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# EUROPEAN UNION, ETHNIC MINORITIES AND INTEGRATION ISSUES

Presentation

European Identity

Discourse of Minority rights in the European Union: Case studies from Italy and Bulgaria

An overview of the EU's CFSP. Conflicts, minorities and enlargement

We and the others: A perspective of immigrants' integration in the EU

Educational issues of the New Europe

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## PRESENTATION

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*Alberto Gasparini*

It seems particularly convenient that the European Commission has launched, in January 2009, the year of Innovation and Creativity, as the process of European integration itself can be regarded as the most striking process of innovation for European societies occurred after the end of the Second World War. As we know, since the beginning of the process, with the European Community of Carbon and Steel, the ambition of Robert Schuman, Jean Monnet, and the other so-called Founding Fathers has been indeed to innovate what a State can be, and what international relations may become: almost every key concept of political science, from sovereignty to citizenship, has been reshaped by the construction of the European Union, and after almost 60 years we can now say that they did it in a very creative way.

The necessity for a multidisciplinary approach to the subject, with the aim of fully understanding the concept of EU integration in its special sense, therefore distinguishing the relevant functions and effects, was the core objective of the XV International Summer School “Innovation and Creativity. New Solutions to the challenges of the New Europe” (Gorizia, 7-19/09 2009). It focused on the study of integrated, multi-disciplinary and participatory methods and tools where the production of knowledge and its efficient brokerage is held essential to support innovative civil society dynamics and pro-active policy formulation. Within this perspective working groups<sup>1</sup> were organised so to allow participants to develop jointly original papers. Each group presented their work-in-progress to the board of teachers and were given one more month to produce the papers hereby published.

Within such framework, this issue of *ISIG Journal* (no. 2 2011) presents the results of the working groups developed during the summer school and focus on the following issues: Innovative perspectives of future enlargement of the EU; Creative trends towards a deepening of the integration amongst the States already members; Innovation and creativity at social level - what young European citizens can do to foster the process; how to promote a European identity; Best practises of innovation and creativity in the process of European integration; innovative responses to the global financial crisis.

This issue of *ISIG Journal* 1) the European Union; 2) Ethnic minority; and 3) integration issues.

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<sup>1</sup>Workgroups were coordinated by ISIG researchers: A.M. Boileau, D. Del Bianco, A. Scolobig. For further information on the XV Edition of ISIG International Summer School: [www.summerschool.isig.it](http://www.summerschool.isig.it)

# EUROPEAN IDENTITY

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*Biljana Dimitrova, Adriana Margarit, Olga Suprunenko,  
Ljupka Vanevska, Tautvydas Zekas and Lkhagvasuren Zuunasan*

**Abstract:** *Recently it has been talked a lot about Europeans, European citizenship and European identity. Nevertheless, it is not quite clear who do we treat as Europeans, what is Europe and where is its border line. This paper will discuss the most topical issues concerning the European identity: does it exist and, if it does, how can we define it?*

**Keywords:** European Union, European identity, Europeanism, nationalism

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## Introduction

The global geo-political processes of the latest 20 years – i.e. Soviet Union and Yugoslavia collapse on the one hand and Cyprus unification, EU and NATO expansion on the other hand, globalization itself - lead the scientific community to a number of essential questions. Inner and outer politics and some social issues accord and disaccord each other. Contradictions between *national* and *international interests*, *social* and *political* spheres of the changing multinational multicultural societies, *national identities* and *national ideas* with the regard of a plural migrations in the modern world are to be investigated on the basis of national and cultural interests of big social groups, but also from the side of middle and small groups – that are the previous agents for the construction of different kinds of identities and are expressing the real practical needs of the population of any particular society.

There are some methodological questions of how to relate the terms of *national idea*, *national interest* and *identities* coming from inside of the citizens' community with the political issues that are initiated by the national governments or inspired by the global political structures and are to be implemented into the societies from outside. It could seem obvious by the example of the post-Soviet countries, but also from some other countries. So here we have the two-sides, dialectic problem of theoretical and empirical grounds and the particular interests versus common interests.

We have raised the questions of:

- a) separation of Europeans from “others” and finding the criteria for those who are to be defined as “others”;
  - b) inner-European borders between national majorities and minorities (or between the immigrants and autochthonous population);
  - c) the “main body” of Europe and “periphery” – who is going to be whom.
- Previously, we should define the basic concept of our work.

## 1. How can we define “identity”?

As we now use the term, *identity* refers to either:

- a social category, defined by membership rules and characteristic attributes or expected

- behaviours, or;
- distinguishing features that a person takes a special pride in or views as unchangeable but socially consequential.

In the latter sense, *identity* is a modern formulation of dignity, pride, or honour that implicitly links these to social categories.

Definitions on the issue of identity show various perspectives:

- Identity is «people's concepts of who they are, of what sort of people they are, and how they relate to others» (Hogg and Abrams 1988).
- «Identity is used in this book to describe the way individuals and groups define themselves and are defined by others on the basis of race, ethnicity, religion, language, and culture» (Deng 1995).
- Identity «refers to the ways in which individuals and collectivities are distinguished in their social relations with other individuals and collectivities» (Jenkins 1996).
- «National identity describes that condition in which a mass of people have made the same identification with national symbols - have internalised the symbols of the nation ...» (Bloom 1990).
- «My identity is defined by the commitments and identifications which provide the frame or horizon within which I can try to determine from case to case what is good, or valuable, or what ought to be done, or what I endorse or oppose» (Taylor 1989 in Fearon 1999).

## 2. European identity and the common social meanings space

The *identity* can be built upon two sides “*Me, the object*” (for others) and “*Me, the subject*” (for myself) (Здравомыслова 1993). And it depends on the image and knowledge about your reference to some groups and on your private identity. At the crossings of those two parts the private *biography* of a human-being appears. *Biography* is one’s trajectory that is constructed by an individual by the meaningful events. In the case of changing societies we can observe how “the biographies” and the meanings of a social life get lost. That is because the moral consciousness becomes blocked and all the meanings’ orienteer disappear.

In one of the meanings *identity* can be defined with the help of some other terms. They are: the *fractal*, the *attractor*, *archetypical configurations*. *Fractal* is a kind of symbolic informational basis of one’s experience representation within the social cultural system. It includes the other two terms – the *attractor*, which is what the social unconscious is moving towards and the *archetypical configurations*, which represent social unconscious (Романенко 2006).

The social system produces some semiotic instruments, which help it to differentiate “*one’s own*” from “*others*” – to keep one’s own identity safe. And it means that the social system can turn to *isolation* and start using actively some *collective unconscious reserves*.

*National identity* usually comes from the traditional belonging to an ethnic group or sharing some cultural patterns, as the background of individual and collective bringing up period. But in the modern world where the distinctions are being rapidly erased or some oppositions are being raised, the national identity is being constructed on the ground of denial for belonging – whom people do not belong to, which ethnic groups are not referent for them, and which values they are not going to share. That is experienced in the non-stable states and it shows us that the national identity is no more based on the constructive, but on the destructive principles. Defining the national identity of an individual is usually to list his parents’ and grandparents’ ethnic origin or the territories of inhabitancy. That is the picture of our short European-identity survey (September 2009, ISIG Summer School, Gorizia, Italy).

J. Habermas, J. Derrida, A. Muschg, G. Vattimo and others consider that the *conception of European identity* was developed as:

- a contraposition to the conception of American Imperialism and global domination;
- a step against the neo-liberal ideology, where the new kind of identity is a “soul addition to the capitalism economy” (Vattimo 2003);
- a kind of pacific expansion, the “globalization with a human face” (Хестанов 2003).

