



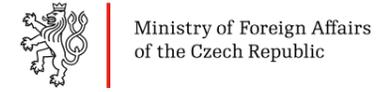
# PRAGUE EUROPEAN SUMMIT SUMMARY

13 - 15 JUNE 2017

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## Prague European Summit 2017

The 3<sup>rd</sup> annual Prague European Summit was held in mid-June 2017 over three days and included over 20 events and 90 speakers. Organised by the EUROPEUM Institute for European Policy and the Institute of International Relations in Prague, in cooperation with the Ministry of Foreign Affairs of the Czech Republic, the Prague European Summit offers a platform for high level discussion addressing and challenging current and future European policies and political directions. It focuses on the strategic vision of the European Union and aims to enhance the role Prague and the Central

European states can play in shaping this vision. Taking into consideration the events of 2016, this year's Summit was focused on pressing European issues, such as Brexit, propaganda, the rise of populism, and the security and stability of the European Union, as well as the European digital market and the EU economy, transatlantic relations, and relations with Russia and China. The Prague European Summit was held at the Lobkowicz Palace in the Prague Castle and the Czernin Palace, the seat of the Czech Ministry of Foreign Affairs. It also included three 'Breakfast Discussions' in Embassies, three 'Prague Talks', and the prestigious 'Vision for Europe' Award.



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## Day 1:

### Welcome speeches:

In his welcome speech, the Director of EUROPEUM, **Vladimír Bartovic**, expressed his hope that the Prague European Summit would be able to generate recommendations for the EU member states' leaders to bring about the necessary reforms.

**Petr Kratochvíl**, the Director of Institute of International Relations in Prague, acknowledged that even though the problems of last year still remained, the mood in the EU is now different, calling it 'optimistic, forward-looking and much more courageous'.

Last year's topic 'Why better together?' proved that despite Brexit, and all the other issues and uncertainties facing us, the EU is in a better coalition, 'politically and psychologically'. It is resilient, and more confident, especially after the election results in France, Austria and the Netherlands. Furthermore, **Petr Gajdušek**, the State Secretary at the Ministry of Foreign Affairs of the Czech Republic, stated that the Prague Summit is 'a platform on

which to generate and debate ideas for Europe's future' and reiterated that 'the Government's support for the Summit reflects their conviction that a strong and united Europe is the best possible framework for the Czech Republic's political and economic future'.

### Keynote address:

The keynote address by the Prime Minister of the Czech Republic **Bohuslav Sobotka** touched upon issues faced by the EU, ranging from Brexit to terrorism to rising populism to the Single Digital Market (SDM). He offered some remarks on internal problems and the much-needed reform of the EU, but appreciated that this year the mood was different in the sense that the debate is focusing on ways that the EU can stand as an independent actor. For him, a rational political approach is the key to facing the challenges brought about by the economy, technological advancement and globalisation. He particularly stressed the importance of digitalisation as 'a pressing technological and social challenge. On the one hand, it presents a big hope for the competitiveness of European industry, but on the other hand, it will require major changes in educational

and social policies and politics'. Europe needs rules for the functioning of the SDM. The energy sector is closely related to this. This itself leads us to the issue of climate change. Mr. Sobotka remains hopeful that the United States will eventually re-join the Paris Agreement<sup>1</sup> as the 194 signatories prove that they have our planet's best interests at heart.

Notwithstanding these problems, he noted that the biggest challenges are posed by international terrorism and that establishing a global coalition with rational decisions and efficient approaches is the key to tackling it. The collapse of states in the Middle East, the migration crisis and internal/armed conflicts bring a major responsibility for European communities to ensure the success of security and defence policy. Even though the North Atlantic Alliance (NATO) has historically been the guarantor of the security of European states, it is time for the EU to protect its own citizens. Therefore, we need to see them (NATO and the EU) as partners. This is the reason the Czech Government has been keen to help in the initiation of and support for the argument for strengthening the Common Security and Defence Policy of the European Union (CSDP)<sup>2</sup>. It was not a coincidence that a Conference on the Security and Defence Policy of the EU took place a week earlier in Prague, where Mr. Juncker presented the three new options the EU can take 'to move towards more action and better efficiency of its security and defence policy'<sup>3</sup>.

<sup>1</sup> Signed by 197 parties, the Paris Agreement (within UNFCCC) deals with greenhouse gas emissions mitigation, adaptation and finance starting in 2020. However, the announcement of President Trump on 1 June 2017 that the US was withdrawing from the Agreement, calling it 'unfair' to the American people, sparked a worldwide disappointment with Trump. The EU, in particular, immediately rejected a renegotiation plan which the US administration had claimed. In a joint statement, the leaders of France, Germany and Italy stated, 'We deem the momentum generated in Paris in December 2015 irreversible, and we firmly believe that the Paris agreement cannot be renegotiated, since it is a vital instrument for our planet, societies and economies'. Angela Merkel has remarked that France and Germany would 'grasp at new initiatives' to ensure the success of the agreement. Macron has said that there would not be a plan B for the Paris Agreement as there is no Planet B. On the other hand, the UK was slow in responding to the news, but an official statement claimed that PM May had 'told Trump of her disappointment'. [Watts, Jonathan and Connolly, Kate, 'World Leaders React After Trump Rejects Paris Climate Deal' The Guardian, 2 June, 2017, available via <https://www.theguardian.com/environment/2017/jun/01/trump-withdraw-paris-climate-deal-world-leaders-react>] The EU Climate Change Commissioner, Miguel Arias Cañete, on the other hand, has remarked that the news had 'galvanised' rather than weakened Europe and the world, and that the EU and her partners 'are ready to lead the way' in a 'new, broad, committed leadership'. Legally speaking, as EU President Jean-Claude Juncker has stressed, the withdrawal from the Agreement takes three to four years. [Dettmer, Jamie 'Europe Leaders React Angrily to Trump Climate Pact Decision' Voanews, 1 June 2017, available via <https://www.voanews.com/a/europe-leaders-react-angrily-trump-climate-pact-decision/3883296.html>] The EU had already planned to double its public investment in clean energy and is keen to play a key role in Mission Innovation.

<sup>2</sup> The CSDP sets the framework for EU political and military structures and military and civilian missions and operations abroad. In an inter-parliamentary conference among the EU states and the EU Parliament in early September 2017, the parties discussed issues regarding defence cooperation and an increase in national spending for defence and cyber security, stressing the importance of strategic will and military capabilities. The UK, on the other hand, is keen to work in close cooperation with the EU on defence and security even after its withdrawal in 2019. In their 12th Brexit position paper, they have proposed deeper relations, including in the sphere of international development, sharing of classified information and counterterrorism. Although it did not rule out financial contributions to the EU defence and security budget, it did not specify any concrete proposals for cooperation.

<sup>3</sup> The full speech is available here: [http://europa.eu/rapid/press-](http://europa.eu/rapid/press-release_SPEECH-17-1581_en.htm)

The Prime Minister ended with the note that he strongly supports the creation of a Common European Defence Fund<sup>4</sup> for development and innovation in the defence sector and the need for a 'pragmatic approach' among states to achieve mutual confidence and partnerships. He reminded the audience that Europe is not looking for an identity, but rather for tools to allow it to let that identity exist in practice in the globalised world of today.



For the Common Defence and Security Policy to succeed there need to be rational decisions and an efficient approach. Alongside this the EU will benefit from tools for dealing with challenges like terrorism (the alliance against Daesh), EU defence/security (the European Defence Fund), and climate change (the Paris Agreement). Europe needs common rules for the functioning of the Single Digital Market (SDM) and the EU and NATO have to be equals and partners for the benefit of future cooperation and tackling of international challenges.

### Opening Plenary Session: The EU as a Community of Rules or as a Community of Exceptions?

Delving right into the heart of things - the question of obeying the EU's rules and exceptions, **Eric Maurice** (Editor-in-Chief, EUobserver) chaired the opening session on Member States (MS) respecting and bending the rules. It has been argued that some states have conveniently infringed upon the rules without suffering the consequences that their fellow counterparts have had to endure. In regard to this point, the wonderful minds of **Jakub Wiśniewski** (Vice President of GLOBSEC and Director of the GLOBSEC Policy Institute), **Massimo D'Alema** (Former Prime Minister of Italy, President of the Foundation for European Progressive Studies),

release\_SPEECH-17-1581\_en.htm.

<sup>4</sup> On 7 June 2017, the EU Commission informed that they are 'launching a European Defence Fund to help Member States spend taxpayer money more efficiently, reduce duplications in spending, and get better value for money. Announced by President Juncker in September 2016, and backed by the European Council in December 2016, the Fund will coordinate, supplement and amplify national investments in defence research, in the development of prototypes and in the acquisition of defence equipment and technology.' Additionally, the Fund will provide '€5.5 billion per year to boost Europe's defence capabilities'. [European Commission Press Release Database, available via [http://europa.eu/rapid/press-release\\_IP-17-1508\\_en.htm](http://europa.eu/rapid/press-release_IP-17-1508_en.htm)]



**Jakub Dür** (Deputy Minister of Foreign Affairs for European Issues, Ministry of Foreign Affairs of the Czech Republic), and **Péter Balázs** (Professor, Central European University, former EU Commissioner and Minister of Foreign Affairs of Hungary) came together to engage in discussion and debate.

The goal is to have peace and prosperity in Europe. It is based on solidarity, and the laws are shaped by keeping the ideals of the EU in mind. However, there are times when some member states break the rules. While some face sanctions and other punitive measures, others manage to escape without punishment. The EU is currently opening a legal case against the Czech Republic, among others, for not taking their fair share of asylum seekers in the relocation scheme<sup>5</sup>. On the one hand, the Commission says that the rules need to be implemented intelligently and with flexibility, and on the other hand, it says that all states need to implement the rules in the name of solidarity. However, the EU is based on two different concepts – the Eurozone and the Schengen Area. Also, the idea of a two-speed Europe was even put forward by Germany, France, Spain, Italy, and the European Commission as a way of accelerating EU integration. But countries like the Czech Republic feared that they would be left behind. Thus, the question arises of whether the rules that are put forward should be accepted or rejected. Will they lead to better management or introduce a system of exceptions for the rule of law in Europe?

Reflecting on whether or not to respect the rules in the name of the given country as opposed to the EU, Massimo

D'Alema brought forward his personal experience as a former Prime Minister, noting that countries used to respect the rules but that that was during another era. In general, though, he suggested that the treaty rules are meant to be respected and stated that he has never really approved of the idea of an 'EU a la carte'.

He raised the important points of unemployment, poverty and inequalities in European societies and asked whether the current European rules work in facing these challenges. He stated that he is an advocate of the reformability of European rules and not the violation thereof. He considers the current transformation of the international political scene as another crisis, for US and European relations have never before been at such a low point, and never before has Putin's assertive nationalism and populism threatened the EU.

The discussion continued with Eric Maurice questioning whether there is any justification for countries not doing that which has already been agreed upon. Jakub Dür affirmed that no justification exists for countries not respecting the common rules. However, he added that the issue has some grey areas, and that the EU Member States should start to recognise that the EU Commission, a 'double-headed creature', has to play a more political role in order to have more leverage on its Member States and to ensure that they respect the rules. It raises the necessity of moving our critical reflection onto the Commission in the framework of EU Institutions. As a result, the politicisation of the Commission is also a part of the Czech discussion in Prague. In response Péter Balázs highlighted that the masters of the EU are the



Member States themselves but that they do require an executive body, and therefore they need to trust the Commission. His main criticism was that the mechanical distribution of the migrants among the member states by the Commission had preceded the political agreement.

**The Member States need to unite their common defence and foreign policies, and migration policies, and make a leap forward for the political integration of Europe.**

**The homogeneity of some countries such as Slovakia and Poland indicates that not all states are exposed to a multicultural environment and therefore, the EU needs to be more aware of the corresponding factors and come up with solutions that are not strict, straightforward, top-down, bureaucratic or controversial.**

**Regarding the Single Market, the EU Commission should play the role of a policeman to enable it to come out strongly against Member States and companies operating in the EU.**

Furthermore, Jakub Wiśniewski did not consider the EU institutions guilty of causing the migrant crisis, but rather the 'national governments that are going rotten'. The EU came together to make people's lives better and these sanctions and punitive measures should not be taken further, he argued. He then moved the focus onto the Visegrad countries and their attitude to immigration.

In summary, the Opening Plenary Session raised some great points regarding the setting of rules and facing sanctions as a consequence of infringements. Péter Balázs pointed out that in a family of 27 (28) states, it is only natural to have differences of opinion and that therefore, there need to be pre-negotiated clear rules as well as flexibility. In the opinion of Massimo D'Alema the core of the European crisis is due to lack of investment (in innovation, research and development in particular), and leadership stems from generosity – a generosity in investment. He further argued that we need to change politics in such a way that a political body could lead Europe rather than a technocratic one. This combined with leadership would push Europe towards social justice and integration. Regarding the migration policy he reminded the audience that it is not a matter of EU treaties or state politics, but a part of international law. The United Nations Universal Declaration of Human Rights<sup>6</sup> states that a country must accept the refugees seeking asylum from war – this is a fundamental value and a Human Right. According to the former Prime Minister, states that refuse to obey the international law must face sanctions. The panel agreed on the matter of mutual solidarity and sharing the burden.

<sup>6</sup> Not only the Universal Declaration of Human Rights (UDHR) – e.g. Art. 14 on 'the right to seek and to enjoy in other countries asylum from persecution', but also the European Convention on Human Rights places the right to life (Art. 2), the right to liberty and security of person (Art. 5), and the prohibition of torture (Art. 3) high in its laws, and these constitute instruments of legal protections for citizens and refugees alike. Similar violations of these laws in the recent past occurred in the case of the refugees of the Yugoslav War in the 1990s.

## Breakout Session A: External Players in Central Europe – USA, China, Russia

In the past, the Central European states were a playground for the power play between the two power blocks. Nowadays, as part of the European Union, they are more secure and have developed individual relations with their counterparts outside the EU. With the US, it has been more of a security partnership, while with Russia and China there are newly developed/ing trade relations, although with the former there is a hint of political disagreement. The Breakout Session A, chaired by **Anastas Vangeli** (Researcher, Graduate School for Social Research, Polish Academy of Science in Warsaw), concentrated on topics such as the multidimensionality of the relationship between the actors: internal/external, regional and transnational levels; the notion of pluralism of Central Europe as a region; and post-factual and post-truth politics and campaigns (a sort of a greyscale picture).



In talking about Russia as one of the players in Central Eastern Europe we can unpack the threats it presents. These threats, whether real or perceived, come from the media and are black and white. **Maria Ordzhonikidze** (Secretary General, EU-Russia Centre) suggested that Russia was a threat, not just in the classic sense, i.e. the military sense (Syria and Ukraine), but also in the political (interventions, the case of Montenegro), economic (gas exports) and ideological senses (propaganda, and undermining the European values of tolerance, openness, and democracy). However, Russia has its weaknesses too – e.g. its economic weakness, its growing domestic discontent, the high costs of its military conflicts, etc. What Maria highlighted was that we need to follow and attentively watch the size of Russian threats.

