a consensus that the European External Action Service (EEAS) had not lived up to its potential and to its promises of delivering this comprehensive approach. There was a vigorous debate as to whether the forthcoming review of the EEAS ought to result in a change of structure. Some argued strongly that the EEAS should reorganise itself along functional lines. Instead of having regional desks, there would be desks for energy, environment and other crucial issues. The idea was simple, that it was easier to deliver a better comprehensive approach if you organised along functional lines, while also neatly indicating the EU's strengths and priorities by selecting only those desks and functions where there was the strongest agreement for the EU to lead. The argument against this was that it had been tried before, not least in the UK.

One of the lessons was that when organs of external policy were organised along functional lines, institutions often found themselves with a worse understanding of state behaviour. Since in foreign policy states remained the main agents of change, there might be a weakening rather than strengthening of the ability to deliver a comprehensive approach. The other argument against functional organisation was that it would duplicate the European Commission or certainly at least mirror the institutional set-up in many ways, thus inevitably setting up a turf war.

There was a healthy debate about the differences between the multi/bilateral approach, favoured by Britain, and the institutional approach that Belgium tended to prefer in foreign policy and defence issues. Participants considered that they were not only compatible but perhaps inseparable: the only way to make decisions in both the EU and NATO was by forming coalitions, finding partners who thought on similar lines and so could help deliver the change that states were wanting an institution to execute. The practical

implication was that if these multi-bilateral approaches served primarily to strengthen the institutions, then perhaps the 'clusters-of-cooperation' model was compatible with the idea of strengthening EU defence.

Some argued that if states focused on delivering collaboration in European defence via clusters of cooperation, you might end up undermining European defence because different states would have different approaches which would fail to create a Europe-wide approach. If it was simply more practical to proceed first within these clusters of cooperation and to coordinate achievements to create a Europe-wide effect, then the EU and its defences would benefit as a whole. This suggested that an EU-wide approach to defence, or a regional approach, were compatible and any problems had been largely overblown.

There was a warning that the UK government was currently weighing whether to remain a part of the European Defence Agency (EDA), with a decision expected within a couple of weeks. Pulling out might lead to serious controversy, one that would affect the desire to collaborate on the UK-Belgium level. On balance, however, the decision seemed to be going in favour of Britain remaining within the agency with good Belgo-British defence cooperation set to continue.

Finally there was a good discussion on the U.S moving away from Europe and the impact it would have on foreign and defence policies of both the UK and Belgium. The consequences of the U.S rebalancing could result in Europe being primarily a first responder in cases of conflict on its periphery, whereas the U.S would take primary interest in global conflicts further away from Europe's borders, in the Middle East and Asia. Belgium might well be more comfortable with a more regional remit for European defence. While it had been a global power, with a colonial past, it had developed an aversion to the use of force.

Britain, however, had built its defence policy and sense of strength on the idea of being closely aligned with the U.S, the global superpower. It had already found the going tough because of the growing difference and technical gap between the performance and tools of its military and those of the U.S. Participants asked what would happen if the U.S was serious about asking Europe to play more of a regional role; and what this would mean for the UK. Was it going to embrace a greater regional capacity and ambition along with Belgium, or was it going to try and hold on to its partnership in tandem with the U.S, potentially having a detrimental effect on its contribution to European defence? Time would tell.

### **Breakout session 3 The EU and its Citizens: Belgian and UK views, attitudes and policies**

**Chaired by Mr. Anton La Guardia, European Union Correspondent, The Economist**

**Rapporteur: Baroness Mia Doornaert, Foreign affairs columnist of the newspaper De Standaard, and former independent advisor at the cabinet of Prime Minister Leterme**

The Chair opened by introducing the subject, and setting the scene with a few broad discussion points: How do history and geography affect the debate? Are National Parliaments respected more than EU Institutions? What was the role of EU institutions? How do regionalism and nationalism affect the EU debate? Do EU citizens feel their vote makes a difference?

The initial interventions discussed the growing nationalist and regionalist sentiments across the EU. Comparisons were made between Scottish, Flemish and Catalan separatist movements. Although it was mistaken to group the various regional movements together, there was broad agreement that it was lazy and unhelpful to equate regional separatist movements within EU Member States with far-right anti-EU

politics. It was pointed out that Scottish and Catalan separatists were pro-EU and keen to establish future EU membership. It was regrettable therefore that separatist movements often attracted supporters with a far-right agenda; this was a tension that needed to be carefully managed.