The sense of mutual political dependence leads to the process when peoples have to overbuild their own national identities and to widen them to the All-European measurement. The civil solidarity has to be spread to all the citizens of Europe who belong to other nations (Derrida, Habermas 2003). And the only way for majorities to keep the minorities in the common will with them is to realize the common political fate and to know the persuasive perspectives of the common future. On the other side, there is skepticism concerning the historical experience, the tradition and the ability of the European citizen to realize that their eventual achievements will come through “suffering” a common political fate. The attractive and even catching “vision” of the European future is not going to fall from heavens. It can appear today only from the anxious sense of helplessness. And the future of Europe must be heard today from the exuberant cacophony of the multi-voiced publicity. It should be put to the agenda by the intellectuals.

For J. Habermas and J. Derrida the main issue of the European identity can be derived from the moral and political view of the basic goal of the European Unity. Is it an image of a New Europe that is going to be peaceful, cooperative and open for the dialogue (“globalization with a human face”)? Is it the rational solution for the post-governmental national existence? Or the continuation of an example of a welfare states collaboration? Maybe it is going to be the good productive initiative leader for the constitution and maintenance of a new cosmopolitan order in the name of international justice and law.

A paradox appears in the next two theses:

- why the meaningful historical achievements of Europe do not stimulate it to form a common identity (on the basis of the archetypical configurations)?
- what else can lead the Europe to the auto-comprehension and solidarity in spite of the continued competition of the auto-comprehensive nations (what meaningful events will make it to start the single biography)?

The public opinion shows us that the leading feature of the European inner and outer identification is the deep hope for the State in the maintenance of the citizens’ well-being, the expectation of a judicial and military defence, and so on, which are particularly based on the *archetypical perception of an Imperial past*. It is also the confidence about strong international positions of a State that comes together with the strong international ties and traditional cooperation.

Adolf Muschg is expressing the formula that “the same things unite and separate Europe – they are the common memory and the acquired habit to avoid the ruinous habits” (Muschg 2003). “Europe is what it is going to be”. The dialectic move of thinking from the oppositions to the unity and back displays one of the ways of auto-comprehension for Europeans.

The “identity of the Europeans cannot be found anywhere but in their common experience, where besides there were the intentions for world supremacy in XIX”. And “its boundaries can’t be the others, but those which it strikes against when it civilizes itself. There’s no reason to react painfully – but there’s a reason to look at the boundaries from the All-European positions”.

The global NET helps globalization in different senses. But it also helps to make the opposite – individualization, the definition of *the features of your own identity* (individual, collective, national, regional etc.). With the help of Internet the integrative and disintegrative processes also happen. In the general sense, wide abstractive social meanings (archetypical) become integrated and the most particular (specific) make the basis for the identity disintegration of individuals and communities as well (Шульга 2004).

The integration based on a cultural and civilization unity assists the supranational movements that create the national-cultural identity. The influence of state authorities upon the political actors decreases and the solution-finding process rises to the All-European level. That is how the new integrated European identity starts to form. But the PC invention has collapsed the developed-state monopoly over the information and communication, and promoted the reduction of the distance between Centre and Periphery. That caused the phenomenon that the most distant sub-regions have become equal actors of the political process (Сиджански 1998).

In spite of some authors contending that there is no need to worry about European identity and to project it in any case, there are some empirical needs that have to be implemented to our mind, to support some positive and constructive tendencies and to prevent the negatives inside the formulation of a New

Europe.

We believe that the main factors and the basis for a more comfortable co-existence and interaction of European communities leading to the appearance of a possible common identity should be the following:

- strong social ties at all social levels;
- single (unified) values system longing for single European statehood as well as based upon more local (Mediterranean, Eastern European, North European etc.) culture;
- ethnical loyalty towards different national social policies of the states;
- single and commonly rooted European idea, based on the advantages of a common existence (i.e. economic privileges, etc.).

These are the main, but not the only issues, to which we can add that the social work and the education system in a lasting unification period should be strongly planned and approached to some basic EU goals. (This subject is multi-dimensional and will be discussed as a separate issue; see the contribution from Ezenkina and Tinc p. 243 ).

From this point of view, we don't touch noticeable ethnic and religious differences. The world is familiar with many countries hosting greatly diverse cultures which co-exist on conditions of tolerance and correct social policy realized by the state. That is why the social policy should become the initiative step in a number of the above stated aspects and rearrangements. Values system will also depend on that, as well as social ties in the societies.

Talking about the fourth element – the (*supra-*) *national idea* - we believe it should become the core for the successful coexistence of the newly formed Europe. It is the result of the common (latent) efforts from all the nations in order to produce a single value system as their basic skeleton. This value system cannot appear itself or, in other words, if forced “from the top” it will be ineffective.

The *National idea* – is the combination of the experiences of successful practical life of certain nation made an ideal. Hence here it is important for two inertias to participate: one, coming from the very nation and the other coming from its correctly operating government.

Speaking about these two inertias, precise and sensitive method are of the highest importance in order to catch the first type of inertia and realize the other respectively. The central matter here appears to be major scale sociological researches at different levels and directions. It is important to note successful social technologies, able to prevent and stop possible conflicts at this stage of unification efforts using the mechanisms of the soonest and the least hurting passing of the multi-dimensional process of communities' unification.

The most important is the usage of the historic international experience and a help of the qualified servants of international organizations. People themselves aren't able to estimate objectively the situation in progress and its consequences as they are the ones who inherited the experience of pressure and confrontation each with another, none of them are able to initiate and realize such technological changes objectively and effectively.

«The European Federation is not only something new in a human history, but it should be as smart in its organization as the life itself, which is understood by the modern biology neither as a purposeful process, nor as an organic equivalent of a sacred history <...>, but as a *patchwork*, as an everyday equilibrium maintenance in a kind of mobile niche» (Muschg 2003).

### 3. Legal Aspects of European Identity

Within the concept of “*European identity*”, the reference to Europe is quite ambiguous (Drulak 2001). Therefore the usage of this reference should be clarified. We are searching for European identity, as it is crucial for the European Union in terms of inner integration, the accession of new member states and the definition of a common foreign policy. Hence it should be shown in what sense the concept “*European identity*” is used in the official documents of the EU<sup>1</sup>, between politicians<sup>2</sup> and various

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<sup>1</sup> Even if the famous speeches of the founding fathers of the European Community in the 50's can be seen as the first documents for the shaping of a European identity, the concept ‘European identity’ was not used during that period of time. Its first mention in an official document took place in the early 70's: on 17 December 1973, the



scholars<sup>3</sup>, whether this usage alludes to a general concept of European identity referring to Europe as a whole and how the identity of the European Union as a specific political project is based upon this general concept.

The concepts “*European identity*” and “*national identity*” have been introduced into the political discourse during the last three decades. The fall of the Iron Curtain in 1989 reinforced the debate on these two concepts and their relationship. Facing the last biggest accession of new member states to the EU, the issue is again at the fore. On both the European and the national level, politicians have made use of these concepts in order to promote either European integration or a Euro-sceptic attitude. Also, European institutions have fostered discussion among social scientists and other intellectuals on European and national identities for further inspiration and clarification (Drulak 2001: 179).

Facing this wide debate, one could ask: why have these concepts shifted to the centre of attention? Are we lacking European or national identity? Could we presume that we do not possess either a sufficient national identity anymore or a sufficient European identity yet?