Moving on to China, **Agatha Kratz** (Associate Policy Fellow, European Council on Foreign Relations) praised the 16+1 format of the relations between Central and Eastern Europe (CEE) and China<sup>7</sup>, which had brought about three

<sup>7</sup> The 16+1 was established in 2012 as Beijing's initiative to cover various issues such as investment, trade, culture and education. It is part of China's grand strategy to incorporate new partners in its political and economic ties. The group includes 11 EU countries: Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia; and five non-

types of recognition: recognition in China (with the newly found voice of CEE and China), political recognition (more interactions between state representatives and inter-state relations) and economic recognition (the growth of investment, the business sector and numerous projects harnessing cheaper labour skills and the market - a prime example being the private actors like the phone company Huawei). Agatha pointed out that despite these growing ties, China still remains an actor with little influence in Eastern Europe. She added that its leverage is used mainly for political symbolism and the economy. To illustrate, the Czech Republic accounts for 0.5 % of the total investment that comes from China, which is mostly in real estate.

**Roland Freudenstein** (Policy Director, Wilfried Martens Centre for European Studies) responded to Agatha's statements about China and argued that the economic dependency being built up through the financial relationships of the 16+1 comes with a price and that there are identifiable political effects based on the way China defines its politics. In tackling US-Central Europe relations he remarked that the USA has had a positive impact on Eastern European states. In his view, the USA has had a long history of supporting strong democratic values, and as this was coupled with its military support in Europe, the two sides have grown to have a fruitful relationship, which will continue despite setbacks such as the US's withdrawal from the Paris Accord. The fear of a Trump-Putin 'bromance' has not materialised and we can see the results in the upcoming financial/banking sanctions. Roland further noted that while uncertainty still exists about the alliance, the consensus is positive towards the US in the region.

The discussion then proceeded onto regional debates and domestic perceptions, bringing a micro perspective to the discussion, which was relevant especially during the present re-shuffling of world powers. In a simple narrative, **Petr Kratochvíl** (Director, Institute of International Relations Prague) explained that a weakened EU, a Eurosceptic Visegrad, and an isolationist USA have given rise to a power vacuum that is apparently being filled by China and Russia in Eastern Europe. However, as the Eastern European states have historically been distrustful of great powers, these alliances are even less likely now. Additionally, public polls in the Czech Republic, for example, have demonstrated that the people remain neutral towards both NATO and Russia. Furthermore, Petr pointed out that the strategies of China and Russia can never be successful in Central Europe: firstly, this is due to the asymmetric warfare of Russia, which is seen as a sign of weakness and therefore unattractive, and secondly, in the Chinese case, Chinese investment in the Czech Republic has decreased in the last year. According to him, 'this noble idea of the strategic shift or replacement of the Western alliance by the East...is nonsense.'

EU countries from the Balkans: Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia.

Mr. Kratochvíl then went on to give three comments:

1. Central European policies regarding China are slowly becoming westernised. There is an element of reciprocity which was not there before, but now there is an urge to invest in countries, build bridges, etc. The experience of Germany and France is taken into account in this area.
2. The perennial question in the analysis of Foreign Policy as a sub-discipline of International Relations is, how is it that countries which are domestically democratic contribute to building a good system of global governance? Therefore, the question is about the connection between internal democracy and external good governance or, more provocatively, the opposite - if a country is not democratic, can it contribute to good governance internationally? To illustrate, he brought up the example of ecology, comparing the US and China in this area. While even under Trump, the US will remain a robust democracy, its governance regarding ecology will suffer; meanwhile the Chinese leadership, which is becoming a vocal advocate of ecological change, is not a champion of democracy. This is a dogma in Political Science and opens a number of questions about on exactly which issues one can cooperate with China.
3. Regarding the cooperation between Russia and Visegrad, the V4 is now more divided in its attitude to Russia, and discussing the related issues has become an area of sensitivity.

Ecology and climate change is the one non-controversial topic which binds the EU and China. However, Roland reminded everyone that cooperation with China and any state which wishes to cooperate is important, but one should be realistic and understand that a new global axis or a new global strategic alliance cannot be formed. Nonetheless, it is safe to say that China is playing for the long term and even if China starts cooperating with the smaller European (Balkan) countries, which are attracted by the former, there may be a spark in the areas of development and economic rights.

**If any external power wants a lasting alliance with any Central European country, it has to be based on the idea of exception, that this great power would be unlike others, since we know from experience that traditional great powers cannot be trusted. This lead them to say that Russia's strength must not be underestimated, as it will lead to complacency, a rather dangerous option, nor should it be overestimated, as that will lead to fears that will paralyse us and lead to real Russian strength (i.e. Russia exercising hard power in Europe). Putin is playing a weak hand masterfully and it will come to a draw, if not a win. That should be the point of departure rather than a comparative study of strengths and weaknesses. The CEE states are in a better position to analyse (perceived)**

**Russian threats and recommend/develop policies for Western Europe in this respect than other states.**

**The EU states should look for points where it can come together with other powers and create common propositions. The EU should not be afraid of past mistakes and attempts to rebuild what was lost or destroyed.**

### Breakout Session B: Paris and Berlin: Still Deciding the Future of Europe?

Considering the French elections and the forthcoming German elections, the economic and political weight of France and Germany, their legacy as assertive members of the EU and now Brexit, it is not uncommon to debate what roles the other major states will or already do play in EU politics. This panel chaired by **Zlatko Šabič** (Professor, Centre of International Relations, University of Ljubljana) talked about the current state of leadership in Europe and the scenario of Franco-German relations in the framework of the national elections in both countries. In his view 'Europeans are good at identifying problems, but not very good at coming up with a solution to them'.

**Barbara Lippert** (Director of Research & the Executive Board, Stiftung Wissenschaft und Politik) took the discussion off to a great start by addressing the leadership role France and Germany have been assuming, joking that traditionally it is 'France first and Germany second, but it [Germany] likes to lead from behind'. She praised the French election results, stating that they meant two things: that one can win with a pro-European agenda and that 'France is back' in the forefront, bringing

the prospects of a more symmetric kind of leadership in the EU and structural reform.

The debate continued with some words from **Christian Lequesne** (Professor, Sciences Po & Chief Editor, European Review of International Studies), who believes that there is a significant level of optimism in Europe now regarding leadership and Franco-German relations. Regarding the European Union's vision, he said that in the past five years, French foreign policy has mostly been 'crisis management', so 'we need now to move to a pro-active agenda'. The Macron administration has the will to collaborate with Germany, and as Lequesne said, 'If a relaunch of Europe is possible, it has to go with the Germans'. In this light, he summarised the European agenda reforms in the following points:

- The relaunch of the Eurozone, meaning that Eurozone shall be the core of political integration.
- Moving forward in defence and structural cooperation in military issues.
- We should reconsider the Schengen area to improve external border control, because what we have now is more control on the national level and, according to the speaker, this is not satisfactory.
- Investments will be relatively easy as Macron is in favour of the Juncker Program and is pushing towards more public investment with the idea that it will lead to regrowth.
- Fiscal policy, on the other hand, will remain difficult, as Germany is expected to be rather rigid on this issue.



All these points correspond to the Schäuble agenda, according to the speaker, which would 'not be a disadvantage for the Franco-German relations' if Mrs. Merkel were re-elected.

**Pawel Swieboda** (Deputy Head, European Political Strategy Centre) picked up the discussion from a Polish perspective, stating that 'Poland is in a period of introversion', and that while being pro-European for 25 out of the last 28 years, Poland is still seen as the periphery, but it is playing an increased role remaining part of the traditional Franco-German alliance. On the topic of defence, he noted that there is a reluctance amongst the German public in regard to Germany playing a larger military role, yet France is pushing Germany on the issue of defence.

**Nicole Koenig** (Senior Research Fellow and Deputy Head of Research at the Jacques Delors Institut – Berlin) stated that there is a political compromise on defence on the negotiation table but inevitably, there are different visions for it. She said that in connection with this, France has to be less inclusive but more ambitious, while Germany should be more inclusive. Despite many questions remaining unsolved, 'it is a moment of opportunity, because there is a window of opportunity, since defence is an area in which we should soon deliver more integration'.

In summation, Nicole posited that there is a need to apply an incremental approach. On the one hand, there are greater expectations for France to do more, in particular in areas such as Africa, while Christian explained that there are more expectations placed on Germany, in particular after Brexit. After a question regarding Greece and the Eurozone crisis, Barbara Lippert noted that she does not think that the political component of the EU should be the Eurozone, and that in regard to the Eurozone it is better to complete and modify what has already been done instead of expanding further. On the topic of NATO, Nicole Koenig answered that many processes are working in parallel in this area and that the view of the German government is that anything done by the EU defence should not mirror what NATO is already doing. The speakers then agreed that leadership in this case does not mean Germany alone, that the French elections have brought hope for a new discourse of solidarity and that the two states will lead responsibly. Zlatko ended the session with a reminder that the EU was meant for the people, and thus everything involving the EU should be trickled down to the grassroots to create an informed population.

**There is a need to put pressure on Germany to have an 'inclusive approach' when dealing with issues like the permanent structured cooperation, and to be cautious so as to avoid going into a dead end at the discussion table, as well as the need for a holistic, long term project, like the Security Union, whereby the EU would prop up long term growth and build resilience, adapt, embrace technological change, etc.**

## Plenary Panel: EU Energy Security Between Business and Politics

Maintaining a high level of energy security for a family of 28 (27) is not an easy task, especially where there is multi-layered governance and where interests at the national and business levels are sometimes in stark contrast to those of the Union. The collective pursuit of energy security and the diversification of sources, routes and suppliers are hindered, and the EU needs a more robust framework to tackle the issue. The aggressive politics of Russia has in turn heightened the need for this. **Richard Cockett** (Business Editor, The Economist) led this panel into an exciting debate over what needs to be done to overcome the energy security problem. He highlighted some themes for the discussion of the EU's energy security that are useful to consider, such as:

1. Prices within the EU, ways to lower prices, and the price we have to pay for investment and renewables (in the UK, parties decided to cap energy prices and the Labour Party even suggested re-nationalising half of the energy industry, which is a sign of a consumer and political revolution against energy prices);
2. Vulnerability, since much of the EU energy (53 %) comes from abroad (we are still dependent on unreliable foreign sources);
3. The lack of coordination between countries - for example, countries that promote nuclear power (e.g. France and Britain) and those that are non-nuclear, like Germany;
4. The issue of how geopolitics affects energy security.

**Jan Kerner** (Director of Growth and Strategy for GE Power Europe) started off the discussion by saying that a big part of the energy issue in the EU is making possibilities of investments attractive for energy companies. He added that energy demands have to be reduced. The atmosphere surrounding energy, according to **Filippos Proedrou** (Research Fellow, University of South Wales), is plagued by traditionalists. There are new business ideas emerging all the time (e.g. decentralisation of the electricity architecture) but there are also associated concerns, such as how to maintain sustainability, thus mitigating the process of climate change. In response to Jan Kerner, he added that 'business as usual will help to keep the lights on, but will not solve all the problems.'

According to **Václav Bartuška** (Ambassador-at-Large for Energy Security, Ministry of Foreign Affairs of the Czech Republic) we live in digital times, which makes energy a little boring to some. He does believe that changes are occurring under semi-permanent institutional and energy structures and that there are two fundamentals - one is the new way to drill for oil and gas (the way that is practiced in the US) and the other is that ordinary people now talk about the environment everywhere. However, he thinks this discussion will look the same in ten years' time as it does today.

Energy security has now turned into a separate policy, which is something that we did not previously have in the region, said **Beata Jaczewska** (Executive Director, International Visegrad Fund). She also said that we tend to forget that energy is treated like a human right in many parts of the world, meaning that energy security is a global issue.



When talking about price control and affordability, the members of the panel had different approaches. Filippos Proedrou suggested that there is limited discretion and leverage for the formation of prices in the EU and individual member states. Bringing down prices will take commitment, and there must be forward-looking actions and investments in this area. A good example is the Chinese investment in renewables over the last five years, which has resulted in lower prices. It is a matter of prioritisation. Jan Kerner pointed out that prices reflect decisions made throughout the year and the overall efficiency of the system. Many decisions were made not to reduce prices, but to achieve other objectives. Thus we should be careful in making decisions that will affect the system for many years to come (regarding policies, support schemes, diversification of fuel sources and even suppression of certain technologies) and also in understanding the implications. Europe has done a great job adjusting the systems since 2009, in his opinion. The growth of infrastructure and transportation systems represents a great achievement. However, the related decisions had an impact on gas prices.

Mr. Bartuška claimed that during negotiations for energy sources one should avoid boxing oneself into a corner; otherwise it will be hard to get a bargain on prices. Beata Jaczewska's approach to this was from a different angle. She considered energy from a social point of view, saying that affordability is an issue because it influences people's lives. Climatic conditions play a role in the energy consumption trends of people. Therefore, what we need is European solidarity in this area.

One of the main issues discussed was how geopolitics relates to energy security. Filippos Proedrou noted that there was the heavy psychological issue of having energy tied to Russia. One of Mr. Kerner's solutions to this potentially tenuous situation was a greater interdependence of Europeans regarding the matter of energy security. He

continued by saying that interdependence is better and more effective than individual and dependent state energy systems. Regarding geopolitical energy security, Ms. Jaczewska said that since there are simply not that many natural resources on the continent some vulnerabilities are present. She agreed with the previous points raised by her colleagues and added that we in Europe are vulnerable in the sense of being dependent on international trade and also because of monopolists.

On the issue of the recent US withdrawal from the Paris Agreement on Climate Change, Filippos Proedrou said that it would now be up to the individual states in the US to drive climate policy, while Ms. Jaczewska stated that she could not understand President Trump's decision to leave the agreement at all. She concluded the panel by saying that people need to be 'brave and bold in Europe in searching for new technologies.'

**The EU needs to find solutions to the problem of making investments attractive and inward-looking for energy companies that engage in distributed power generation or in innovative business models that help reduce energy demands across the continent. This means investing in interconnected electricity systems, self-generation and self-consumption. Mr. Proedrou recommended a rather radical idea: to capitalise on new developments and look ahead to the challenges that have stemmed from energy security, demands and supply. This will make the picture of an integrated energy and climate policy harder to achieve. However, as he mentioned, we should be more ambitious and risky with our policies. Consequently, the plan is to cater to the citizens and all those invested in the market, and see how they can make a reasonable profit within the value chain.**

**The panellists also recommended involving people (societies) in the decision making process and not keeping the decisions of energy security as the sole preserve of the state; building interdependent systems where we can have highly efficient power generation, transmission, and distribution and can balance renewable energy produced in different places; using hydro power as storage to compensate for nuclear or more intermittent renewables in other parts of the continent; not singling out any one technology, but allowing technologies to compete; and generating energy security policy and climate security in an effective and integrated model<sup>8</sup> by finding solutions (for instance, in terms of affordability and prices) that will suit individual states' climatic conditions - e.g. the cold winters in Poland and hot summers in Italy lead to higher levels of energy consumption, and therefore, the ecosystems of these and other countries should be kept in mind when the energy distribution is designed.**

<sup>8</sup> One approach to the integrated model could be interconnecting the dynamics of energy, society, economy and the environment. Understanding the characteristics of these factors in each (country's) domestic situation can help policy makers to analyse and come up with real systems and frameworks. It could be achieved by creating platforms for dialogue to establish mutual trust between policy makers and stakeholders. [Bassi, Andrea M. (2010) 'Evaluating the Use of an Integrated Approach to Support Energy and Climate Policy Formulation and Evaluation' *Energies*, 3, 1604-1621; doi: 10.3390/en3091604]

## Night Owl Session A: Pressing the Reset Button of Transatlantic Relations: What Next? & Night Owl: Session B: The Uncertain Future of EU-Russia Relations

The debate within the Prague European Summit was followed by the Night Owl Sessions which allowed the speakers to voice their opinions freely and off record. *The Night Owl Session A: Pressing the Reset Button of Transatlantic Relations: What Next?* was chaired by **Vassilis Ntousas** (International Relations Policy Advisor, Foundation for European Progressive Studies), who introduced the talk by saying that last year he was moderating the same panel of the conference, i.e. the one about the future of transatlantic relations in different scenarios. This year the Trump scenario became real. The speakers were **Sophia Besch** (Research Fellow, Centre for European Reform), **Vessela Tcherneva** (Senior Director for Programmes and Head of the European Council on Foreign Relations, Sofia Office), **Rudolf Jindrák** (Director of the International Department at the Office of the President of the Czech Republic) and **Ivan Vejvoda** (Permanent Fellow, Institute for Human Sciences).