There was some discussion of the language used by the UK press when discussing the EU. Some participants considered the tone of the debate to be fascist or xenophobic with crude characterisations of EU neighbours. The negative tone of the debate was not challenged strongly enough by the pro-European camp who were often too passive. Who was really making the case for the EU to the British public? Was it difficult to address “EU public opinion” because it did not exist? From the Belgian side, support for the EU was weakening due to austerity and this was being exacerbated by regional politics.

The discussion moved to growing anti-EU sentiment among populations and whether this could be put down to the fact that the EU was, for the first time in its history, now being forced to do things that people did not like. Was the EU designed to deal with confrontation? It was noted that younger voters lacked the historical context of previous generations (World War, Cold War, Berlin Wall) and saw confrontational politics as exciting but ultimately safe within the EU i.e. the idea of actual military confrontation within the EU was unthinkable.

Discussion moved on to the role of Germany. Although Germany was ostensibly acting in the best interests of the EU, it was moving down a path of paying less and less and expecting more and more from Member States in return. The idea that the EU was now being designed from Berlin was difficult for many EU citizens to accept. Is German hegemony in Europe acceptable to EU citizens?

The group attempted to tackle the issue of reaching out to voters and selling the idea of the EU to its citizens. It was felt that the EU now lacked a strong purpose or vision. In the post-war era, the EU was about the pursuit of peace, stability and prosperity. Today it was more difficult to define a vision. Participants considered what was the real purpose of the EU. Were the achievements of the EU (including the Nobel Peace Prize) taken for granted? Many felt that the idea of a common narrative was misguided. The narrative would differ depending on the Member State in question and the key issues of the day. There was broad agreement that the EU was not doing enough to engage young voters - especially given the levels of youth unemployment. Younger voters also cared about issues such as the environment, sustainability and technological innovation. Were Member States and institutions doing enough in these areas?

## Closing Session

Sir Stephen Wall concluded the day’s discussions by congratulating and thanking all the speakers and participants – as well as the public and private sponsors – for making this 13th conference one of the best ever. He noted that a few key concepts had emerged which merited more reflection. He mentioned a “multiple geography” vs. an “all or nothing” approach for moving integration forward while keeping all Member States on board - but this would demand flexibility from all and the need to think carefully about the democratic limits of more integration “by stealth.”

### **On behalf of the board, we would like to thank our colleagues for writing of this report:**

Zachary Burnside, INTEREL;  
Marina Cruysmans, EGMONT Institute;  
David Kernohan, FCO;  
Thomas Renard, EGMONT Institute;  
Xavier Vanden Bosch, EGMONT Institute;  
Stijn Verhelst, EGMONT Institute.



## **Annex:**

### **Digital Diplomacy and #BelgoBrit2012**

**This year, the conference entered the digital century. In the true spirit of Belgo-British cooperation, the British Embassy to Belgium @UKinBelgium and the Belgian Ministry of Foreign Affairs @MFABelgiumMedia joined forces to share digital diplomacy best practice and open up the conference to the global digital community. Participants used #BelgoBrit2012 on Twitter to discuss key topics both in the room and outside on social media networks. The Chatham House Rule applied, so quotations were not attributed to speakers.**

#### **Top Results:**

- Over one hundred direct tweets using #BelgoBrit2012 – up from only one in 2011!
- Retweets by twitter users following relevant hashtags #EU #UK #Belgium widened the audience of users seeing #BelgoBrit2012 tweets into the thousands.
- Top engagement on twitter by The Economist's Charlemagne to his 10,200 followers, @LordMcConnell to his 2,500 followers, Economist Megan Greene to her 18,300 followers.
- @UKinBelgium responded to twitter questions/comments by outlining or linking HMG policy on issues such as the Euro, defence, enlargement.