Recently it has been talked a lot about Europeans, European citizenship and European identity. Nevertheless, it is not quite clear who do we treat as Europeans, what is Europe and where is its border line. If we are talking about identity issue it is necessary to emphasize what *Europe* is and what *Identity* is *per se*. Do we have in mind only the identity of those countries that are part of the European Union, or is it the identity of all European countries (from the continent of Europe)?

Professor G. Delanty distinguishes six definitions of Europe that existed historically (Delanty 1995):

1. Europe as West;
2. Europe is connected to the peace movements in 90's;
3. Europe as EU;
4. Extended conception of Europe which includes also the European part of Russia;
5. Territory of European Security which includes USA, Russia and the former republics of USSR;
6. The idea of central Europe as an alternative to Western Europe.

*Geographical criteria* tend to be the starting point for any construction of European identity<sup>4</sup>. In fact, in most cases it is quite easy to give a first definition of what is European with respect to the continent. Nobody would deny that Warsaw or Madrid, Athens or Oslo belong to Europe. But problems arise when it comes to the question of which islands of the Mediterranean or of the Atlantic Ocean should be included (e.g. Cyprus, the Canary Islands, Greenland...) or where to draw the line between Europe and Asia (e.g. Russia, Turkey). The open questions make clear that geographical criteria will never be able to provide a full definition of what is European. But they might serve as a first hint to an answer.

If European identity concerns only countries from the continent of Europe, discussions mainly arise

foreign ministers of the European Community adopted a “Document on European identity” in Copenhagen. In the same sense, the Treaty of the European Union (Maastricht version) introduced the concept of European identity referring to foreign policy. Concerning the first document, it should be stressed that the definition of European identity is supposed to be based upon both cultural and political criteria (such as common heritage and interests) as well as being related to the integration process and therefore perceived as a dynamic process (Drulak 2001).

2 In the European Parliament, during her opening speech Mrs Louise Weiss (1979) stated: “The community’s institutions have made European sugar-beets, butter, cheeses, wines, meats and even pigs. They haven’t made European men. These European men existed in the middle Ages, the Renaissance, the Enlightenment, and even in the 19th century. They must be made again [...]”. *Ibid.*: 197.

3 Some scholars agree that according to the process of creation and development of the European Union we meet the problem of shaping common European identity, which they call supranational one. K. A. Stiftung says that in the European Union the framework is not only the sum of member states’ national identities, but it is the process of coexistence while growing into quasi European identity. However A. Smith believes in a “normal” European identity spreading key factors of it such as: historical territory, common myths and historical memory, mass culture, common economy and common legal rights and obligations for all members. Finally, Pinterič thinks that from the historical perspective Europe is a continent of conflicts and differences based on strong national feelings and the idea of one nation’s supremacy over others. For this reason he treats European identity just as a dream that everyone is trying to create (Stiftung 2004: 64 – 70).

4 It is said that the general concept of European Identity is based upon geographical, linguistic, historical, cultural, economic and social criteria.

about the identity itself and not about the border line where it ends. If the European identity means something that has to do only with the EU countries, then we can discuss about those countries which are not in the continent of Europe, but belongs to one or another European country as a colony. The precedents of parts of the EU members states being outside of Europe – for example, French Guiana, which is in South America and is a part of the EU, being an integral part of the French Republic. Also it is possible to mention Greenland's case, which is a part of North America, and joined the European Economic Community in 1973 as a Danish Dependency, but elected to leave the EEC in 1983, four years after attaining home rules<sup>5</sup>.

There has been some debate about the case of Cyprus, because this island is geographically Asian. However, its extensive historical, cultural, and political ties to other European countries lead many to consider it as a European country in non-geographical contexts (Friis, Jarosz-Friis 2002).

There has been much controversy about whether Turkey is a European country, on the basis that only 3% of its territory lies in the geographic Europe (west of Istanbul), and its capital, Ankara, lies in Asia as well.

Some observers have reflected that the perceived reluctance of many existing member states to proceed with the accession of Turkey to the EU is based on doubts over whether a country with more than 90% Muslim population can follow what many perceive to be the Christian basis of a "European" identity. There are also many other economic and political arguments that have been posed against Turkish membership. The EU began accession negotiations with Ankara on 3 October 2005. However, according to the negotiating framework for Turkey, which was adopted on the same day, the negotiations remain "an open process, the outcome of which cannot be guaranteed beforehand" (this issue will be discussed later in a separate section)<sup>6</sup>.

Although non-European states are not considered eligible to be members, they may enjoy varying degrees of integration with the EU, set out by international agreements. The general capacity of the Community and the member states to conclude association agreements with third countries is being developed. Moreover, specific frameworks for integration with third countries are emerging - including most prominently the European Neighbourhood Policy (ENP)<sup>7</sup>. This notably replaces the Barcelona process which previously provided the framework for the EU's relations with its Mediterranean neighbours in Africa and the Middle East<sup>8</sup>. The ENP should not be confused with the Stabilisation and Association Process in the Western Balkans or the European Economic Area<sup>9</sup>. Russia does not fall within the scope of the ENP, but is subject to a separate framework. The European Neighbourhood Policy can be interpreted as the drawing up of the Union's borders for the foreseeable future. "Do these countries share the same identity as member state countries of the EU?" is a question of discussions, different approach and common values.

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5 In 1985, Greenland left the European Economic Community (EEC) upon achieving self-rule, in view of the EEC's commercial fishing regulations and an EEC ban on seal skin products.

6 Many proponents of enlargement have also argued that there are extensive links between Anatolia and European history from Alexander the Great up to the Ottoman Empire, and therefore that a geographic argument is being used as a proxy argument.

7 The European Neighbourhood is the region beyond the frontier of the European Union. It comprises primarily developing countries, which seek one day to become either member states of the EU itself, or more closely integrated with the economy of the EU. According to the Europeans Union's official site, the objective of the European Neighbourhood Policy (ENP) is to share the benefits of the EU's 2004 enlargement with neighbouring countries. It is also designed to prevent the emergence of new dividing lines between the enlarged EU and its neighbours.

8 Barcelona Process (or the Euro-Mediterranean Partnership) is a wide framework of political, economic and social relations between member states of the EU and countries of the Southern Mediterranean. It was initiated on 27-28 November 1995 through a conference of Ministers of Foreign Affairs, held in Barcelona. Besides the 27 member states of the European Union, the remaining "Mediterranean Partners" are all other Mediterranean countries without Libya (which has had "observer status" since 1999).

9 The European Economic Area (EEA) was established on 1 January 1994 following the agreement between member states of the European Free Trade Association (EFTA), the European Community (EC), and all member states of the European Union (EU). It allows these EFTA countries to participate in the European single market without joining the EU.

Apart the geographical aspect, European history and culture also play a major role in terms of identity.

From a historical and cultural point of view, we can talk about some common characteristics of a uniform European culture marked by Christianity, ancient Greek and Roman civilization and their achievements, ideas of French revolution and the experience of both world wars. On the other hand, Europe is divided by the consequences of the self-sufficient feudal units in Middle Ages and by the nationalism of the nineteenth and twentieth centuries (Stiftung 2004: 71).

According to this, we can say that the so called common European identity is not only the concept about putting people into some kind of common "form" on the basis of the institutional framework, but this common identity really has some historical background. This can be assumed as the basis for the creation of a common European identity in the future by the bottom - up method, where people recognise their roots and can feel they belong to a broader group (in this case, a European "nation").

The Treaty of Maastricht<sup>10</sup> and the Copenhagen criteria<sup>11</sup> are of major importance when we talk about enlargement of the EU. This is closely related with the identity issue, because it requires the interpretation of what does it mean to be European.