The EU relations with Russia have always seen their fair share of ebbs and thaws, and since the 2014 crisis in Ukraine, their relations have once again worsened. While the EU and Russia have the potential for forming alliances, the geopolitical situation has led the EU to put sanctions on Russia, and the latter has retaliated with shifts in oil/gas prices and in quantity of supplies. **Edward Lucas** (Senior Editor, *The Economist*), a chair of *the Night Owl: Session B: The Uncertain Future of EU-Russia Relations* discussed EU-Russia relations with **Mark Galeotti** (Senior Researcher, Institute of International Relations Prague), **Anna-Liisa Heusala** (Senior Researcher, Aleksanteri Institute), **Jakub M. Godzimirski** (Research Professor, Research Group on Russia, Eurasia and the Arctic, Norwegian Institute of International Affairs) and **Kristi Raik** (Senior Research Fellow, European Union Research Programme, Finnish Institute of International Affairs).



## Day 2:

### Plenary Panel: The Future of Digital Europe

The second day of the Summit started with the highly interesting topic of the future of Digital Europe. The chair **Ivan Hodač** (Founder and President, Aspen Institute Central Europe) brought to our attention issues like the currently lower levels of investment in innovation, research and development (R&D) in Europe as compared to the US and even China, and the estimated potential of the digital economy, which the EU Commission puts at 450 billion dollars a year. Then the issues of a Digital Single Market (DSM), the creation of a regulatory framework for innovation, R&D, digital skills, e-government, corruption, the claims of the trade unions and cybersecurity were discussed by the panellists. The first question he posed was 'How to create a good and functioning DSM?'



**Ondřej Malý** (Digital Agenda Coordinator, Office of the Government of the Czech Republic) pointed out that not just the online world, but also the offline one needs to be better regulated, because the offline world can and does hamper the online world, e.g. through e-shops and transportation. Following him, **Taavi Roivas** (Vice President of the Parliament, Former Prime Minister of Estonia) highlighted that the abolition of the EU roaming fees was a success story for the DSM. However, as for its other aspects, he felt that in theory the creation of the DSM or some parts of it may be easy, but in practice there are numerous obstacles to achieving a functioning DSM. He added that to have public services provided digitally would be to have an ideal single market. In response **Sarah Vormsby** (Analyst, Think Tank EUROPA) added that there were currently too many obstacles which would be overcome by a policy of harmonisation and common standards. To her, the consumer perspective is equally as important. Data and consumer protection are highly

important in this case, as without consumer trust, there cannot be a successful business. Secure connectivity and cyber security issues are also key aspects for the DSM's success or failure. For **Jaanika Merilo** (Vice Mayor of Dnipro, Advisor to the Minister of Infrastructure and Transportation and the Mayor of Lviv) it is important to have digital identification/signatures, and secure data bases can lead to the creation of a single database, which would be a powerful tool. The problem with it, however, would be that it could be used only by a small elite. Therefore, accessibility should perhaps be one of the main goals. **Václav Mach** (Legal and Corporate Affairs Lead, Microsoft Corporation, CEE) highlighted other great achievements in this sphere, including those of digitised books and the Internet of Things (IoT), which connects over 270,000 devices (a figure that is growing) to itself in an hour. His recommendation against attacks and misuse is to develop the necessary legislation and common ground whereby governments, industries and the public could come together.

Ivan Hodač then turned to the question of competitiveness and whether Europe can leave the world behind. To this end, the panellists agreed that since we live in an increasingly digital world, and have problems like terrorism and cybercrime that transcend physical boundaries, it is not viable to forget about the world. In Taavi Roivas's opinion, the 500 million people in the EU form a significant market and if we manage to have a DSM (which even the US does not have yet), we can definitely be ahead in the game. Nevertheless, the USA is a competitor, not a threat, and as Václav Mach suggested, we may concentrate on Europe first, while Ondřej Malý added that there is a need for support for small businesses and start-ups in Europe. This led to the next question, whether or not start-ups need to be supported, and it was suggested by the speakers that there could be a competitive system where ultimately the best would reap the benefits.

The panellists also agreed that unnecessary regulations and taxations of certain kinds may hamper and complicate the DSM's functioning. Taavi Roivas also suggested that governments should introduce 'bottle caps', while Jaanika Merilo reminded us that there needs to be a precise goal for how to execute the plan.

Regarding Industry 4.0<sup>9</sup> the speakers stated that there will be some new jobs created, while some will be lost, whereby the industry will see greater functionality and be transformed, just as happened with the transformation of agriculture. This led Václav Mach to agree that the DSM and the General Data Protection Regulations (GDPR)<sup>10</sup> are complementary, and he stated that the data protection system is an important aspect and that big companies need to adopt it and adapt to it sooner or later. He reminded the audience that the new GDPR will take effect on 25 May 2019. When the panellists were asked if there would be a genuine European DSM by 2025, only Mach was positive, while the rest agreed that there might not be a genuine DSM by that time, since the process is slow and complicated, although there will surely be success stories in this area.

In summary, there are a number of hurdles to overcome in these matters, but Europe seems to be on the right track. After all, there is no turning away from digitisation, as it is a thing of the future! Therefore, we should be open to new technologies and challenge the traditional models, just as Airbnb and Uber have done.

**The EU needs to create standardised rules and regulations which will provide end-to-end data and consumer protection. Governments are advised to pass legislation vital for the success of the DSM both in the EU and beyond. It is also necessary to improve people's foreign language skills, starting from the early years of education. For example, English may be the best option for language courses as it is by far the most popular language in the digital world. Additionally, the panellists suggested improving the digital skills of the young and elderly alike, promoting the safe use of the internet among the public, and creating incubators, entrepreneurship camps and labs whereby innovation can constantly arise.**

<sup>9</sup> Industry 4.0 is the name of the current trend of computers and automation which connects robotics and computer systems, thus creating cyber-physical systems; it also includes cloud computing, the Internet of Things, wireless web communications in real time and cognitive computing. Industry 4.0 is also called the "smart factory". However, it is not free of challenges: there are data security and protection issues, and the issue of trust and reliability of third partners; the maintenance of integrity of the production process with less human oversight is also a barrier. Furthermore, there is a loss of human jobs as technology takes over and there are always risks of technical problems, which can be too expensive to fix.

<sup>10</sup> The GDPR was approved by the EU Parliament on 14 April 2016 after four years of preparation and debates and will come into force on 25 May 2018. It is designed to harmonise data privacy laws in Europe, protect and empower EU citizens' cyber rights and influence data privacy policies of organisations and companies on the continent. Non-compliant organisations will be heavily fined. [GDPR Site Overview, available via <http://www.eugdpr.org/>]

### Prague European Summit Study: What Is Wrong with the Single European Market and How to Move Forward: Towards a Service and Digital Market?

The chair **Jan Kovář** (Researcher, Institute of International Relations, Prague) opened the floor to the authors of the Prague European Summit study entitled 'What Is Wrong with the Single European Market and How to Move Forward: Towards a Service and Digital Market?': **Adela Zábrazná** (Project Manager, Slovak Alliance for the Innovative Economy) and **Petra Dzurovčinová** (Executive Manager, Slovak Alliance for the Innovative Economy). The authors presented the main findings and recommendations from their paper, which examines the limits of the current level of market integration in five fields: goods, services, labour, capital, and knowledge and technology transfer. They stated that 'the paper is based on the hypothesis that service and digital economy [makes up] more [of the] GDP of the EU; liberalisation of these sectors is obsolete'. They separated their recommendations into two groups: the first group, dealing with the actual European single market and the way forward for Europe, and the second, dealing (from an innovative economy viewpoint) with how to make the Digital Single Market initiative feasible and its execution a success. They summarised their recommendations for the audience as follows:



1. Introduce a resolution to revise the current body of regulation and see if there are areas in which one could transform the ill-defined or malfunctioning regulations to better serve the economy and enhance competitiveness.
2. Prevent the regulation from implicitly discriminating against SMEs.
3. To complete the European Single Market, it is necessary to liberalise and harmonise the network services, and the services of general interests that are highly regulated by the national governments. Liberalise on a larger scale.
4. The DSM strategy was proposed a couple of years ago and it is estimated that the first legislation will be enacted by 2021. We need a) advocates, b) a policy, c) infrastructure (in terms of digital education, which will be up-to-date), d) digital government and e) digital diplomacy.

The panellists also talked about the functionality of the digital world and argued that it cannot work without the offline world. There also needs to be more regional cooperation between the public and private partnerships, which will also influence European policy.

To the question 'What are the key elements of a successful innovation policy?' Petra responded that '[t]he technological world is changing so fast that policy cannot catch up with implementation'. Cooperation between the private and public sectors is crucial in this regard, and regulation works with the companies, allowing the industry to develop. We can experiment to see where the industry is going and then regulate. The regulators also need to be able to understand technology and the rules behind it. And to the question 'Do you think the European Union should establish some sort of "preventative" regulation on issues like Artificial Intelligence and robotics before the field develops?' Petra answered that there is a council on Artificial Intelligence (AI) in the US, and another one is being built in the EU<sup>11</sup>. We have to see the principles guiding the whole industry and work with the people developing it, since they have more knowledge about where it is going. Another question related to the Digital Single Market was 'How long will it take to create a level playing field within the EU with regard to shipping and delivery costs?' To this Adela said that the answer lies in the high costs of services and administration that are connected to consumer protection, for instance, in geo-blocking<sup>12</sup>.

<sup>11</sup> The council is set up to prepare regulations for new technologies (e.g. the 2013 Autonomous Vehicle Policy in the US) and it is about the principles that are guiding the whole industry and working with the developers to share ideas and understand what the role of the state is in these processes, e.g. aiding citizens in becoming educated in the usage of these services.

<sup>12</sup> Geo-blocking is a method of technological protectionism that is used to block or restrict services in certain locations. An example of this would be if the retailer blocked sales of his/her goods or services abroad. Geo-blocking is also partially caused by higher service, shipping, delivery, and administrative costs (all connected to consumer protection). In the digital world, it can also be for copyright and licencing

## The High Level Ministerial Panel: Radicalisation and Security

One of the highlights of the Prague European Summit 2017 was the High Level Ministerial Panel, composed of **Lubomír Zaorálek** (Minister of Foreign Affairs of the Czech Republic), **Miroslav Lajčák** (Minister of Foreign Affairs of the Slovak Republic), and **Alexander Grubmayr** (Ambassador of Austria in Prague), who talked about the important issues of radicalisation and security, as well as the links that they have with the societies we wish to build in the future.



Lubomír Zaorálek began by saying that there are different types of Europe – the Europe of Erasmus-educated, upwardly mobile people, who are able to reap the benefits of society, and the Europe of those who struggle with stagnating wages. In the Czech Republic, European integration helped to develop the economy and was followed by unprecedented development and prosperity. However, the gains of integration still remain skewed. There is radicalisation even among the states, whereby the old member states are accused of discrimination and the new are accused of the current burdens existing in the EU. To avert a 'race to the bottom' the EU must introduce an equilibrium based on social justice. He gave the example of Jan Patočka, who had argued that 'however misguided, radicalism was a modern progressive idea.' This was Mr.

issues. A popular example is the BBC iPlayer, which is unavailable for people without a British IP address.

Zaorálek's way of introducing the problem of radicalism within Europe and how it has in many ways been a result of Europe's own colonial past. He said that today 'more and more people are conscious and informed, and there is a new openness.' But with this openness there is also 'a growing tendency of violence and chaos.' He underlined education as a source of awakening but also a source of radicalism, for it can lead to alienation from the current system and force young minds to be negatively influenced by it. The Foreign Affairs Minister also gave examples of how brutal and atrocious the colonial past was – the suspected killing of 1 million people by the British in reprisals for the Indian uprising of 1857, the 10 to 15 million Congolese killed in the 19th and 20th century, and pointed out the Muslims in the Russian Caucasus were forced to undergo massive population transfers which resulted in the deaths of between 300,000 to 1.5 million people among other examples. He concluded by saying that 'just as shocking as all the atrocities the West has committed is how fast we forget them.'

Miroslav Lajčák remarked that radical extremism is a difficult phenomenon to understand; but that the lessons from the two World Wars had borne fruit, and the effort of integration, freedom, movement of goods, development, etc. have been largely successful. He pointed out, however, that political radicalism presents a threat to integration. To this end, he suggested that the issue be addressed globally. He said that we need to find alternatives to violent schools of thought, as they are not born but made. Therefore, the best method would be to promote dignity, solidarity and build resilience to extremism. Mr. Lajčák reminded the audience that hateful propaganda spreads like wildfire and that the current youth is the largest in history that has been involved in radicalisation. He concluded by saying that to face and overcome this problem, Europe and the UN need to be strong and united.

Alexander Grubmayr started by saying that 'Europe is facing large threats to its internal and external security' and that radicalism is one of the biggest threats. He put the focus on preventing young people from becoming radicalised, while simultaneously dealing with violent extremists, and promoting Human Rights. The Ambassador remarked that there are three common concerns: 1) the need to give young people a voice in actions, 2) to counter terrorist propaganda, especially in the media, and 3) to provide young people with explicit and legitimate examples of what radicalism can do to someone's life. He added that the Austrian Government wishes to work closely with the Czech chairmanship (OSCE), and said that the Austrian Chairmanship (OSCE) had focused on youth and radicalisation, and has held workshops in regions affected by the phenomenon (e.g. North Africa, West Europe, Black Sea regions, South-eastern Europe and Central Asia).



Europe must have 'patient persistence in forging cooperation, relationships with some partners old and new, as well as joint efforts with more established and historically rooted states like Iran, Egypt, Turkey and probably Saudi Arabia' to overcome radicalisation. Also it needs to address the issue of radicalisation within the next 20 years, before it consumes Europe. This can be achieved through education, multicultural societies, awareness of religions, customs, and cultures, making sure the people have ambitions and interests to keep them away from radical activities/thoughts. The Minister suggested that we also need to look at ourselves, to acknowledge our past mistakes as they shed light on the present scenarios.