#### **Top tweets by participants:**

- @EconCharlemagne "What does #UK fear more? That #eurozone falls apart, or that it pulls together? #belgobrit2012";
- @Monnet\_musings "#BelgoBrit2012 debate superbly combining challenge of overcoming diminishing international expectations of Europeans with areas for optimism"
- @LordMcConnell "Great chat over dinner with Belgians, French and Danish about the #EU, the #UK, #Scotland and the #Euro #notboringatall #BelgoBrit2012"

#### **Most popular #BelgoBrit2012 conference tweets:**

- "#UK government does not want #Euro to fail – that would have a dramatic effect on economy and our trade in the EU"
- "Not negative to feel sense of national identity alongside European one. The two are not mutually exclusive"
- "What kind of #Europe does #UK want? Check out recent speech by @WilliamHague @foreignoffice goo.gl/qUmU2"
- "'When the #EU tries to look sexy it ends up looking more like dads disco dancing...' Thoughts?"
- "Arab spring benefited from social media – in #Europe we need more #debate with #citizens on new media"

A television crew from the Flemish Belgian public network VRT came to [film a programme on digital diplomacy](#) (<http://www.deredactie.be/cm/vrtnieuws/mediatheek/programmas/terzake/2.25194/2.25195/1.1482247>) at the conference, with interviews, analysis, and live-tweeting. The team saw how mutual retweeting between the Belgian Federal Ministry of Foreign Affairs and the British Embassy had become a real symbol of a new Belgo-British digital understanding.

Look out for #BelgoBrit2013 !

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[www.eurostar.com](http://www.eurostar.com)



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 <p><b>Belgian Federal Public Service (FPS) Foreign Affairs, Foreign Trade and Development Cooperation</b></p> <p>Strong bilateral relations between the United Kingdom and Belgium are a definite asset both for our government and society. The Belgian Federal Public Service (FPS) Foreign Affairs thus fully supports the Belgo-British Conference and is proud to contribute to its success. The yearly conferences fit in a long-term agenda aimed at addressing the concerns shared by our citizens and developing informal networks in all walks of life. The Belgo-British Conference has proven its value in connecting people across the Channel.</p> <p><a href="http://www.diplobel.fgov.be">www.diplobel.fgov.be</a></p>	 <p><b>Foreign and Commonwealth Office (FCO)</b></p> <p>The Belgo-British Conference symbolises the close relationship between the United Kingdom and Belgium. The Foreign and Commonwealth Office (FCO), through the British Embassy in Brussels, has supported the event since its inception in 2000. Belgium and the UK have historically close ties. We share a common vision on numerous policy priorities. As neighbours, we work together on security, trade and investment, and foreign policy priorities. The annual Conference is an opportunity to strengthen our relations, further our understanding of each other's priorities, and identify future areas of co-operation. The 2012 Conference will be a chance to share and discuss our respective views on and responses to a range of EU issues currently challenging Member States, including the UK and Belgium. Participants of the Conference may be surprised to learn that Belgium and the UK share more in common on the EU agenda, particularly on economic growth and foreign policy, than first meets the eye.</p> <p><a href="http://ukinbelgium.fco.gov.uk/en/">ukinbelgium.fco.gov.uk/en/</a></p>	 <p><b>EGMONT Royal Institute for International Relations</b></p> <p>The Royal Institute for International Relations is an independent think-tank based in Brussels. Drawing on the expertise of its own research fellows, as well as that of external specialists, it provides analysis and suggests international policy options that are meant to be as operational as possible. Conferences, colloquia and seminars nurture the work of the research fellows and give participants the opportunity to exchange views with other specialists and with a well-informed public made up of representatives of the political, economic and academic spheres, the media and civil society. Closer collaboration with other research centres, both in Belgium and in the rest of Europe and beyond, has resulted in a growing number of joint conferences and in more structured cooperation on research and publications. It has proved to be mutually beneficial and enriching.</p> <p><a href="http://www.egmontinstitute.be">www.egmontinstitute.be</a></p>	 <p><b>British Council</b></p> <p>Connecting the UK to the world and the world to the UK, the British Council is the UK's international cultural relations body. We build trust and understanding for the UK to create a safer and more prosperous world. In terms of our reach and impact, we are the world's leading cultural relations organisation. Cultural relations is a component of international relations which focuses on developing people-to-people links and complements government-to-people and government-to-government contact. With our 7,000 staff working in 191 offices in 110 countries and territories, we use English, Arts, and Education and Society – the best of the UK's great cultural assets – to bring people together and to attract partners to working with the UK. We are a registered charity in England, Scotland and Wales. We operate under Royal Charter and our patron is Her Majesty The Queen.</p> <p><a href="http://www.britishcouncil.be">www.britishcouncil.be</a></p>
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