In the Treaty of Maastricht it is said that all European countries can apply for joining European Union. This means that the main requirement for the admission of the candidate country is belonging to the continent of Europe. No mention is made about the enlargement of the EU which would include non - European countries, but precedents of turning down Morocco's application and speaking about Israel's closest integration as being 'just short of full membership' suggest that it is not possible for non-European states to attain EU membership<sup>12</sup>. However, various definitions of Europe exist (as was mentioned above) so that whether a country is European is 'subject to political assessment'<sup>13</sup> by the Commission and, more importantly, by the Council.

The Copenhagen Criteria adopted in 1993 brought more clarification talking through terms of enlargement. Differently from the Treaty of Amsterdam, here we do not find anything said about the feature 'of being a European country'. The Copenhagen Criteria contain three main requirements for the country wishing to apply for joining the EU<sup>14</sup>:

- the candidate country has to preserve democratic rules and human rights;
- the candidate country accepts the obligations and intent of the EU;
- the candidate country has a functioning market economy.

Most of these elements have been clarified over the last decade by the legislation of the European Council, the European Commission and the European Parliament, as well as by the case law of the European Court of Justice and the European Court of Human Rights<sup>15</sup>. However, there are sometimes slightly conflicting interpretations in current member states.

Today if the countries are applying for joining EU according just to the Copenhagen criteria this

10 Art. 49 (formerly article O) (1992). "The Maastricht Treaty". Treaty on the European Union. Eurotreaties.com. 1992-02-07. <http://www.eurotreaties.com/maastrichteu.pdf> .

11 These membership criteria were laid down at the June 1993 European Council in Copenhagen, Denmark, from which they take their name.

12 For instance, Morocco applied in 1987, but was turned down as it was not considered European. Even though Morocco is not located in the European continent, there many reasons which lead to the possibility for Morocco to become the EU membership. Since the location of Morocco is very close to the continent of Europe, it has been politically and economically associated with Europe for ages. Half of the population in Morocco speaks berber or French. This is one of another reason why Morocco has a close relationship with France, Spain and with the EU in general. Furthermore, political aspect between Morocco and the European Union is also very obvious.

13 "Legal questions of enlargement". Enlargement of the European Union. The European Parliament. 1998-05-19. [http://www.europarl.eu.int/enlargement/briefings/23a2\\_en.htm](http://www.europarl.eu.int/enlargement/briefings/23a2_en.htm). Retrieved 2008-07-09.

14 Presidency Conclusions, Copenhagen European Council 1993, 7.A.iii ([http://www.europarl.europa.eu/enlargement/ec/pdf/cop\\_en.pdf](http://www.europarl.europa.eu/enlargement/ec/pdf/cop_en.pdf)).

15 Talking in a more detailed way membership requires that candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and, protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

means ‘the green line’ for all the countries that do not belong to the continent of Europe. If some Asian countries will be admitted, will European Identity as such will be still valid or are we going to lose this definition (if we had it at all)?

During the negotiations with each candidate country, progress towards meeting the Copenhagen Criteria is regularly monitored. On the basis of this, decisions are made as to whether and when a particular country should join, or what actions need to be taken before joining will be possible.

Summarising, the European Union criteria are defined by the three documents: the 1992 Treaty of Maastricht (geographical criteria and general policy criteria); the declaration of June 1993 of the European Council in Copenhagen, i.e., Copenhagen criteria – describe the general policy in more details (political, economic, legislative)<sup>16</sup>; framework for negotiations with a particular candidate state (specific and detailed conditions, statement stressing that the new member cannot take its place in the Union until it is considered that the EU itself has enough “absorption capacity” for this to happen).

#### 4. Perspectives upon the European identity

The question of the European identity remains on the international scene especially on the European one and its future depends of the next generations. Is it possible to create it artificially and making it collectively accepted by the European citizens or is it going to be established by mutual understanding and affirmation of the differences? Sincerely, it is up to the forthcoming generations to decide.

Nowadays, strengthening the collective European identity is increasingly understood as one of the most important challenges for the EU. The concept of European identity, however, is an open term. Are we speaking of a myth, a continent, a partnership with a special purpose, cultural similarities or a community of values? Which commonalities connect the Europeans? Is it the Christian-Western culture, the common market, or the growing legal system? How the EU is perceived by the outside world is an especially important element for the European self-conception. How will the EU and its policies be received in the regional and global context? Which role and meaning is the EU given in the light of global challenges (Atilgan 2006) ?

If we consider European identity as the identity of all people who live on the European continent we must take into consideration the European history, the European cultural heritage, the relations that characterize European states and citizens when interacting to one another or with the rest of the world.

If we analyse European identity as the identity of EU citizens, we must have in mind the EU common history, the integration process, the common values and interests that best define the European Union, the common European symbols, the rights given by the European citizenship. In both situations, we must listen to the voices of European citizens/EU citizens and discover their perceptions, beliefs, feelings.

In search of a definition of the European identity, we have to find out what Europe has in common. If we are to do that, we should focus on the dimensions of a possible European identity:

- the “spiritual ties” as they are manifested in a common “world of meanings”, as they allow to achieve a consensual “definition of the situation” and include the three dimensions of a shared “today”, “past”, and “future”;
- the “delimitation”, knowing what is special about “our thing” as compared to other people's things;
- the ability to act and bear responsibility through authorisation and, thus, institutionalisation (Schneider 1999).

Having in mind the identity of EU citizens, the point of departure of most discussions on this topic is the idea that a political community needs a common set of values and references to ensure its coherence, to guide its actions and to endow these with legitimacy and meaning.

In the last decades, the European Union has made deliberate efforts towards the construction of some

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16 When agreed in 1993, there was no mechanism for ensuring that any country which was already an EU member state was in compliance with these criteria. However, arrangements have now been put in place to police compliance with these criteria, following the "sanctions" imposed against the Austrian government of Wolfgang Schüssel in early 2000 by the other 14 Member States' governments. These arrangements came into effect on 1 February 2003 under the provisions of the Treaty of Nice.

sense of European collective identity, at least at the symbolic level.

Powerful symbols, usually associated with the nation-state have been created: the European Union has a flag, an anthem, a Europe Day and a motto. Perhaps the most significant symbol of European unity is the common currency, the euro, which – besides its obvious value as a unified medium of exchange - has been designed to appeal to a pan-EU audience, each of the seven notes bearing the image of a bridge intended to represent different European architectural styles.

At the heart of the creation of a strong European identity can also be the fact that the borders have dissipated and citizens within the EU are able to travel freely without any visa. The EU has also placed a significant focus on education, creating programmes fittingly called Leonardo, Erasmus, Comenius and Tempus encouraging cultural exchange. The goal of such projects is two-fold. On one hand, they intend to create a sense of solidarity by appealing to personalities that have universal, but also European (especially through geographical location) value. On the other hand, these programmes play the role of exposing the younger generation to patterns of cooperation and cultural exchange between various parts of Europe, and thus, emphasise similarity rather than difference (Cinpoes 2008).

If a strong European identity is to emerge, conventional wisdom will tell us that it will certainly begin with the young generations who easily adapt to change. The possibilities for the youth are endless, with the open borders and strong cultural exchange programs. In one word, the possibilities for the young Europeans today are vast compared to the past.

Technological advancements, like the internet, make cross-cultural communication both easy and effective. All of these facilities are undoubtedly contributing to the process of creation of the common pan-European supportive and mutual way of thinking. As one of the EU officials said: “they [the European youth] are not asked to give up their national or regional identity - they are asked to go beyond it, and that is what pulls them closer together. We are creating a community in which diversity is not a problem but a characteristic. It is an integral part of feeling European” (Bennhold 2005).