The Minister Miroslav Lajčák recommended that the UN needs to improve, modernise and adapt to confront current situations, deal with political radicalism, consolidate and rationalise the counter-terrorism architecture. Europeans have to be to be vigilant – react and challenge; do not listen to dangerous words and let them pass by. Furthermore, he suggested promoting education – critical thinking, educating the younger generations on history and inclusiveness, i.e. the willingness to embrace different opinions. It is also vital to build constructive dialogue and make the youth a part of decision making processes.

Mr. Grubmayr suggested that it is important to focus on educating youth about the evils of radicalism and extremism, to include young people in strategies of countering these issues, to free the internet and develop measures to counter terrorist propaganda on social media. One of his chief recommendations was cooperation among states, in particular with regard to information exchange, which can be very useful in this regard. Following the OSCE mandate, he said that we can also look for best practices, share with participating states and prepare concrete steps on how to improve the fight against radicalisation and extremism.

In conclusion, the three speakers addressed the need for bridging the gaps in communication to overcome radicalism. According to Mr. Zaorálek, 'the role of politicians is to communicate and compromise' and to learn to be better political leaders. On the issue

of migration both he and the Ambassador agreed on improving and promoting mutual understanding, and Mr. Lajčák added that 'integration is the key to migration, and if not integrated then it will lead to nationalism.' Both the Czech and Slovak Republics understand that they need to do more in this regard and should find ways to overcome the hurdles. They ended on a positive note, with the Czech Foreign Affairs Minister saying that he was convinced that Europe can be strengthened in 2017, despite the sour mood that the Trump presidency and Brexit had brought about.

### Plenary Panel: What Further Reforms and Add-ons for the Eurozone?

As opposed to last year's discussion at the Prague European Summit about whether the Eurozone would survive<sup>13</sup>, this year the topic is quite appropriately the question of what more can be done to strengthen the monetary union. This is perhaps because Europeans are more confident about the Union and more trustful since the elections in Austria, The Netherlands and France. Even though there is no consensus on reforms, the dialogue is very crucial for understanding the complications and for recommending solutions. Chaired by **Simon Nixon** (Chief European Commentator, Wall Street Journal) this panel consisted of **Aleš Chmelař** (Financial Analyst, Office of the Government of the Czech Republic), **Jiří Rusnok** (Governor of the Czech National Bank), **Martin Špolc** (Head of Unit, Economic Analysis and Evaluation, European Commission), and **Petr Zahradník** (Member, European Economic and Social Committee, Česká Spořitelna).

Emmanuel Macron has put the question of how to strengthen the Eurozone high on the political agenda and the Commission too has been working very hard on proposals – they published a White Paper<sup>14</sup> in March setting up five scenarios for the EU, as well as reflections papers, which have some very interesting ideas put for discussion and debate among the EU states at the local, national and supranational levels. The five scenarios presented in the White Paper (with the idea that EU27 move forward together

<sup>13</sup> Eurozone was criticised for being an 'idiot idea' by Europe as the creation of a monetary area was a 'self-made problem' that was served as a 'half-cooked dish' and costed a lot. At the time, the question of Greece remaining in the Eurozone was a hot topic and it raised doubts whether or not the monetary union could survive in case Greece departed and a domino effect followed. However, as time showed, Greece is still part of the zone and the EU states should not focus on how to make the union invulnerable.

<sup>14</sup> The White Paper aims to carve a new path whereby Europe can determine its own future, and be a Europe that stays united, protects, empowers and defends itself and its citizens. [White Paper on the Future of Europe: Reflections and Scenarios for the EU27 by 2025' Full text available here]. In his State of the Union Speech in September 2017, President Juncker talked about the White Paper's role in shaping this path, stating that he wants to see Europe be a champion in the fight against climate change, to make its industries stronger and more competitive, with a strong trade agenda. Additionally, a Europe that will protect its citizens in the digital age, as well as from outside (physical threats) and keep migration in its radar. However, he added one more scenario, which is a Union of freedom, equality and the rule of law, something that goes beyond the single market and the monetary union. [Full text available here]

as a Union) are: 1) The EU focuses on delivering its positive reform agenda, i.e. focus on jobs, growth and investment by strengthening the single market and increasing investment in digital, transport and energy infrastructure. 2) The EU is gradually re-centred on the single market, i.e. the functioning of the single market becomes '*raison d'être*' of the EU27, which will improve free movement of capital and goods, and continue being tariff-free. 3) The EU allows willing member states to do more together in specific areas, i.e. member states can strengthen cooperation in the security and justice areas, increase common industrial and research base, enhance military readiness for joint missions abroad, etc. 4) The EU focuses on delivering more and faster in selected policy areas, while doing less elsewhere, i.e. it steps up with work in areas of innovation, trade, security, migration, the management of borders and defence, and doing less in areas where it is perceived as having more limited added value, e.g. regional development, public health, parts of employment and social policy not directly related to the single market. 5) The EU decides to do much more together across all policy areas, i.e. on the international scene, it speaks and acts as one body, continues to lead the global fight against climate change, plays a big role in humanitarian and development aid. Simon Nixon's first question was directed at Martin Špolc regarding the ideas put forward in the White Paper.

His said, that it is a challenging task to conclude how successful the White Paper was or will be, especially because it is not a blueprint. He explained that the White Paper 'is the future of Europe' and was launched for discussions. It set out several concrete steps that should be taken before the next European Parliamentary elections but at the same time several options and ideas that should be explored before 2020-2025. He remarked that despite its growth and being the central base in European Architecture the Euro has its weaknesses: 1) as a result of the crises we are suffering from huge differences in economic and social development convergence, 2) financial sector - stability issues-bank issues, and non-performing loans, 3) insufficient collective stabilisation mechanism, 4) government transparency and accountability in system. The three main pillars of the structured reflection papers are: 1) A Financial Union (FU) which is trying to achieve stable financial integrated system, 2) The FU's efforts to complete the Banking Union. There are some important vulnerabilities in the system, and therefore the Paper aimed to come up with measures to reduce the risk in the system. He also mentioned that most of these measures have to be finalised by EU Parliamentary elections 2019 and that the European Deposit Insurance Scheme (EDIS), which is the 3rd pillar of the system, needs to be established in order to ensure the full functionality of the Banking Union.



The next question about the Banking Union<sup>15</sup> and Eurozone was directed at Jiří Rusnok, who stated that the Banking Union (BU) is far from being complete. According to him, the BU has issues to solve, like the split between North (countries like Germany, France, Austria, Sweden, Finland, Baltic states and Central European states) and South (e.g. Greece, Italy, Spain, Portugal, and even Turkey), which is a complicated matter. While the North is pushing for national responsibilities and obligations which are already planned in the framework of the Economic Monetary Union, the South is pushing the policy of sharing risk costs without considering national order. He said that he would not be optimistic that it could be solved quickly. He added that he wishes to see the Eurozone as a successfully functioning system.

Aleš Chmelař gave the Czech Republic's view regarding the Banking Union. He said that it is only logical to take small steps when it comes to the EU, unless there is a turning point and there is a big leap. He mentioned the difficulties the European Monetary System has faced, saying that monetary policy can be independent without a political discretion to guide the policy and that it needs neither politicians nor democratic institutions. It can just be delegated to the supranational level and can work that way. Now there are many risks, consequently the quantity of the rules jeopardises the system's functionality in some countries. What we see is some countries (Germany, Finland and the Netherlands) pushing for risk reduction and the reduction of moral hazard, while others push for risk sharing. It is clear that we need to reduce the risks first and then share them, which is a good method according to Mr. Chmelař.



Concerning the Czech perspective, he said that there are no externalities (i.e. there will be neither negative nor positive effects on the Czech Republic in this regard as it is a non-Eurozone member state) but it is still involved in

<sup>15</sup> The Banking Union, created as a response to the financial crisis, aimed to supervise the banks in the euro area directly at European level, and to resolve failing banks in an orderly manner with minimal costs for taxpayers and for the real economy. A European Deposit Insurance Scheme (EDIS), that will be the third pillar is still under negotiations, hence, making the BU incomplete. [More information via EU Parliament: Fact Sheets on the EU, available via [http://www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuld=FTU\\_4.2.4.html](http://www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuld=FTU_4.2.4.html)]

the debate of the overall architecture. They will be a part of the risk sharing story at one point, but now the Czech Republic needs to be more implicated in the debate of how the risk is reduced, as hopefully the Czech Republic will be part of the zone in the future.

Petr Zahradník presented a comparison of the Eurozone between 2008 and 2009, and 2012 and 2013, saying that the Euro was down and later it intensified its fight to survive, and now it is much more confident. He analysed two different 'Eurozones' from the perspective of the present and the future. He stated that we can see some contributions being gradually made in the Eurozone environment, for example, fiscal discussions and the discussion paper on the EC. The term Fiscal Union was used officially for the first time in the discussion paper, which indicated a signal of the fiscal revolution of the Eurozone. After Brexit, the Euro will represent about 87 % of the EU's GDP and will strengthen the Eurozone's institutions. Mr. Zahradník added that he would personally address other areas such as the Energy Union, governance, etc. According to him, the Eurozone will thus be more visibly divided from the rest of the EU. In the case of the Czech Republic, the country could use its good economic performance for favourable negotiations about entry into the Eurozone in the future. We have been able to exist for 20-30 years outside of the Eurozone but we have naturally come to a stage whereby we can be involved in the debate.

Simon Nixon turned to Jiří Rusnok for his opinion on why the Czech Republic should not join the Banking Union, and what could make it attractive for the Czech Republic to do so. To this, the Governor of the Czech National Bank replied that there was no value added to joining the Banking Union before joining the Eurozone. Based on practical aspects, the BU is not complete yet, as exemplified by the absence of a fund created on the national level, and the fact that there are not enough funds to cover the risks of the financial markets. These are the reasons why states are not yet pushed into becoming a part of the Union. Regarding Mr. Nixon's question on the realistic prospects of the EU for harmonising its insolvency and tax regimes in order to allow that kind of risk sharing, Martin Špolc said that it depends on the member states and their willingness to achieve this. They are hopeful that initiatives and steps will be taken in the next couple of years. One important principle for the Commission is 'openness' in order to preserve the Single Market, and he stressed that as it will allow all EU states, even those not in the Eurozone (e.g. the Czech Republic), to contribute.

Aleš Chmelař pointed out that in order to harmonise insolvency rules, it is important to realise that it is to be part of a club that will not let you down, otherwise if you are only in the BU and not the Eurozone, it will not work, since the 'club' will not allow access to the back stop: security guarantees in times of economic/financial crises. Therefore, the motivation depends on this. However, there is no reason why the Czech Republic

will not join. Risk sharing and risk reduction are important motivations for joining the Eurozone. We need to be part of the process that leads to the reforms. Otherwise, we will be left out. Jiří Rusnok did not agree with the argument of risk reduction. He does not see Czech Republic joining the Eurozone even in the next 5-10 years.

Asked whether Europe is headed towards a Franco-German clash, Martin Špolc replied that the French Government was keen on doing something tangible and Europeans have to wait for the German election results to have a conclusive answer. However, their reflection paper offers some ambitious proposals, e.g. the set-up of a Euro treasury, linking the budget to investments, to better connect national and structural reforms in the states with the EU budget. The proposal for the creation of a European Save Asset, 'a sovereign debt or bond for the safest states' will guarantee that the state's asset is safe and will help in the integration process of Eurozone. To whether there will be a clash between the Euro area and the non-Euro area, Aleš Chmelař said that the priority of the Czech Republic is to keep integrating into the EU, as 90 % of Czech exports are from the Eurozone. Petr Zahradník, on the other hand, said that the Eurozone is not an optimum currency area and does not think Visegrad states will join it. 'To support the environment in the direction of the optimum currency areas it is suitable to increase the level of fiscal redistribution'. Currently, the EU budget represents only around 1% of the EU28 GDP, which is very low, while the eight non-EU states account for approximately 12-15 billion Euros without any relations to the Eurozone budget. Thus, Mr. Zahradník concludes that it indicates that the Cohesion Policy in the Visegrad countries would simply stop.

In another area of reforms, the French President has gained a lot of media attention with his Central European tour in August. He has been trying to push for reforms in the area of migrant labour laws, calling them 'social dumping' and a risk to the unity of the EU. It is a bid to harden hiring of cheaper migrants in Europe, so as not to undermine collective wage agreements. The issue has deepened the East-West EU divide, which the CE states see as a 'veiled protectionism' on the part of Western members. 'The leaders of the Czech Republic and Slovakia expressed cautious support for a revision of the directive. To become law, a revised Posted Workers Directive requires a qualified majority vote in the EU Council - not the support of all 28 nations.'<sup>16</sup>

In his concluding remarks, Mr. Špolc said that it was a 'common interest' for all members to join the Eurozone, as well as to come up with arguments for the debates. Jiří Rusnok is hopeful that the Eurozone will exist for a long time and will be more resilient than today. Additionally, to overcome the issues within the EU there is a need for constantly evolving dialogue, understanding and compromise from all the EU members for their collective good.

<sup>16</sup> 'EU needs migrant labour reform – France's Macron' BBC News Europe, 24 August 2017, available via <http://www.bbc.com/news/world-europe-41036909>

The EU needs to increase the level of fiscal redistribution and an increase in the volume of its budget, to at least 5-6 % from the current 1 %. While the other panellists proposed that the monetary policy should be independent of politics, Jiří Rusnok considered that as it is politically driven, it must be politically approved too.

## Plenary Panel: Redefining the Terms of the European Security Narrative

This panel focused on the security narrative of the EU and how it has developed and adapted this narrative to overcome the various challenges and crises with which it has dealt, ranging from a potential Russian threat to the crises in the Middle East. As the Chair **Rick Noack** (Reporter, The Washington Post) explained, the EU has made significant progress in the past years to implement strategic autonomy in terms of security strategy. He also asked the speakers to reflect on Trump's position towards NATO, whether they agreed his moves would push the EU to more cooperation in the security agenda.



According to **Martin Michelot** (Deputy Director, EUROPEUM Institute for European Policy), the 'Trump effect' is less important than it seems. Despite his statements that NATO is obsolete, Trump has not defined any strategy nor policy to impact upon or change the structure of current military operations. As the Deputy Director affirmed, 'Important decisions are made outside the White House, we should not be distracted by Trump tweets'. There are numerous initiatives that predate the US elections, like the procurement, strategic airlift capabilities, the European air transport command, etc. Hence, the EU has been able to remain in control of many aspects of security.

**Petr Drulák** (Ambassador of the Czech Republic to France, Ministry of Foreign Affairs of the Czech Republic) pointed out that we should not overestimate the significance of Trump's remarks. Instead we should see the EU's maturity over the years, making it 'autonomous and full-fledged'. Looking at the historical process of EU security policy since the 1990s, we see a Europe that wants to 'take care of itself, ceasing to rely only on the USA'. This does not, however, mean that NATO is obsolete.

While **Lina Grip** (Researcher, European Security Programme, Stockholm International Peace Research Institute) agreed with the previous speakers, and added that there has been a discernible change in the security environment in Europe<sup>17</sup> as well as in public opinion, in the sense that Europe is keen to step up its defence strategy and take on a bigger leadership role, be more resilient and self-reliant, and these have put the defence security policy at the top of the agenda. Ms. Grip pinpointed the European security strategy between 2003 and 2016, stating that in 2003 it was more focused on the EU's role as a security actor, making the world a safer place (External security) whereas now it is about how to make the EU a safer place (Internal security). There are a number of insecurities within the EU and the Common Security Policy (CSP) will have to address them for the sake of EU citizens.

There may have been a paradigm shift in the way Europeans think about their own security and this is because of the threats getting closer 'to home' added **Alexandre Escorcía** (Deputy Director, Centre for Analysis, Forecasting and Strategy, Ministry for Europe and Foreign Affairs). That coupled with the robust commentary from the USA has been a wake-up call for action for Europe. The speaker also brought up the interesting evolution in Germany as an example, saying that Germans have been taking on more responsibilities, and that even in the Czech Republic there has been a shift in public opinion from a NATO focused security policy to a more European defence policy.

The most significant change over the last years concerning security and defence strategy has been Brexit, as it has liberated the consciousness of Europe in order to enhance its security strategy and policy, according to Martin Michelot. It has in a way curtailed the potential of the Union by limiting the integration process and after Brexit, there will exist a 'coalition of the willing', i.e. the current 27. Petr Drulák indicated that the Central European states have a large role in pushing forward Europe's defence and security strategy, and it can have tangible benefits.

Where security is concerned, the other factors shaping strategy are broad and have a contemporary aspect, rather than a simply military-driven approach. Therefore, the CSDP is a comprehensive one. The Lisbon Treaty, however, was about dealing with the crisis outside the EU, and since now the focus has shifted to the migration issue within the EU, there has arisen a mismatch in the security narrative, concluded Lina Grip. She added that even though the strategic objective is in place, and there has been a lot of movement in recent years, we need to keep in mind that even a perfectly implemented CSDP can be limited by the contemporary security challenges. She is a bit torn about the effectiveness.

<sup>17</sup> It has become clear that the 'soft power' image of Europe has to change, if rules are overpowered by force. 'EU cannot be naïve and has to take care of its security.' [White Paper on the Future of Europe: Reflections and Scenarios for the EU27 by 2025, p. 9. Full text available here]

To the question of 'Do we really need security cooperation on the EU level when we have NATO?', Martin Michelot answered that for the EU the logic behind cooperation on defence policy is to act autonomously in the international context, claiming that 'the EU defence agenda does not mean a duplication of NATO, but cooperation, enhancing NATO's ability to act with more coordination between European States. It is not a competition'. He cited the inter-institutional agreement of 2016 between NATO and the EU, with its 42 points on cooperation on seven key areas - countering hybrid threats, operational cooperation, exercises, cyber security and defence, defence capabilities, defence industry and research, and defence and security capacity building in third countries - as an example of the two organisations co-existing, instead of competing with each other. There is a lot of complementarity between the two, although there is one aspect where NATO will remain irreplaceable, and that is 'nuclear deterrence', the ultimate security guarantee, added Ambassador Drulák. Regarding a 'European army', he remarked that even in the years to come, the allegiances of the soldiers would still lie with the nation states, and they will still be the responsibility of their own states, making the term 'European army' more of a metaphor, as their missions will be carried out within the EU framework. However, a European army would be the ultimate goal, for the future.

Moving to the issue of migration, Lina Grip expressed her opinion that the EU must play the role not only of assisting in the crises that lead to migration but preventing them, stressing that the EU can do more than just equip armies and border security personnel; it must find ways to maintain resilience and reconstruct states.

In conclusion, the panellists discussed a variety of topics, highlighting the different challenges that the EU has to deal with nowadays. The speakers agreed on the fact that the Trump effect was a push forward for the EU but it does not have to be considered as a central motivation. The EU countries started negotiations regarding a Strategic Defence Agenda even before Trump's election and this is because there is the will sooner or later to become 'strategically' autonomous on the international scenario, and EU member states know that they can do this only within the EU.

**The panellists recommended the EU to have a European defence industrial base, to increase finance and investment in security, and take control of its own destiny. It is vital to aim for more defence integration projects among members, for a multi-national process, to strengthen cooperation among neighbours and support integration on spending. In cyber defence, we need to build resilience (like the French<sup>18</sup>) and be vigilant.**

<sup>18</sup> The French introduced an unprecedented, overarching, comprehensive cyber-security strategy in 2015, which is based on a united, cooperative approach, aimed to protect the government, commerce and individuals. It is designed to take the French society through the digital transition. It was built on the recommendation of White Papers and is a 'result of coordinated interdepartmental efforts to respond to emerging issues of the digital age'. It is based on 5

**This point was also mentioned by Juncker's September 2017 speech, there he talked about the creation of a European Cyber Security Agency, which will reinforce the mandate of the already existing EU Agency for Network and Information Security (ENISA). Additionally, they suggested that investment in security is linked to responsibility for soft issues too – such as stability of the neighbourhood, for which the EU should focus not just hard – military power but also softer issues like development aid. The speakers recommended to work towards a shared Common Assessment of Security Threats and Challenges.**

## Plenary Panel: Investing in Europe's Growth

European economic growth has become a more optimistic story, with the EU's GDP reaching its pre-crisis levels last year after 8 years of near stagnation and the EU Commission predicting steady growth in the coming years. Moreover, the European Central Bank has finally ruled out interest rate cuts. In the financial markets too, the outlook is very optimistic, with investors contributing to the equity markets, and many European markets reaching record highs. The Euro is also growing. This is how the Chair **Ivana Kottasová** (Reporter, CNNMoney) opened the panel discussion. However, with all that said, she continued by remarking that investments have dropped by 15 % during the crisis and we are still not at the pre-crisis level. Unemployment rates face the same reality. Fortunately, the Juncker Commission has come up with an ambitious plan for Europe - an EU Commission Investment Plan for Europe<sup>19</sup>, which was launched in November 2014. The goal was to put Europe back on track, generate 315 billion Euros from private investments (last year, this figure was extended to 500 billion by 2020) and create 1 million jobs in the process.

She then directed the first question of 'where we are two years on' to **Iliyana Tsanova** (Deputy Managing Director, European Fund for Strategic Investments), who replied that there was a need for developing a solution to address market failure in the EU, to find a body that would catalyse and mobilise this investment in the economy. It was aimed at 3 pillars – the financing arm, the advisory hub (with the objective of providing advice to public

strategic priorities – Critical infrastructure, digital trust, education/training, surrounding environment (i.e. industries, businesses, etc.) and digital strategic autonomy (cyberspace stability). [More information is available here]

<sup>19</sup> Key objectives: 1) to mobilise €315 billion of additional investment until 2018, 2) to ensure that investment meets the needs of the real economy, 3) to improve the investment environment [European Council: Policies: Investment Plan for Europe, available via <http://www.consilium.europa.eu/en/policies/investment-plan/> ] As of July 2017, the Juncker Plan is set to trigger 2/3 of its original investment plan with €225 billion. The European Investment Bank has approved 276 EFSI-backed operations, while the European Investment Fund has approved 296 SME financing agreements. Other implementations include €150 million upgrade of Greek broadband networks, €30 million for financing the construction of new state of the art facilities at the University of Latvia and €125 million to support the construction of over 2,000 social housing units in Barcelona. [European Commission Press Release Database: Daily News: 24/07/2017: Brussels, available via <http://europa.eu/rapid/midday-express-24-07-2017.htm>

and private sector) and country specific reforms. The backbone of this plan is a public guarantee from the EU of 16 million Euros enabling the biggest bank – the European Investment Bank - to invest in riskier projects. Europe is back on recovery but lacks investment.



Asked whether we need this kind of project when EU growth is returning, **Sebastian Plóciennik** (Head of the Weimar Triangle Program, Polish Institute of International Affairs) affirmed that to understand this kind of programme, we need a broader political perspective. Even though the program was a great success and there is a 1.8% growth in the Eurozone, and hundreds of thousands of jobs have been created, we must be cautious of simplistic evaluation, as growth in Europe is much more complex. Sebastian discussed the Keynesian start of the program – 'Wake your animal spirits again to invest in Europe' because in 2013-14 the business mood was quite depressing. From the Central European perspective, the economy is quite different due to low cost competitiveness, but Eastern European member states need to catch up with the Western members and therefore increase investment, as this programme gives a chance to set in motion the transition to higher value production. But to catch up with more developed countries, we need more. Central European states attract investment only because of low costs and thus, integrate into global chains of production. However, this gets them stuck in the controversial 'middle income trap' banner from which they strive to come out, by saying that they need more advanced production, despite their shortcomings in areas of knowledge, and technology.

**James Watson** (Director of Economics, BusinessEurope, the Confederation of European Business) was, however, a bit sceptical about the Keynesian viewpoint, as there had not been an increase in expenditure, the money was not new but rather from other European projects (e.g. Horizon 2020<sup>20</sup>). However, he did acknowledge that the plan is a

<sup>20</sup> 'Horizon 2020 is the biggest EU Research and Innovation programme ever with nearly €80 billion of funding available over 7 years (2014 to 2020)' – it is currently involved in projects with Euratom, also funds a number of projects on societal challenges like smart, green and integrated transport (722.5million Euros earmarked for 2016-2017), security clean and efficient energy (664.38million Euros earmarked for 2016-2017), food security and sustainable agriculture, etc. (17million Euros earmarked for 2016-2017) [European Commission: What is Horizon 2020? Available via <https://ec.europa.eu/programmes/horizon2020/en/what-horizon-2020> ] The program has, nevertheless been criticised for issues like not enough reporting and giving shorter kick-off periods.

great way of moving away from bureaucratic grants and towards a more market based approach. A reform agenda would really drive investment, but a drawback is that the investment plan does not really have the levers and ways to incentivise choices. Iliyana continued that the reason for it not being 'new money' was that it allowed them to develop a very concrete matrix of policy objectives, priorities of where to invest with the right products and instruments, and combining all these helps to have a bigger impact than that of smaller projects. It is a flagship programme and it caused heated debate in the Parliament. Ultimately, however, the programme allows us to invest where there is demand. This is good because 'venture capitalists with know-how are still in short supply in Europe, and European businesses are traditionally very risk-averse.' We have succeeded in lowering interest rates, investing in risky R&D projects, but we need to think about how to mobilise private sector funding, fill the capacity gaps in relatively unsuccessful states, etc.

Ivana then directed the question about SMEs benefiting from such programmes to **Olga Afanasyeva** (Executive Director, Ukrainian Venture Capital and Private Equity Association) who replied that private investors were apprehensive about risks, and therefore needed this support from public funds. 'High tech is the sector that needs this support, indeed'.

One of the criticisms of the Programme is that the risk programmes that have been financed or signed are very similar to the projects that the European Investment Bank would have financed – as Ivana Kottasová pointed out. Iliyana responded by saying, 'It is all relative... we have strict criteria by which we evaluate projects. First of all, we have an independent assessment committee... and we have an additionality whereby we need to justify that the financing projects could not have been financed to the same extent if we did not have the guarantee'. Secondly, there is the aspect of eligibility, meaning to what extent the project complies with the EU policy priorities, employment impact, climate impact, etc. She does not think that they are doing the same as the EIB, because the latter invested 5% (approx. 3-4 billion Euro a year) to 'special activities'. Now we have increased this to around 35% and we are taking risks and aim to meet the target set by the European Fund for Strategic Investments (EFSI).

Regarding the selection of the right projects, **Sebastian Plóciennik** is of the opinion that we are in the warming-up phase, that 'the next edition of the plan needs more risk orientation. A good investment plan needs the ability to see that there are obvious investment roads out there.' The U.S. accepts that 80 % of investments might lose but with that comes the knowledge that 20 % of investments will succeed. But it is hard for private business to accept such risks. 'The winners of investment will be those that are already prepared. Central and Southern Europe are by and large not prepared for this.' He further pointed out that in the past there was a 'secret deal' between Europe and the U.S. where the U.S. would produce high-tech borne

out of risky investment environments and then Europe would import this, while also providing some of Europe's top workforce to the U.S. But today this deal is dead, so Europe needs to stop thinking in its old ways and invest in itself. James continued, claiming that we need to attract projects that would not have been financed usually (i.e. riskier projects) and that in hindsight, perhaps it would have been better to give more flexibility to EFSI, instead of having the political target of 325 billion.

Moving onto the reforms, Olga talked about those required for investors to make sure they have security. There have been reforms made, like the visa-free regime, decentralisation, etc. She mentioned that Ukraine is stronger than it is perceived to be, and has more potential. The Investment Plan for Europe seems like a solution to socio-economic problems and Ukraine can contribute to Europe and the world in solving issues like cyber security and defence, as it is seen as a country of 'positive-hackers'. Also important are the sectors of agriculture, energy and healthcare. National promotional institutions in Ukraine will play a very important role in investment and we are ready to fulfil the goals.

To ensure stability and continuity Iliyana mentioned that obstacles to investment were financial (strict regulation) and non-financial (uncertainty, regulatory obstacles and political instability). Reforms are vital for addressing the needs of a country. Sebastian argued that helping countries struggling to bring in investors could become a political problem, because it will lead to asymmetry among states' capabilities. However, we can assist by focusing on transnational projects to help them integrate. The digital market, the capital market, single market reforms will also contribute to promoting demand for peripheral states. Yet, this is not the feature of the programme that should be criticised, as it puts pressure on peripheral countries, continued Sebastian. Iliyana added that 'the important condition for success is cooperation with national promotional institutions (i.e. development banks or funds, or other institutions with specific mandate to tackle market failure or achieve a specific goal) and that cooperating with them enables us to address market needs tailored to each country.'

The question from the audience – how to ensure accountability for the public resources invested? – led Sebastian to argue that we cannot plan investment, especially with plans and rules; we cannot create a long-term perspective for this programme without our own revenues, while Iliyana said that there were two aspects to accountability – governance and transparency. For the former, there is 'a dedicated independent governance structure in place', where she herself is the managing director and for the latter, they have to explain the rationale behind their actions. The question is whether it is relevant in the future. To this she added that 'it is not a silver bullet but a step in the right direction. Having such a flagship is fantastic!'

'Does the plan have the potential to secure sustainable growth and low unemployment?' – was another audience question and James replied that the question is whether the EU will deliver on its side; Sebastian said that we need to decide 'whether this programme is for macroeconomic stabilisation and for easing access to money... or is it a programme for making Europe a master of radical innovations'; Iliyana, on the other hand, argued that Europe is not lacking in innovation because of financing but due to a lack of 'know how' (venture capitalists), and we need to change the culture from traditional big businesses to smaller businesses; Olga agreed with Sebastian, saying that Europe needs to risk more and invest in risky companies.

The panellists concluded with thoughts about the future, e.g. joint venture of European Universities in other countries, like Ukraine, to invest in start-ups, to complete the Banking Union and the Monetary Union, to strengthen the single market, etc. They were optimistic about the future of the Union and the programme, and added that the best step forward would be an increase in risks and in transparency, to implement reforms and to keep in mind that 'businesses are not the bad guys trying to avoid taxes, but the good guys that are creating wealth and jobs'.