Exploring the complex question of European identity not only involves to look back and to analyse what is happening now but equally to take into account the various projects for the Europe of the twenty-first century. Indeed, the concept of identity cannot be defined in a static way, purely as a result of a historic process. Identity involves necessarily also the question of ‘*what do I want to be*’ together with an assessment of the conditions, means and capacities to realize the future projects.

At present, there are mainly three conflicting projects for a future Europe within the institutional framework of the European Union. The first one wants Europe to be (again) an important power factor in the world. This project favours a Europe conceived fore as a single market and as a financial pool. Europe as a political and military entity should here be defined as functional to an efficient economic world power which can compete with the United States and Japan for world markets and for developing important sectors of innovative technology. This would mean that Europe should become once more an important empire, not in the traditional sense, but as an actor who defends and fights for its spheres of influence in the new world order.

The second project stresses the social character of a future Europe, giving an important place to human rights and democracy, to fights against misery and social inequality in Europe and, beyond that, even in the whole world.

The third one, in opposition to both former projects, attempts to defend the existing national states or would even prefer to strengthen them (Jacobs, Maier 1998).

Despite all the conflicting issues related to the emergence of a European identity, some preconditions must be accomplished in the following fields:

- politics: strengthening of the democratic participation at all levels and more democracy at the EU level;
- education and culture: strengthening of the European dimension in certain subjects (especially history), more focus on language learning, more exchanges, etc.;
- social and economic cohesion: counteracting social and economic differences (Sotirović 2009).

The present European identity seems to be the hybrid outcome of efforts towards identity construction in line with all three projects at the same time. Being a hybrid entity, one can only monitor European identity when not specifying its characteristics.

Nevertheless, a European identity is necessary for the European Union to avoid "fragmentation, chaos

and conflict<sup>17</sup> of every kind (military, social, economic and political) and to help achieve cohesion, solidarity, subsidiarity, concertation and cooperation.

Almost all potential sources of European identity are welcomed: political and ideological beliefs, economic theory, culture, history, geography, ethnic common destiny, etc. But they all have to be subjectively effective. As Hans Van Den Broek<sup>18</sup> suggests, European identity has to crystallize. That is to say that Europeans have to increase the feeling of belonging together, sharing a destiny and so on. Otherwise the threat of dissolution will come from both inside and outside (Delgado-Moreira 1997).

## 5. How do EU citizens feel about EU?

Surveys show that EU citizens continue to identify first of all with their own countries. According to a Eurobarometer<sup>19</sup> survey published in May 2008, 91% of the interviewees felt attachment to their nations and 49% to the European Union. While two-thirds of Belgians (65%) and Poles (63%) declared their identification with the Union, only a quarter felt the same way in Cyprus (25%), Finland and the United Kingdom (both 27%). Low levels of attachment can be found both among founding countries such as Netherlands (32%) and in new member states, like Estonia (34%)<sup>20</sup>.

Although surveys show that people feel that they belong to both national and European communities simultaneously, when it comes to the transfer of sovereignty from the nation-state to the EU (when the two come into potential contrast), nationalism is able to influence choices, through its emotive powers.

It is the emotional force that plays an important role in evaluating identity in such cases rather than civic values or even profit. We could consequently state the fact that the European identity needs a shared "culture" to connect people at an emotional level.

What is the European identity without human basic emotion and rationalizations? This overview of the research on European identity is in the context of EU election and political climate, analysing nationalism, patriotism and Europeanism and focussing on central debates in the political science literature. Do the European citizens function in their collective spirit or are they attached to their locale beliefs?

## 6. EU elections 2009

We cannot comment on this year elections without mentioning them as a part of the European identity, at least the political one. The soul of political Europe, its identity or - as we can also call it - project identity can be equivalent with the political culture of its citizens<sup>21</sup>. It is often mentioned from the analysts that the EU elections are used to fight on national issues or even as a method to punish their governments, once again important political decisions with locale interests. If we use the political circumstances and the elections as a tool to build European identity we are approaching to a paradox.

We could see that voters chose representatives mainly from their own national parties, many of which now join EU-wide groupings with similarly-minded parties from other countries. Although analyzing the new EU member states we can say that their feelings to indentify as European is strongly compared with their opponent EU citizens, we cannot explain the low voter turnout: voter participation in the EU was down from 45.5 % in 2004 to 43.0 % in this year's election. Voter participation at the EU level has gradually dropped ever since the first election for the European Parliament. A contributing factor to the decrease in this year's election is the low voter turnout in new EU member states. This year's European

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17 Citation from keynote address by Jacques Santer, President of the European Commission to the World Telecommunications Forum 1995, Opening Ceremony, Geneva

18 Speech delivered to the Institute for European Studies, Brussels, 1994 on "The Challenge of a Wider Europe". Citation from the European Commission Press Release

19 Martiniello considers that the Eurobarometer is not only a tool for monitoring European public opinion but can also be equally regarded as an effort to give birth to it.

20 <http://www.euractiv.com/en/culture/european-values-identity/article-154441>

21 [http://www.unigraz.at/bibwww/bibwww\\_summerschools/bibwww\\_soe\\_seggau2/bibwww\\_soe\\_seggau06/bibwww\\_soe\\_seggau\\_programm06/bibwww\\_soe\\_seggau\\_meyer\\_inhalte.htm](http://www.unigraz.at/bibwww/bibwww_summerschools/bibwww_soe_seggau2/bibwww_soe_seggau06/bibwww_soe_seggau_programm06/bibwww_soe_seggau_meyer_inhalte.htm)

Parliament election is the first election where Sweden exceeded the EU average<sup>22</sup>. Voter turnout in the Swedish elections for the European Parliament amounted to 45.5 %. This was an increase compared to the election in 2004 when 37.9 % of the population voted. Consequently, the downward trend for Swedish voter participation in European Parliament elections was broken for the first time. This year's voter turnout was the highest since Sweden became a member of the Union. Voter participation for the European Parliament also increased in Denmark, Estonia, Latvia and Poland.

## **7. The young generation and the European identity**

The latest trends of the young generation movements explicitly stress that the youth understanding of the identity definition dwells towards its original philosophical meaning, according to which the identity is whatever makes the entity definable and recognizable, in the sense of possessing a set of qualities or characteristics that distinguish it from entities of a different type. Hereby the latest generations endeavour to promote by various ways of *cultural activism* the acceptance of different identities as well as individuals who possess them.

The importance of the young generation opinions, activities and participation in the society should not be underestimated because the identity can only be conceived as a symbolic structure with time dimensions (past, present and future) which provides important competencies to individuals, such as continuity and consistency. The young generation is influenced by the past, acts in the present and it is the most trustworthy indicator for the direction towards which the future is going to. When speaking about the identity in these terms we have to be careful and should not understand the identity as static, but as dynamic; therefore, no form of identity is ever complete or totally stable. In the following lines.

In the process of individualization, the self endeavours to create small groups defined by certain feelings among the members of the group and, at the same time, feelings of mutual connections with all human beings. Only in this way the self is practically enabled to reach optimal social adaptation. Namely, very important social aspects of the identity originate in different forms of associations which are very important for the person's optimal social adaptation.

The individual identity can be co-determined and realized only in the forms of associations in which the individual is involved. The individual as a social actor can redefine him/herself, but this (re)identification is usually pre-determined by more powerful actors. Most of the time, the categorizations and the associations are established by powerful players and sometimes the individuals can extricate themselves from the categorizations they are caught in, but sometimes it is extremely difficult to avoid them.