**The panellists highlighted the necessity for a tailor-made approach for country specific needs, as well as a necessity for adjusting the model and closing investment gaps. They recommended that the EU increase investment: this should be achieved in part by investing in bold technological ideas and risky projects (following the US's example), and investing in innovation, R&D and education/training. They suggested that the peripheral countries must also become innovative in order to attract investment.**

### "Vision for Europe" Award

Award Vision for Europe is the annually bestowed award for well-known personalities who have devoted their lives to the establishment and development of the European integration and the European ideals such as strengthening peaceful cooperation among European nations, developing a fair institutional arrangement of European integration, making European integration more accessible to European citizens, and overcoming prejudices and misconceptions related to the integration process. The awarding ceremony is part of the annual Prague European Summit. It is accompanied by the European Vision speech, which is delivered by the awardee. This year the award was given to Timothy Garton Ash, a historian, political writer and commentator. He is the author of nine books of political writing or 'history of the present' which have charted the transformation of Europe over the last thirty years. He is a professor of European Studies in the University of Oxford, Isaiah Berlin Professorial Fellow at St Antony's College, Oxford, and senior fellow at the Hoover Institution, Stanford University.





## Day 3:

### Discussion Breakfasts:

#### Slovenian Embassy – The Future Legal Framework of the EU: Ljubljana Initiative<sup>21</sup>

Following the opening remarks of the Slovenian Ambassador to the Czech Republic, Leon Marc, **Professor Peter Jambrek** (Former Member of the European Court for Human Rights) discussed the main ideas behind the Slovenian proposal for the EU Constitution. Professor Jambrek had co-authored the Constitution of the Republic of Slovenia and his work on the new constitutional initiative for the EU should be considered, in his own words, 'as an intellectually challenging exercise that is necessary in order to improve the current legal structure of the EU'. He described the current state of the EU legal structure as disorganised and open to attack. The speaker pointed out that separate consolidated treaties

cannot substitute the role of a constitution and in cases where 'there is not one consolidated treaty, all the law principles do not work properly'. Therefore, there is an urgent need for a simple and understandable document that will make the EU more democratic and transparent in its function.

According to the Professor, the issue of the protection of human rights needs to be directly incorporated into the constitutional text. Furthermore, the new constitutional initiative stresses the necessity of a clear division of powers between the member states and the EU and special emphasis is placed on the division of powers on the level of the EU itself. The Ljubljana Initiative is proposing a reformation and strict separation of the legislative, executive and judicial branches of the EU bodies. The goal is to transform the EU into a consolidated democratic state union with more direct participation of its citizens.

Professor Jambrek also touched upon the critical situation currently faced by the EU. The refugee crisis poses a serious threat to the security and survival of the EU, and therefore, there is a need for a clear delineation and protection of the external borders of the EU. 'The issue of the external border regulation and protection needs to be incorporated into the constitution of the EU. There is no place for shying away from such instruments as coastal guards, border police, intelligence, navy, army or air force. There is an urgent need to organise these instruments in a more integrated way in order to survive another wave of migration'. Furthermore, the speaker pointed out the importance of the interplay of the

<sup>21</sup> 'New draft Treaty for the Constitution of the European Union was first prepared to encourage discussion on issues related to the European Constitutional system at the International Conference on the Constitutional Process for the European Union held in Ljubljana (Slovenia) on 18 and 19 April 2016.

The new draft Treaty for the Constitution of the European Union is based on texts of the consolidated versions of the Treaty on European Union, the Treaty on the Functioning of the European Union, and the Charter of Fundamental Rights of the European Union. The texts of both ratified treaties and the charter were partially merged into the current draft Treaty for the Constitution of the European Union; other parts of them were deleted, modified, amended, or rewritten for insertion into a new conceptual framework, to fit into the overall structure of the new text.' [Initiative for the New Constitution of the EU, available via <http://chr.si/ljubljana-initiative>]

external and internal dimensions of the EU. On the one hand, there is a need for strict regulation and protection of the border zone, however, internally, there is a need for an ever-closer Europe. He called for 'a stricter inner safety, freedom and solidarity within the EU that is able to protect itself from over-regulation from the central power'. However, he added that 'the internal progress cannot be reached without the necessary regulation and protection of the external border of the EU'.

**Professor Pavel Šturma** (Charles University in Prague, Faculty of Law) continued by pointing out the advantages of the Ljubljana Initiative in comparison to the Lisbon Treaty, which was evaluated as a hard and heavy document. The speaker described the Initiative as short, easy to understand and able to highlight constitutional values and fundamental rights. However, according to him, the problematic part of the Initiative is the dichotomy of the term 'treaty versus constitution'. The speaker pointed out the political unpopularity of the term 'constitution' in association with the EU. 'The EU can be perceived as a constitutional legal entity, however, not identical with a state in a standard sense of the term'. The EU fulfils the criteria of an international organisation *sui generis* rather than of a state or a federal state, and therefore, the term constitution is problematic. Overall, Professor Šturma perceived the Initiative as a useful platform for further debate and a new opportunity for the member states to reconsider which issues should be incorporated into the EU legal framework in order to improve its functioning. The speaker stressed that 'the EU is a great project, and even though it will not become a state in a traditional meaning, it should be perceived as a union of values and citizens that possesses the solid potential to work very well'.

The Slovenian ambassador closed the discussion with an optimistic remark that 'the EU will hopefully become a protective shield against the negative effects of the globalisation that will ensure prosperity for its citizens'.

#### French Institute in Prague – European Defence

The discussion on European Defence, chaired by **Martin Michelot** (the Deputy Director of EUROPEUM) was discussed from the perspectives of Czech Republic and France. **Michal Šimečka** (Researcher at the Institute of International Relations in Prague) began his opening statement with an evaluation of the Central and Eastern European perspective on common defence. He introduced the issue by referring to the Wall Street Journal Article written jointly by the current Czech Prime Minister Bohuslav Sobotka and the President of the European Commission Jean-Claude Juncker, in which they agreed that that the EU needs increased security cooperation. He also highlighted that this is slightly ironic given the fact that Juncker has recently sanctioned the Czech Republic because of its dismissive stance

towards the relocation of refugees. He exclaimed that within the EU, the Czech Republic and other Central and Eastern European countries are 'pariahs' for their Eurosceptic attitudes. In this light, Šimečka offered 4 reasons for why these countries, despite being opposed to EU integration, push for a common defence policy: 1) These countries are simply adopting to the new security environment in Europe, and they assume this is the best way to address it. 2) These countries want to improve their military capabilities and this is the best economic option with least effort input. 3) These countries believe in the traditional view of geopolitics. They assume that the US is a military hegemon which needs to be balanced, and so the EU should be seen as a traditional, military super-power. 4) Cooperating on defence is one way of integrating into the EU.

**Manuel Lafont Rapnouil** (Head of Paris Office and Senior Policy Fellow of the European Council on Foreign Relations) presented the French perspective and advocated for the introduction of new security measures. He believes that Europe needs to focus more on defence and invest more in military assets. Referring to PESCO, Rapnouil suggested that it embodies one approach to how we can organise and structure how we spend. He also emphasised that the EU countries need to increase their participation in the common defence programme. 'We need to deploy and we need to deploy together on this.' The guiding principle, according to Rapnouil, rests on the EU's independence: 'We need to do stuff on our own and we have to do it.' Moreover, he argued that the mission of the EU security policy should go beyond crisis management. He also made a link between security and solidarity; solidarity should be the motivation for increased defence cooperation. His other opinions revolved around how the EU should develop procedures that would improve its cooperation with NATO, and the pressing need to frame how it will work with the United Kingdom. Finally, he introduced the notion of a 'flexible Europe', meaning that a common defence programme built on organised solidarity would go beyond the non-cooperative tradition. He also emphasised that the idea of flexibility does not undermine the cohesion of the EU, rather the contrary.

Šimečka followed up on Rapnouil's calls for increased cooperation by stating that the communication between the member countries has so far been problematic. He noted that the EU is not as cohesive as is perceived, precisely in the sphere of political communication; and evaluated that there are two other problems concerning the efficiency of intergovernmental cooperation: 1) Implementation is on an ad hoc basis and it is not organised, 2) It is not automatic and there are no expectations for the member countries to participate.

Commenting on the French-German relationship and its philosophical differences regarding defence, Rapnouil replied with reference to Article 42.7<sup>22</sup>, which does not

<sup>22</sup> 'Article 42.7 is the solidarity clause that states that if a member of

have a single interpretation regarding which countries should intervene when a situation occurs. He quoted that the question is not whether you should institutionalise solidarity, but rather about setting the expectations: 'Let's find a common way of organising a response.' As for the French-German policies, Rapnouil rejected the stereotype that the French believe that only through French military enhancement can the EU progress. 'France... cannot do it alone.' Šimečka addressed German security in relation to Central and Eastern Europe. From his viewpoint, the future will witness Germany becoming the main strategic partner of Czech defence. He nonetheless acknowledged that there would be a political backlash to this given the anxiety which still accompanies German-centred policies in the Czech Republic, and similarly in Poland.

To Martin Michelot's final question regarding the future of European defence, and whether the establishment of an EU army is a likely scenario, Rapnouil reacted with a call for the development of a strategic culture. 'Strategic culture needs planning, relevant policies and discussion on what you want to do with defence.' He then asserted that the EU will probably not oversee the creation of an EU army but that there will be more interdependence between the members. He added that military enhancement is not about resources but about creating a market for the industry.

Alongside EU cooperation with NATO and Britain's post-Brexit attitude towards the EU common security policy, the ethical issue of increased militarisation ended the panel discussion with a reminder that European common defence needs to be primarily defined as a peacekeeping and preventative mission.

## British Embassy – The Media as Guardians of the Truth

**Her Excellency Jan Thompson** (British Ambassador to the Czech Republic) welcomed the guests and speakers to her residence for a discussion on the topic 'The Media as Guardians of the Truth'. **Ryan Heath** (Senior EU correspondent, Politico) opened the discussion by noting that media representatives should be 'guardians of facts' not 'guardians of truth', implying that there is only one concrete truth, which is not true. He said that it is a difficult time to be a journalist because of the distrust of news sources, adding 'If you are not annoyed by a journalist, they are probably not doing their job very well'. Heath also noted that there tends to be a privilege for Western European voices in the media, and not necessarily Central and Eastern European voices. **Chris Morris** (Correspondent, BBC News) noted that fake news

the European Union is the victim of 'armed aggression on its territory' other states have an 'obligation of aid and assistance by all the means in their power.' This article was first invoked at the request of the French government following multiple terrorist attacks on Paris. EU countries voted unanimously in favour. [Politico 'What is the article 42.7 of the Lisbon Treaty?' 17 November 2015, available via <http://www.politico.eu/article/what-is-article-42-7-of-the-lisbon-french-government-terrorist-attacks-paris-treaty/>]

is not actually new, but it has got a new frame. 'There has always been misinformation and the attempt to spin the truth; what has changed is the technological ability to reach so many people. Information is no longer curated in the same way' he explained, indicating that it is not worrying that there are world leaders shouting out about fake news. The big issue now is to make sure that neither journalists nor politicians become lazy and present misinformation. He remarked that with the BBC there is the 'BBC reality check' in which data experts can go through information, they are known as 'data journalists'. **Tom Nuttall** (Charlemagne columnist, Economist), on the other hand, responded by saying that there has been a clear corrosion of trust in public institutions across the West. 'There are often some surveys in Britain that show that journalists are less trusted than politicians. The run-up to the British referendum is an example of that. In the run-up to the British referendum, some of the misinformation was influencing the result. £350 million for the NHS, as well as Turkey joining the EU were two claims that people remember most from the campaign which could have had an impact on influencing peoples' votes.'

**Michał Kokot** (Foreign desk journalist, Gazeta Wyborcza) highlighted the situation with media in Central and Eastern Europe, noting that the media there is not facing censorship but strong financial pressure. 'It is [the media] facing a digital revolution; investing a lot of money online. Outlets are mostly owned by politicians, which makes a situation that is very dangerous for their independence.' He asked if people nowadays want to hear the truth or whether people rather hear what confirms their own view. Tom Nuttall – 'Supporters will see you as a propaganda that is opposed to what they want' and Michał Kokot added that 'It's true that in Poland people just want to read what they already know. Polarisation is growing, and cannot operate in this environment of just presenting facts, but you have to convince the audience too,' noting that 'there is a very thin line between being a journalist and being a politician.' According to Tom Nuttall, 'one of the reasons the Tories may have done so badly in some parts of the country is because they feel that Theresa May is on a side that they don't want to be on. They want to be on the other side – the media can have a role in accentuating the political divisions. Seeing all opponents as enemies'. Ryan Heath noted that we do not really know the way news is reaching people, which is worrying to journalists. Facebook algorithms make things more complicated.

To the question 'How would our world look like if all the media told the truth?', Chris Morris answered that 'there is no truth, it is a world of opinions. Guardians of the Truth is the wrong phrase to use and the wrong way to look at it. You can always argue what the truth is, because that is what politics is. What is important is that the public have access to factual information so that they can make their mind up for themselves what the truth

is.' Ryan Heath, on his part, stated that it is important for a journalist to know the audience. The panel are asked about Russian misinformation, to which Ryan Heath said 'It's a 15-year plan from the Russian state, and because it is digitally deployed it can be cheaper than some forms of warfare. It works a lot with fear – making it weaponised now because of the digital revolution.' In addition, he noted that it is not only from Russian sources.

## Plenary Panel: Brexit. Bad or Worse?

The Brexit Referendum was an unprecedented move in the history of the EU which triggered Article 50 of the Treaty on the European Union (2007) and threw the system of the Union into disarray. The negotiations will dominate the EU's political agenda for some time and will set the parameters of EU's trade and political relations with the UK. The outcome of whether it will be a 'hard' or 'soft' Brexit remains to be seen as the sides delve into two-year long negotiations. The election results in Britain were a humiliation for PM Theresa May, and her politics have cast a feeling of uncertainty on both sides. 'Will Britain remain inside the single market or maintain a common customs arrangement with the EU?' wonders the chair of this panel discussion Tom Nuttall (Charlemagne Columnist, Economist). On the European side there are uncertainties too, and despite the fact that they have done their research since the referendum, they have to make sure that Brexit will not upset the EU27 and its unity or harm their other matters and interests. This, places the question of Brexit being 'bad or worse' even higher on the discussion platform.

Tom Nuttall directed the first question at **Stefaan De Ryck** (Advisor for Outreach and Think Tanks, Brexit Task Force of European Commission), asking if the elections in Britain have 'upset the assumptions that people have had about the approach that Britain is going to take to Brexit' and if, from his perspective, anything has changed since then. De Ryck stated that, from the EU's perspective, the election had had no impact as such, as it is indeed prepared, it has a set timetable and clearly identified positions. He added that it is important not to pay heed to drama and rather to focus on building a new partnership, to focus on the uncertainties that the withdrawal presents, e.g. citizens' rights and the financial settlement. 'Only by taking away the uncertainties can you reassure the authorities of the 27 ... that we have a sufficient level of confidence to construct a new partnership with the UK authorities.'

**Tim Oliver** (Research Director, Brexit Analytics, Associate, LSE IDEAS) tackled the question of whether the UK understands what is at stake with the impending negotiations and responded by saying that although there had been a referendum and an election, the politicians did not really address the issue of Brexit, with Theresa May famously stating, 'Brexit means Brexit' without giving any explanations as to what that actually entailed. Neither have there been public debates about it. He added that in fact no one really knows what it means and how the situation will progress. Nevertheless, there are a lot of expectations from the public.

**Emmy van Deurzen** (Director, New Europeans) focused on the personal impact the outcome of this referendum



has had and will have, regarding the rights of EU citizens in the UK, the 3.5 million people who have become 'disenfranchised in the process'. She noted that this has been leading to radicalisation as they have become dissatisfied that the UK ignored them and that the EU did not stand up for them. The EU Commission, on the other hand, has given unilateral guarantees to UK citizens in Europe. 'The situation is dire', noted the speaker, as millions of people were muted in deciding their own future. She urged that we learn from this.

Nuttall turned to **Martin Povejšil** (Ambassador, Permanent Representative of the Czech Republic to the European Union) asking what his thoughts were on the long-term impact on the remaining 27 states after Britain's departure – would it push the EU in a more protectionist direction or will it allow it to move on with issues that Britain was slowing down, such as defence and security. The Ambassador pointed out that no matter what happens, it will 'fundamentally change the balance of power inside the EU' as well as the way they operate vis-à-vis the institutions and among the member states. To him, it is tricky to anticipate the reaction by the Commission and how it will draft and present its proposals without the presence of the UK. Mr. Povejšil noted, 'collectively, we hope to use our wisdom to keep balance in the EU'. The UK will, however, remain interested in the security and defence of the EU, as he believes that it cannot go on its own way without close cooperation with the EU. The speaker added that the other area where there will be progress is the Eurozone, whereby Britain's withdrawal from the EU might catalyse political factions on this issue.

'The uniqueness of this event has to be stressed' argued Stefaan De Rynck, adding that whether the two sides could have done things differently depends on the challenge to citizens' rights. He argued that we need legally solid rights for both EU and UK citizens, and the only way is through the Art. 50 agreement, which could not be articulated before the activation of the Article. He added that we need the jurisdiction of the Court of Justice to make sure that the rights of people are protected. It is important, he noted, to realise that these negotiations are not just about money and budgets but also about the beneficiaries, and that this is 'not an accounting issue but a human issue.' Emmy van Deurzen added that there should have been something like a conflict resolution or alternative dispute resolution within the functioning of the EU, whereby we could have kept the Britain in the EU. There should also be regulations around Art 50 that require a two-thirds majority rather than a simple majority for any country voting to leave the EU, and giving EU citizens resident in such a country the right to vote in the referendum. She believes that the perception of migration should change, with the EU introducing quotas for countries that feel threatened by migration.

To the question of whether the British government would likely sign a substantial financial settlement of up to 100

billion Euros gross without knowing the future terms of its trading relationship with the EU, Tim Oliver remarked that it is hard to speak on behalf of the Government but domestic pressure would force it to pay as little as possible. The British have to concede to the EU on the exit agreement before moving to the trade agreement because the cards are in the EU's hands, stated the speaker. However, the 'potential that this could collapse is very real' and we cannot overlook the financial front. 'The main problem is the lack of general knowledge even among politicians and the blind concentration on the UK,' he said. Nuttall responded that this speaks of the unpreparedness of the British Government and the British Parliament.



From a Czech perspective, Martin Povejšil said that they would expect the economic relationship to be as close as possible, and as little burdened by bureaucracy as possible, but the form it will take will depend on the second phase of the negotiations. He guesses that PM May's wish to have a close relationship with the single market in individual sectors will be confronted with a rejection from the EU27, as there cannot be any 'cherry-picking'. As an expert in psychology, Emmy van Deurzen suggested that the process needs to be managed in a professional way, so that 'things do not go wrong'. She added that the talks have so far been concentrated on politics, trade and economy and have ignored civil society and individuals, the education sector, peacekeeping, etc. 'We have not produced good PR about this'.

Martin Povejšil continued, focusing on possibilities for the future, saying that sharing the same space and similar challenges can enable the sides to develop robust relations in security/defence and foreign policy. So far, there have been reassuring comments from British authorities. The Ambassador is confident that there will be cooperation on these compelling issues.

In conclusion, the panellists were not against the notion of the 'door remaining open', although as the Ambassador pointed out, some states might be tempted to add conditions. It is important not to poison the mood, as it might channel back through NATO, since 22 of the EU27 are NATO members. However, in any case, it would be a 'lose-lose' situation. Emmy van Deurzen said that she was 'cautiously optimistic' about what will happen, and that even though the UK has 'never opted into the EU', it is an 'existential issue', and she stated her belief in the rationality of the EU. 'The biggest deterrent against further exits is the indivisibility of the Four Freedoms (free movement of workers, goods, capital, services)' - Martin Povejšil.

It is worth mentioning, however, that the EU has demanded that Britain guarantee the rights of millions of EU citizens after Brexit, which will thwart the PM's hopes for a quick deal. In a tweet, Michel Barnier (the chief negotiator on the side of the EU) wrote: 'EU goal on #citizensrights: same level of protection as in EU law. More ambition, clarity and guarantees needed than in today's UK position.' The British response of 'settled status' was not well received by the EU, and the EU President Donald Tusk deemed it 'below expectations'<sup>23</sup>. Further negotiations will show how the deal will proceed.

**The panellists all stressed the vitality of cooperation and collaboration between the UK and EU 27 despite 'hard' or 'soft' Brexit. They suggested that the parties should not focus only on trade and finance, but look at the 'human' aspect too. For them bilateral guarantees for the citizens is important to ensure that individuals do not suffer the consequences of political decisions and that there should be some legal protections, e.g. Jurisdiction of the European Court of Justice to make sure that the rights of people are protected. Regarding regulations, they recommended that Article 50 be better regulated, to introduce 2/3 majority rule for future referendums, to allow EU citizens to vote as well, and to include the public in discussions.**

<sup>23</sup> Ross, Tim and Kennedy, Simon, 'Eu Demands Further UK Guarantees for Citizens After Brexit' 26 June 2017, available via <https://www.bloomberg.com/news/articles/2017-06-26/u-k-s-may-promises-to-protect-eu-citizens-rights-after-brexit>

## Plenary Panel: Exploring Options for EU – UK Trade

The final plenary panel of the summit explored EU-UK trade, and was chaired by **Richard Cockett** (Business Editor, The Economist). He introduced the topic of the conference from a starting point, saying that the British economy is linked to that of the EU, and that all sectors need to have access to the European market. For this reason, everybody has a shared interest in negotiating the British position in the EU liberal market. Mr. Cockett stated that he does not think 'anyone would dispute the fact that trade/commerce is, in fact, the most important issue in all UK-EU Brexit negotiations.'



The panellists generally agreed that reckless changes in trade policy and business regulations could needlessly hurt industry both in the UK and in the EU, and that even the current uncertainty about the future of UK and EU trade and business is detrimental. **Glenn Vaughan** (Chief Executive, British Chamber of Commerce in Brussels) stated that 'the member states need to be clear about jobs and the economy being in the top of the issues' in order to come up with effective temporary and medium-term agreements, as well as durable long-term ones. He also argued that business, in general, wants as little change as possible. Specifically, having clashing regulatory frameworks in the EU and UK would be problematic, as would the creation of barriers to the transportation of goods. This is especially true for small businesses.

**Christian Bluth** (Project Manager, Bertelsmann Stiftung) stressed the need for patience and diligence, pointing out that CETA took seven years to negotiate. He emphasised that 'there is no way that within the two-year period that the Article 50 gives us, a long-term trade deal will be reached.' Rushing through an agreement for the sake of meeting a deadline would only create larger problems down the road as hastily-thrown-together parts of the agreement would begin to unravel due to unforeseen issues. Additionally, copious discussion and lengthy negotiations are essential for creating an acceptable agreement, as 'any reasonable compromise on these issues will be hard to swallow for some politician.'

**Vladimír Bártl** (Deputy Minister for European Union and Foreign Trade, Czech Ministry of Industry) continued the discussion by arguing that any agreement will be a 'lose-lose situation' (something that the previous panel also pointed out). As such, negotiators should focus on reducing costs and uncertainty and 'the agreement should really provide as much clarity and legal certainty as possible' in order to create a smooth transition and future working relationship. **Elvire Fabry** (Jacques Delors Institute) called on the UK to clarify its own position - what sort of trade policy it would like to see resulting from Brexit negotiations. She provided two possible solutions: a) a Free Trade Agreement à la CETA, or b) perhaps a customs union like that which the EU has with Turkey, but ultimately argued that negotiations cannot proceed until it is clearer what the desired ends are. According to her, there is no 'soft Brexit', because it is more correct to define it as a 'half Brexit', in which there has to be a compromise on the free movement of people, business interests and negotiations on access to the single market, contribution to the EU budget, etc. She concluded by stating, 'The freer the economic policy will be, the less economic national power the UK will have'.

Richard Cockett then asked the panellists how they see the role of business and what the priorities are in the Brexit negotiations. Since different sectors are affected by Brexit, how does business impact and influence the talks?

In response to this question, Glenn Vaughan answered that anything from here is a loss, as freedom of movement as well as the ability to get people with the rights skills in the right place is going to be limited and will definitely impact on business. He reminded that, for most businesses, what matter is the regulation of frameworks and movement of goods and talents across the border.

From the EU point of view, Christian Bluth suggested that negotiations within companies happen on a domestic level. The most impacted industries are the ones that care the most about regulations, and the biggest impact of Brexit on the economy may be on agriculture, chemical industries and the (German) automotive sector. As he pointed out, if the UK starts drifting away from EU cooperation, there would be a huge negative impact on companies. That is why we need regulations to understand how to deal with new burdens. 'The most probable approach will be unique, not like the models we have. But we need to define exactly which one and how it will look. We need to know the rules. Otherwise entrepreneurs won't know how to behave'.

Answering the question raised by Richard Cockett of how the EU can make the best of these negotiations, Vladimír Bártl declared that 'Pragmatism is the only possible approach'. Elvire Fabry also underlined that it is in the interest of British businesses to stay closer to EU trade regulations. The car industry will be lobbying more than others since it is going to feel the impact of

Brexit (car manufacturers will be exposed to the potential increase of global protectionism, and it would become harder to negotiate with third countries)<sup>24</sup>. For sectors such as manufacturing and agriculture, it would be better to retain access to the market because the UK imports a lot of these products<sup>25</sup>.

However, she remarked that since it is going to be a long transition period, and business cannot wait for regulations, a strategic decision might be taken. In fact, Richard Cockett agreed, affirming that that is why we need to decide how to deal with access to the market.

Vladimír Bártl highlighted that the EU does not have to make the UK an enemy, rather namely negotiating as with a partner. Glenn Vaughan also agreed, saying, 'We need to accept it and be able to move on'. Like the other speakers, he stressed that the transition will be slow and gradual but will have a comprehensive result due to thorough negotiations. Elvire Fabry agreed, saying that as Macron declared, if we wait too long, we know it is going to be more complex. Furthermore, as she stated: 'Negotiations will now depend on domestic politics too'.

The overall consensus of the panel was that we are in uncharted territory, and that steps forward need to be careful and well-considered. Mr. Bártl pointed out that past momentum has always been toward removing barriers, but now, with countries such as the UK putting them back up, 'we are in a dark room with twelve doors and we really don't know where to move.' As such, the UK and the EU need to be as clear as possible about their goals and intentions so that negotiators can find the best path forward.

**The idea of sequencing the negotiation will be helpful in prioritising what aspects must be in the forefront and this could ease the discussion of the Exit Bill. The EU must state clearly what sort of trade policy it would like to see resulting from Brexit negotiations. Possible solutions could be a Free Trade Agreement à la CETA, or a customs union like that which the EU has with Turkey. The panellists further recommended the EU and UK work pragmatically to find ways to minimise costs and losses, to prioritise the creation of jobs and focus on a well-thought-out regulations plan to ensure the impact on companies will be minimal. It is important to keep in mind that the negotiations should not turn the parties into enemies, for after all, they are going to be important trade partners.**

<sup>24</sup> UK car manufacturers have warned that Brexit can pose a major threat, because the 72 billion-a-year industry export about 850,000 cars a year to Europe. The Society of Motor Manufacturers and Traders could suffer 4.5 billion GBP hit. [Tovey, Alan (2017) 'Car makers warn Brexit is 'biggest threat in a generation' to UK car industry' The Telegraph, 29 March, available via <http://www.telegraph.co.uk/business/2017/03/29/car-makers-warn-brexit-biggest-threat-generation-uk-car-industry/>]

<sup>25</sup> In 2014, 27% of food in UK came from Europe. But UK also send 70% of its produce to the EU. [Purdy, Chase (2016) 'The British import a quarter of their food from the EU, and that's a problem' Quartz, 25 June, available via <https://qz.com/716156/the-british-import-a-quarter-of-their-food-from-the-eu-and-thats-a-problem/>]





## Prague European Summit Chat

**Ryan Heath** (Senior EU Correspondent, Politico) chaired the last discussion – the PES Chat, which was held between **Lubomír Zaorálek** (Minister of Foreign Affairs of the Czech Republic) and **Frans Timmermans** (Vice-President of the European Commission).

Minister Lubomír Zaorálek started his speech by highlighting the three recent crises that have been significant in affecting European politics: the debt crisis, the migration crisis, and the crisis of European Social Democracy. He says that they do not seem to have much in common, but despite the differences they can be brought above a single common denominator. ‘Some countries accumulated huge debt, thus stifling the prosperity of debtor countries for many years to come. Those who suffer most are the most vulnerable people – pensioners, single mothers, youth, people who depend on public services. Those who looked up to Europe are now looking down in lost belief. The burden of migrants is uneven among the member states, prosperity must be spread evenly among the European Union’, he said. ‘In recent years, there has been a steady erosion of social democratic parties in Europe – consider it a major crisis because of a key role the moderate left has had in liberal democracies. It cannot function if they are replaced by radicals – today we are being punished by voters because we have forgotten why we are here – to protect the most vulnerable, to solve inequalities’.

He concluded by saying that he was convinced that Europe will find a way to keep all 27 states in the EU.

Vice-President Frans Timmermans then took the floor, stating, ‘If we do not know our past, we will make the same mistakes as before. The Czech Republic is stronger than ever as part of the EU and NATO – more in charge of its own destiny than ever before in its history. Last week, I think the youngest generation that is allowed to vote in the UK had their sleeping beauty moment – they woke up, and they decided to use the system to change the system.’ He talked about seeing a younger generation now taking responsibility – driven by ideals of social justice etc., but not in an ideological framework. ‘We know now that the European structure is not unbreakable, it takes coming together to defend the European Union. A huge majority of Europeans young and old still believe that with all its faults **the EU is the best instrument at hand to shape our collective future**. A fundamental question is whether this change will be made by others leaving us to suffer the consequences or will we be the change for other generations,’ Timmermans concluded.

Ryan Heath then introduced a discussion about migration, and asked for the panellists’ views on how to deal with the refugee crisis. Timmermans spoke of the need to find a sustainable position and that the European commission needs to make sure that states implement actions taken. There must be more burden sharing as well.

‘Was there a time when the Czech Republic stopped following the rules? The Czech Republic hasn’t relocated refugees for a year now’ remarked Heath.