Another important social aspect of the identity is the sense of belonging to certain collective organizations in which the individual finds the confirmation for its own particularity. But, on the other side, «extreme empathy with the collectivity goes against the essential aim of one's own personality» (K.G. Jung 1995). Nowadays, many forms of collective belonging provide a good existence for many individuals, but more than ever they are threatened with uniformity and impersonality.

Considering the young voters as the moving force of the core of the European identity, we can see that this "Erasmus generation" is open-minded when it comes to selecting the governance. The number of first-time voters who had the possibility to vote has increased compared to the 2004 election. At that time the number was about 500 000 voters, while in this year's election, about 600 000 voters were first-time voters. The percentage of first-time voters was 8.4 % of all persons eligible to vote.

More than half of the younger voters aged between 18 and 24 years cast their vote for smaller parties in this year's European Election in Germany. A total of 49.4% of the voters of this age group cast their vote for the CDU/CSU or the SPD. This is reported by the Federal Returning Office, based on the results of the representative electoral statistics which are now available for the European Election of June 7, 2009. The results provide information on the voting behaviour of voters in the European Election in Germany with breakdowns by sex, age group and structure of voters and non-voters. As regards the votes

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22 [http://www.scb.se/Pages/PressRelease\\_280644.aspx](http://www.scb.se/Pages/PressRelease_280644.aspx)

cast by different age groups, older voters rather clearly preferred the large parties. A share of 70.8% of the voters aged 60 and over cast their vote for the CDU/CSU or the SPD, compared to a share of 49.4% of votes cast for the same parties among the youngest group of voters aged between 18 and 24 years.

Like in previous elections, in the 2009 Election to the European Parliament a typical distribution of voter participation was observed in relation to the different age groups. All in all, 35.2% of the youngest persons entitled to vote (aged 18 to 20) cast their vote. However, their share was bigger than that of the following two age groups (21 to 24: 30.1% and 25 to 29: 30.7%). As regards persons aged 30 and over, the following situation was observed: the older the persons entitled to vote, the more of them went to the polls. This trend was observed for all age groups up to the group of voters aged between 60 and 69 years for whom the biggest voter participation was recorded (54.0%).<sup>23</sup>

Understanding election outcomes is a major area of research in the political sciences. Users can access data on participation, political preferences, specific elections, political campaigning and the media, statistics and international data sources. Users can also access both country specific data and national election studies.

The events that are happening in EU as well as in non EU countries as a reaction of the young generation raise the issue of the identity in a more subtle and unique manner.

It seems that by the new independent ways of cultural activism the young people are trying to avoid the predominant categorization and to create their own position, opinion and participation in the society.

The events drag the attention towards the relation among the individual and collective communities. In the terms of the EU identity: 'relation of the national and the collective EU identity'. An individual belongs to the people because of the already created relations, symbols of identification and differentiation. Thus the young generations raise these questions referring the EU identity and Europe: "Does the new European identity provide this quality for the new people with the characteristics of Europeans?"; "is it based on the already existing national identities or is it independent from them?"; "is there a new ethnicity form which is proper to Europeans?"; "should the past be erased in order to be all equal members of Europe?"

The number of young European citizens who are willing to express their own attitude towards the EU identity by new forms of independent cultural activism is increasing.

The recent mass squatting of the now-out-of-use runways of the central Tempelhof airport is an example of cultural activism that concerns the question of national and European identity. The Tempelhof Airport was built between 1936 and 1941, using plans drawn up by the architect Ernst Sagebiel, on a massive stretch of land equivalent to 525 football fields. The Airport was closed due to unknown political reasons and there were proposals to turn it into luxury spa, film place, etc, but not even one proposal was concrete and clear. Enraged by official plans to use part of the area for luxury apartments, the Squat Tempelhof campaign says they want the community 'to have a say' in the usage of that large space. They raise the question of 'should they just erase their own past with luxury apartment in order to become an example for proper European citizens?'. About 5,000 young people (left winged activists) showed up for the event - ostensibly an effort to encourage the city to transform the airport premises into a commons open and chosen by all.

Another way of cultural activism towards the politics for a new cultural European identity can be seen in the artwork of Banksy and the number of people that support his work. Banksy is a quasi-anonymous English graffiti artist. His artworks are often pieces of art on topics such as politics, culture, ethics and EU identity. In August 2005, Banksy even painted nine images on the Israeli West Bank barrier, including an image of a ladder going up and over the wall and an image of children digging a hole through the wall. His recent work were exposed in June 13, 2009: the Banksy UK Summer show opened at Bristol City Museum and Art Gallery, featuring more than 100 works of art, including animatronics and installations, is his largest exhibition yet, featuring 78 new works. The reaction to the show was very positive, with over 8,500 visitors to the show on the first weekend. Over the course of the 12 weeks, the exhibition has been visited by over 300,000 young people who support his work and irony towards the big European policy of identity.

For now, only the cultural activism gives a hope that things can take the right way in the near future, but

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<sup>23</sup>[http://www.bundeswahlleiter.de/en/europawahlen/EU\\_BUND\\_09/presse/73\\_RepraesentativeWahlstatistik.html](http://www.bundeswahlleiter.de/en/europawahlen/EU_BUND_09/presse/73_RepraesentativeWahlstatistik.html)



it actually depends how many young people are going to recognize it and use it as a mean for promoting equality.

## 8. Patriotism or nationalism

We shouldn't exclude the psychological notions of self-understanding. Identity refers to the shared representation of the collective self as reflected in public debate, political symbols, collective memories, and elite competition for power.

They consist also of collective beliefs about the definitions of the group and its membership that are shared by most group members (Checkel 2009: 18-19).

Patriotism is one emotional aspect, as opposed to nationalism which is a more ideological one. Patriotism is love of and/or devotion to one's country. The word comes from the Greek *patris*, meaning *fatherland*<sup>24</sup>. However, patriotism has had different meanings over time, and its meaning is highly dependent upon context, geography and philosophy. «Nationalism is our form of incest, is our idolatry, is our insanity. 'Patriotism' is its cult» (Erich Fromm). Quote that stresses the negative influence of nationalism, that describes what history and present conform. «Nationalism of one kind or another was the cause of most of the genocide of the twentieth century. Flags are bits of colored cloth that governments use first to shrink-wrap people's brains and then as ceremonial shrouds to bury the dead» (Arundhati Roy). Talking about nationalism, through the prism of Italian or German policy of the twentieth century or even the Balkans' view on this subject, a question comes to our mind: Can we separate nationalism and patriotism?

There are negative and positive arguments for both separating and fusing nationalism and patriotism. The positive statement for their fusion is contained in the stronger views of communal identity. Both concepts embody powerful statements on the moral priority of the community. The positive view therefore involves the direct normative assimilation of nationalism and patriotism to communitarianism. This can be termed the "positive assimilation model." MacIntyre articulates this view, in which patriotism and nationalism become indistinguishable (MacIntyre 1984).

J. Peter Euben writes that for the Greek philosopher Socrates «patriotism does not require one to agree with everything that his country does and would actually promote analytical questioning in a quest to make the country the best it possibly can be» (Euben 2002). Nationalism refers to an *ideology*, a *sentiment*, a form of *culture*, or a *social movement* that focuses on the *nation*. It is a type of *collectivism* emphasizing the collective of a specific nation. While there is significant debate over the historical origins of nations, nearly all specialists accept that nationalism, at least as an ideology and social movement, is a *modern* phenomenon originating in Europe (Smith 1998).