Zaorálek’s response was that there was public concern that some immigrants do not have a real interest in

integrating within Czech society. ‘We have accepted refugees from Yugoslavia and the Eastern neighbourhood over the past 20 years. It is difficult to explain to people that here in the Czech Republic there is a mandatory quota that could mean for the future that in our country there could be similar suburbs and parts of the country where there is no security guaranteed.’ He added that the mandatory relocation scheme was a hasty move. The Minister also mentioned that the Czech government is ready for talks with Brussels. ‘What is needed from the EU Commission side is patience and willingness to listen and accept proposals. During crises, it is difficult to find consensus and compromise.’

Responding to the question ‘What is the biggest problem faced by the EU?’, both speakers agreed that it is the moral hazard and the creation of caricatures which impede the notion of collective destiny and a collective future, as well as the creation of different narratives. The Czech Minister noted that there is a need for an open foreign policy, which is necessary for livelihoods.

‘Does the EU commission agree with Macron that the door remains open for the UK to stay in the EU?’ was another question from the audience, to which Timmermans replied that it was the UK that wanted to leave, and that if at any time they were to change their minds, the EU would accept them with ‘open arms’.

Timmermans then brought the discussion back to the topic of refugees stating that the Czech Republic has a large Vietnamese community that has integrated very well. Zaorálek responded that Ukrainians and Vietnamese are ‘not suicide bombers’. Timmermans then stated that the 2nd and 3rd generations born in our societies are the

ones who are a threat to society, not refugees, and urged Czech authorities to make room for debate.

As a final question Heath asked, ‘Would you [the EU] be willing to accept a trade-off [with the UK following Brexit] – structure funds vs. fewer refugees?’ The Minister said that he would prefer a concrete platform for discussion on this topic, while the Vice-President stated, ‘There is too much divergence in the EU and not enough convergence – changing structure funds is a shot in your own foot, if you do that.’

## Closing Remarks

**Vladimír Bartovic** (Director, EUROPEUM) offered closing remarks by observing a change in the mood since the first Summit, saying that from the pessimistic tone of the first two years, the third offers a slightly optimistic mood. However, this is only the beginning of a long journey that will require tangible results. The Director also mentioned that the three key topics discussed in every debate were Brexit, Youth and Citizens. He reminded that we are celebrating the 30<sup>th</sup> anniversary of the Erasmus program – bringing a generation of Erasmus students, the 32<sup>nd</sup> anniversary of the Schengen Agreement – freedom of movement, and today (June 15<sup>th</sup>), the end of roaming mobile phone charges in Europe. Bartovic said that the European Summit was meant to put Prague back on the European map – to show that the Czech Republic is a pro-European country. ‘We realised that there has been nothing like the Prague European Summit so far – other conferences exist but nothing regular on the European Union and integration itself’.



# Partners



The Open Society Foundations work to build vibrant and tolerant democracies whose governments are accountable to their citizens. To achieve this mission, the foundations seek to shape public policies that assure greater fairness in political, legal, and economic systems and safeguard fundamental rights. On a local level, the Open Society Foundations implement a range of initiatives to advance justice, education, public health, and independent media. At the same time, they build alliances across borders and continents on issues such as corruption and freedom of information. The foundations place a high priority on protecting and improving the lives of people in marginalized communities.

Investor and philanthropist George Soros established the Open Society Foundations, starting in 1984, to help countries make the transition from communism. Their activities have grown to encompass the United States and more than 60 countries in Europe, Asia, Africa, and Latin America. Each foundation relies on the expertise of boards composed of eminent citizens who determine individual agendas based on local priorities.

The Open Society Initiative for Europe aims to contribute to more vibrant and legitimate democracies in the European Union by supporting the activists and civil society organizations confronting Europe's many challenges. In a time of disillusionment and uncertainty, the Open Society Initiative for Europe endeavors to strengthen the rights, voice, and democratic power of society's least privileged groups, and thus make democracy work better for all in Europe. We support organizations that channel active participation in democracy by majorities and minorities alike, and that uphold open society values, particularly in places where the rollback of civil and political rights is most severe.



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STRATOS AUTO Ltd. was established in 1994, when it launched its activity as a small family company on the Czech market, where it later progressively expanded.

Nowadays, it employs more than 150 employees in its divisions (Iveco, BMW and Fiat Professional). A significant recognition of the company was provided by its winning the tender for the position of the new BMW dealer in the Pardubice district, through which the third showroom of BMW STRATOS AUTO in Pardubice will be built within two years.

The BMW division offers its services in the most modern showrooms in Prague – namely those in Prosek as well as in Hradec Kralove. It is an AUTHORIZED DEALER OF BMW, BMW i, and BMW Motorrad vehicles and a CERTIFIED DEALER of BMW M vehicles. It is also one of the largest dealers of BMW vehicles in the Czech Republic. It provides the maximum possible transparency and a premium customer approach for you and your BMW. The company was also awarded the prize for the best M-Certified dealer of BMW vehicles in Eastern Europe.

The shuttle service for the Summit will be secured by ten innovative BMW 5 limousines, which will be complemented by five exceptionally comfortable X5 vehicles. With both the character of the BMW X model and its sporty style, the BMW X5 surpasses all boundaries. The new BMW Line 5 has been chosen because it symbolizes a perfect combination of sporty dynamics and an elegant appearance. The BMW Line 5 establishes a new set of benchmarks, and utilizes the most modern technologies at the same time, and it is a joy to drive it. IT PROVIDES A TOP-CLASS OUTPUT WITH A BUSINESS DESIGN.



Prague is the capital city of the Czech Republic and the centre of politics, international relations, education, culture and the economy of the country. It is the seat of the supreme legislative, administrative and political bodies of the state. Prague has a population of over 1 200 000 inhabitants and is visited daily by over 100 000 tourists. The head of the City is the elected Mayor of Prague – since 2014 Ms Adriana Krnáčová.

The main body of the city administration is Prague City Assembly comprising of seventy members. 11 of them form Prague City Council. There is a four-year term in office. The executive authority is Prague City Hall with specialized departments and units. The operation of the City and the services for its inhabitants and visitors is ensured by 90 organizations and businesses, established by the City of Prague.

Prague is one of the most beautiful cities in the world. Its uniquely preserved historical centre, a UNESCO World Heritage Site since 1992, reflects eleven centuries of history. This culturally rich city full of fabulous monuments charms visitors not only with its impressive and diverse architecture and breath-taking views, but also its intimate, romantic atmosphere that is ideal for long walks. Prague is a city of (not just classical) music and art, found here at every step, a city of gardens and parks, and last but not least, a city where the best beer in the world is brewed and savour.



The CSU-associated Hanns Seidel Foundation is a German party-associated foundation. It was founded in November 1966. Since its foundation in the year 1967, the Hanns Seidel Foundation practices political education with the aim of supporting the "democratic and civic education of the German people with a Christian basis", as the foundation's statutes say.

For its numerous seminars, conferences, conventions and cultural events, the Hanns Seidel Foundation can utilize the new Conference Center Munich along with the educational center of the Banz Monastery. Most of the seminars are conducted at the Banz monastery Training Center. Further events are held at the Munich Conference Center and in various parts of Bavaria.

The Hanns Seidel Foundation is a respected global partner on issues of democracy, the rule of law and contacts with Germany. Global challenges today can only be tackled through global cooperation. One player in this process is the Institute for International Cooperation, with projects in over 60 countries worldwide. The aim of this international engagement, which is based on Christian social ideals, is to promote humane living conditions and to contribute to sustainable development by strengthening peace, democracy and social market economies.

The project works in Prag started in 1991. In 2016 organised the Hanns Seidel Foundation Prag in cooperation with local partners uns around 160 projects. The focus of these projects is on strengthening civil society, civic involvement and promoting the rule of law, promotion of political education, European policy dialog and management and transnational cooperation at region, local and municipal level in the European Union. It provides a platform for bilateral and international conferences and symposia. In the spirit of strengthening international cooperation.



Google, A Growth Engine for Europe. The web is at the heart of economic growth. It creates a level-playing field allowing anyone from anywhere to grow their business and to become a global player. This is a chance for CEE companies, entrepreneurs, developers, creators and cultural organizations to go global and Google has

been investing in helping them harness the benefits of the digital transformation. Google provides technology and support to help millions of people and businesses grow online and has also trained millions Europeans in advanced digital skills.

## PRECIOSA

Preciosa is a leading international glass manufacturer. For decades it has brought, and continues to bring, new blood to the art of glassmaking through creative ideas, colour and our brilliant glass and crystal components. Preciosa designs one-of-a-kind, awe-inspiring chandeliers and elegant jewellery. People in over 140 countries worldwide admire its craft.



**LOBKOWICZ**

LOBKOWICZ EVENTS MANAGEMENT

The Lobkowitz Palace, the only privately owned building in the Prague Castle complex, is home to the highly acclaimed The Lobkowitz Collections, The Lobkowitz Palace Café, Midday Classic Concert and Museum Shop, as well as numerous elegant venues for private functions.

The Museum offers visitors the opportunity to explore the history of Europe through the unique perspective of The Lobkowitz Collections and the Lobkowitz family. Set in 22 beautifully appointed galleries, the Museum displays a selection of some of the finest pieces from The Collections, including many of international significance.

Highlights from the Museum include works by masters such as Canaletto, Brueghel the Elder, Cranach, and Velázquez; an impressive display of family and royal portraits; fine porcelain, ceramics and rare decorative arts dating from the 16th to 20th centuries; an extensive collection of military and sporting rifles from the 16th to 18th centuries; and musical instruments and original scores and manuscripts by Beethoven and Mozart, including Beethoven's 4th and 5th symphonies and Mozart's re-orchestration of Handel's Messiah.

Visitors are ushered through the galleries by the museum's very popular audio guide, which explains important details of European history and the seven-hundred-year history of the Lobkowitz family, including the dramatic story of how the family lost everything twice and got it back - twice. Narrated by two generations of the Lobkowitz family and the Chief Curator of The Collections, this

engaging and informative free audio guide in 8 languages is always highly recommended by visitors from all over the world.



Eventival is a Prague-based technology company that rose to prominence in the film industry as the creator of the world's most widespread film festival management software. Founded by a group of film industry professionals with experience from film and music festivals around the world, Eventival initially aimed merely at the creation of a "Swiss army knife" for festivals – an online database tool with an attractive interface, useful features and reasonable cost. Years of continuous development and feedback from users all over the world have contributed to making Eventival far more – a universal solution for organisers of regular and sporadic events who prefer transparency over chaos, and want to dedicate more time and space to creative work and decrease mechanical, tedious and repetitive activities.

Today, Eventival is active in a wide range of industries, and its clients include entertainment companies (film, music, theatre and literary festivals, film centres and clubs), conferences, cultural, social and business events, NGO's, casting and travel agencies, galleries and event companies in general.

Eventival has clients in over 55 countries and its services are used by over 200,000 people all over the world.

## euobserver

Reporting on the European Union since 2000, EUobserver is an independent, not-for-profit news organisation that publishes daily news reports, analyses and investigations from Brussels and the EU member states. We are an indispensable news source for anyone who wants to know what is going on in the EU. Our readers include top-level government officials and politicians, renowned economists and academics, industry and business leaders, and acclaimed journalists. In 2016, EUobserver was ranked the second most important news source for EU journalists and the sixth preferred news source among top influencers in Brussels.



The nationwide spoken word station Český Rozhlas Plus (Czech Radio Plus) began to broadcast on 1 March, 2013. It offers analytical journalism, comments, discussions and interactive programmes. It analyses current affairs in wider social, historical, economic and cultural contexts. Plus station is also an information channel for topics from the areas of science, technology and history. From the November 2015, it has been broadcasting 24 hours a day on FM.



The Friedrich-Ebert-Stiftung (FES) is the oldest political foundation in Germany with a rich tradition in social democracy dating back to its foundation in 1925. The foundation owes its formation and its mission to the political legacy of its namesake Friedrich Ebert, the first democratically elected German President. The work of the FES focuses on the core ideas and values of social democracy – freedom, justice and solidarity. This connects us to social democracy and free trade unions. As a non-profit institution, we organize our work autonomously and independently.

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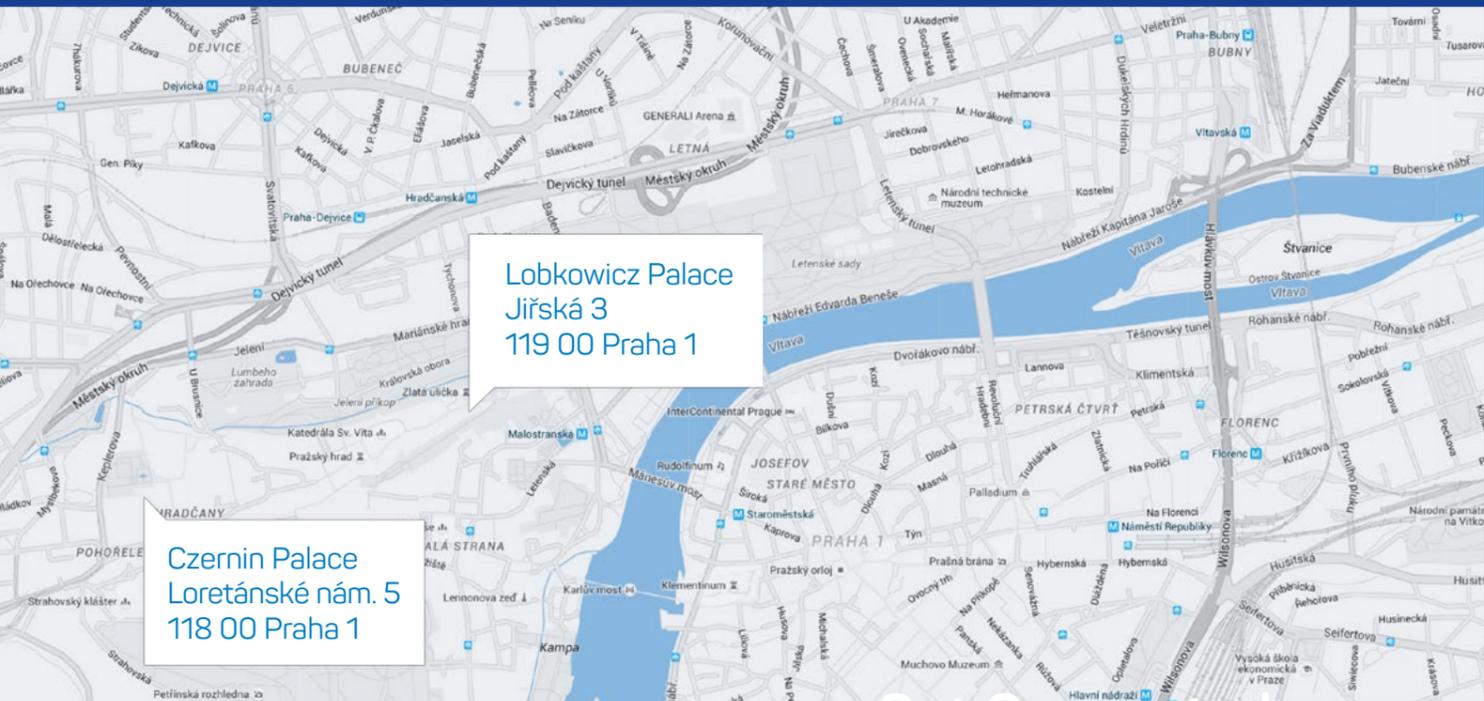
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