### 8.1. Nationalism vs. Europeanism

The main question about these two almost equal terms is: Is Europe facing with the challenge of creating a "Euro nationalism"? Investigating pan-European identity and with that the sense of personal identification with Europe on a more individual level, we have to mention the concepts of Euro-optimism and Euro-scepticism. But the main question here is: can European integration co-exist with national loyalties and national patriotism and is European identity something that exists or we can invent one?

Do the Europeans want the EU? If it shows political leadership, the answer is yes; if the EU performs in a way which fulfils citizens' expectations, then citizens' "ownership" of the EU will increase, says Josef Janning from the Centre for Applied Policy Research (CAP) at the University of Munich.

"The benefits that could be provided by a closer union of EU states which are willing and capable of integration would radiate out across the entire EU area, just as the monetary union is already impacting

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<sup>24</sup> "Online Etymology Dictionary", retrieved 2009-08-19

on the wider area of the EU”<sup>25</sup>.

Political determination to define the European identity resulted in the draw up of a document. The Nine Member Countries of the European Communities decided in 1973 that the time had come to draw up a document on the European Identity. This would have enabled them to achieve a better definition of their relations with other countries and of their responsibilities and the place which they occupied in world affairs. They decided to define the European Identity with the dynamic nature of the Community in mind. They had the intention of carrying the work further in the future in the light of the progress made in the construction of a United Europe<sup>26</sup>. Can we define these efforts as “Europeanism”? If we analyze the definition of Europeanism: belief in or advocacy of political unification and economic integration among European nations<sup>27</sup>, we can recognize the positive outcome, but can we speak about a threat of Global Europeanism? European - American relations helped to define Anti-Europeanism, which refers to the rejection of the culture of Europe and Europeanization, sentiments, opinions and discrimination against European ethnic groups, and criticism toward the policies of the European governments and the European Community<sup>28</sup>.

## 9. The non-EU citizens and the European identity

The symbols of the European identity are disseminated through a multiplicity of daily practices. The nationalism and the national identity were among the prime movers in the countries in the last hundred years. Now, the already established institutions of the European Union are widely spreading the idea of European consciousness and the creation of a new European identity is their crucial goal. The question is how these national identities can be partially overcome in favour of the European identity. It seems likely that the nation-states produce the perfect ground for a new form of community with a collective identity. Efforts were made to construct a common culturally defined European identity using ways similar to the ones through which the national identities are created (historical myths, flag, format of passport, etc.); afterwards the supranational legal system was built and a new form of supranational European citizenship was created. The outcome will be “we”, the people with a common past and a forthcoming future, “we” the citizens of Europe.

While the European identity is being built, the (yet) non-EU members are obliged to become members of the European Union in order to gain the possibility to participate into the creation of the European identity. On the other side, most of the EU members (first member states) want to delay any further EU enlargement after the expected accession of Croatia and Iceland in 2012.

Obvious facts clearly reflect that while the European identity promotes the free movement, equal possibilities, etc., the real situation is not even close to these European goals of “we - the equal ones”.

While the EU citizens fight for their own rights for freedom of choice concerning the creation of their mutual identity, the non-EU countries are faced with limited labour movement and the Schengen *acquis* – as a symbol of inequality, division and exclusion. The consequences are quite clear. While on one side the young generation has the freedom to participate in the creation of the future identity, the non-EU citizens are dealing with the questions of application for visa, strong controls on the borders, control of movement, etc., issues which suppress the identity question, even of the national one. Without national identity, the European identity becomes a fetish that has to be obtained, because only this identity gives importance to your own personality. Therefore the means for obtaining it are not important; every process has to be fulfilled in order to be equal with the collective and accepted even if some of them are going to change your own national identity, «...they took passports and left to become somebody else, to become what they weren't and what they couldn't be in their language: from solitaries solidarities, from idiorrhythmic cenobites» (Milorad Pavić 1990).

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25 <http://www.goethe.de/ges/eur/thm/eui/en4314914.htm>

26 [http://www.ena.lu/declaration\\_european\\_identity\\_copenhagen\\_14\\_december\\_1973-02-6180](http://www.ena.lu/declaration_european_identity_copenhagen_14_december_1973-02-6180)

27 <http://www.yourdictionary.com/europeanism#>

28 Lexington (2007), “Anti-Europeanism is a bad response to anti-Americanism”, *The Economist* [http://www.economist.com/world/na/displaystory.cfm?story\\_id=9084422](http://www.economist.com/world/na/displaystory.cfm?story_id=9084422).

Thus we can not avoid the question: ‘Was the “Non-European identity” built in the same time and as antipode of the European, on the European territory among neighbourhood countries’?

### *9.1. Ukrainians vs. European identity*

From the side of potential members – i.e. Ukraine – there is a phenomenon of a ‘*European dream*’ that could be found by any humanist. That kind of phenomenon is widespread in social mind with the promotion from various political subjects and mass-media. It includes the expression of a strong intention to reach the status of international recognition and pride for the country, joined with the common desire to ‘live better’ – to have a well-paid job, to correspond all the modern demands of a ‘well-being’ family, so on.

A certain political propaganda and interest exists providing such a kind of dream, manipulating with the desirable identity of been “European” for Ukrainians and promising this ‘complex dream’ achievement in case of the mass support for their political subject. But in general, the mechanism of such a manipulation also refers to a social-psychological effect: ‘postponing the better life’ in an undefined period of time but creating from time to time the new stimuli to reach the desirable state.

Another expectation, among Ukrainians who are strongly expecting to become “Europeans” (with only the positives in their mind) is to escape from their nowadays unhappy life and accomplish a rapid substitution of their existence with a luxurious European life.

### *9.2. Republic of Macedonia and the European identity*

The Republic of Macedonia has been a candidate for accession to the European Union since 2005.

Macedonia had hoped EU leaders would set a date for the start of negotiations at the summit, after the executive European Commission supported the move in October but a statement agreed by EU foreign ministers in Brussels said they would consider the issue again during the Spanish EU Presidency because Athens opposes Macedonia's EU entry (because of issues over Macedonia's name).

Macedonia is the name of a Greek province bordering the former Yugoslav republic and Athens regards the overlap as an encroachment on its sovereignty. Because of this dispute with Greece, in the official EU papers Macedonia does not even appear under this name: it is referred to as “the Former Yugoslav Republic of Macedonia (FYROM)”. At the moment, the main concern in the Republic of Macedonia regarding the EU decision is “if the question of changing of the country’s name is a question of changing the country’s identity”.

## **10. How will Turkey’s membership influence the European identity**

### *10.1. The relationship between EU and Turkey*

While the relationship between Turkey and Europe historically dates back to the Ottoman times and to the 1960; in December 1999 Turkey has been granted a full candidate status on the condition that it will fulfil Copenhagen political criteria. In December 2002, the European Council decided that the full accession negotiations started. In December 2004 this time the decision by the European Council was to begin the full accession negotiations with Turkey on 3rd of October 2005.

### *10.2. The emergence of defining European identity now*

The piecemeal development of the EU provided a simple enough reason to avoid the difficult issues of what European identity is, how it is defined and what it includes and excludes. Each wave of enlargement, the borders of Europe have been called into question, but the fundamental question of what European identity is has never been seriously debated.

The increased deepening and widening of European integration has exhausted the limits of this

pragmatism. The pressing issues of the geopolitical significance of Europe, the future shape of the EU, the nature of further integration, and whether this integration would lead to an organization that is more than simply one of regional cooperation, are now directly related to the identity of an emerging European society.

Imagining a future European identity is hardly a technical matter. In fact, what Europe was, let alone what European identity now is, has never been clear and the meaning of Europe has changed and shifted throughout history (Delanty 1995).

### 10.3. Why Turkey's membership does have an important role for the European identity?

Turkey's membership plays a critical role in this particular context as it forces the debate about European identity into the public. In other words, through Turkey's membership, Europe is forced to debate the nature of its own identity: arguments against and for Turkey's membership are in fact arguments about what Europe is and what it will be in the future.

According to Giscard D'Estaing, Europe is defined by the cultural richness of ancient Greece and Rome. On this ground Turkey could not be a member of the EU because it has never been part of this European history and has never participated in the cultural traditions of Europe. Turkey would not only result in diluting the European identity but would also turn Europe into nothing more than a "United Nations" (Giscard D'Estaing 2004). Others have also stated that Europe is the border of gothic churches which include the orthodox countries (Besançon, 2002). Turkey should be kept outside the European project as it was part of the nomadic traditions of the Asiatic culture (*ibidem*). As a result, mixing fundamentally different civilizations by accepting Turkey would be a risky enterprise that would benefit neither Turks nor Europeans (*ibidem*).

On the other side, some, for instance, argue that the European culture starts in the eastern Mediterranean and, therefore, includes Turkey (Gnisci 2004). Others have indicated that, historically, the Ottoman Empire was part of the European State system and that Turks were part of the European history for six hundred years (Besson 2004). Again, others have pointed out the multi-cultural and multi-religious nature of the Ottoman Empire as an example of tolerance and inclusion, which later found its way into core European values (De Trazegnies 2003). Turkey's inclusion into the European project would lead to a truly multicultural Europe, which refuses an exclusionary and culturally closed interpretation of European identity (Ferry 2004).

### 10.4. Possible consequences of Turkey's membership for the European identity

The debate on defining European identity will have strong implications on Europe's future and that of Turkey itself.

Accepting or rejecting Turkish membership demands will also have long-lasting effects not only on the future of Europe's relations with its own Muslim minorities and the larger Islamic world, but also on its global role.

Europe appears to have two choices. On one hand, by rejecting Turkey, Europe will stress its commitment to a culturally-defined European identity with a single civilization identity.

On the other, by embracing Turkey, it will move beyond the cultural paradigm and transform itself to a geographically-defined entity embracing a multiplicity of civilizations. Turkish membership in this sense is an opportunity for the task of redefining what Europe means. Europe is about to lose its last chance of becoming multicultural in its history.

## 11. How can we promote a European identity?

The European identity is promoted by, among others, the European Commission and especially the Directorate-General for Education and Culture. They promote European identity through funding of educational exchange programmes, the renovation of key historical sites, the promulgation of a progressive history of Europe continued with European integration and through the promotion and

encouragement of political integration.

In order to build and encourage the feeling of belonging to EU, participation is required, not only from EU institutions but also from other EU actors such as NGOs, social movements, companies, etc. Knowledge about EU should be encouraged, as well as interaction among EU citizens. We believe the development of a European identity lies in the European Union's ability to become closer to its citizens. People are the force behind everything so they must be listened. Behind knowledge, a vision gets its wings from dreams, from ideals, from faith and dedication. People who believe in a European identity will express their beliefs accordingly.

Practically, these are a few ideas of projects, some of them already being put into practice, which can help to promote the European identity and the cohesion among EU citizens:

- national education focused on both national history and common European history and projects dedicated to encourage the interaction of young people and citizens from all over EU and Europe;
- projects that encourage the free expression of EU citizens regarding how they feel the European identity and how they believe it could be promoted;
- contests, covering a wide array of domains, focused on how it is like to be a EU citizen;
- events organized by NGOs that emphasize the European identity;
- touristic campaigns that promote EU worldwide.

## Conclusions

From different sides we can see how important it is for the EU-countries to overbuild their own national identities and to widen them to the All-European dimension in the political sense. Perhaps some steps are been implemented towards organizing a kind of social policy of the smooth mind reconstruction, but the national self-consciousness of each country still plays the main role in the process of identification into the EU. The only difference could be found between the citizens of 'Old European' countries – like Germany, Italy, France etc. – where the level of national pride arises from deep historical roots and the level of life has been settled at a very satisfactory level for most citizens.

According to the principles of general psychology, it is easier to leave the "bad" things – like memories, ideals, circumstances and so on - but not the better ones. The most of the EU-members possess the essential patriotic spirit and are not going to change all their usual collective identities for the sake of someone's (like their and someone else) comfort. But the newest ones – like the Eastern-European countries - where the trust for the governmental structures is weakening in parallel with the economic unsuccessfulness or the reduction of social welfare and security – are more likely to join the EU-identity, in order to be associated with a strong state power and success.

The examples give the impression that the European identity is based only on the economical stability in which the present and future European citizens can believe in. But is it a long lasting value which is going to satisfy the need for diversity and personal fulfilment? At the moment the European identity is closely related only to the question of membership, national citizenship and artificially created cultural symbols that are going against the national ones, rather than to proclaimed equality, recognized differences and post national citizenship based on personal and territorial basis; even though the first step for building the common identity is the common territorial connection, it is the least important one for being "European".

Are the young people going to prevail against the project of creating a European identity only in certain limited surroundings and will they have the courage to fight against uniformity? Only by successfully addressing the challenges of a multicultural European society, a healthy European environment can be created in which the differences are going to be taken as means for development.

Considering the discussed issues, we can now define the 'European identity' as a *myth* – or a kind of declared but unachievable goal – from one hand, and as an *urgent necessity* from the other – being achieved in the process of the common existence and in a chain of *mutually continued compromises*.

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# DISCOURSE OF MINORITY RIGHTS IN THE EUROPEAN UNION: CASE STUDIES FROM ITALY AND BULGARIA

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**Abstract:** *The authors assess the situation of minority rights in the European Union by questioning whether the EU has a common attitude on the rights of minorities and if it really has one, how it is applied or perceived by member and candidate states. For this reason Italy and Bulgaria are chosen to make a comparative evaluation on minority issues in the EU. Italy as one of the creators and Bulgaria being the newest member state of the EU can be the best examples to study about the European approach of minority rights.*

**Key Words:** Minority Rights, Italy, Bulgaria, European Integration



## Introduction

European Union is considered as the best place where human rights and minority rights are respected well. This situation often is accepted as a result of the working democracy in the Union and the individual applications of the member states. The European Court of Human Rights which has been created according to the European Convention of Human Rights signed in 1953 is accepted as a guarantee in case of violations committed by the states. But even this ideal system has its own problems stemming from the structure of the institutions and maladministration.

This article will examine the situation of minority rights in the European Union by questioning whether the EU has a common attitude on the rights of minorities and if it really has one, how it is applied or perceived by member and candidate states<sup>1</sup>. For this reason Italy and Bulgaria are chosen to make a comparative evaluation on minority issues in the EU. Italy as one of the creators and Bulgaria being the newest member state of the EU can be the best examples to study about the European approach of minority rights.

Süd Tirol and Friuli Venezia Giulia are chosen to explain the Italian system. As for Bulgaria the situation is mostly confusing. Because of this reason as the biggest minority group the Turks will be chosen to study Bulgarian policies on minorities<sup>2</sup>. Meanwhile with the process of European Integration Gypsies-Roma became one the most important problem in Bulgaria. That's why in order to describe the current understanding and transformation regarding the rights of minorities situation of Roma minority will also be examined through examples and empirical cases.

Since the main task of the article is to ask whether EU has a common policy on the rights of minorities, it will critically analyse the current situation in Europe by taking into account the differences

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1 As Bulgaria is an EU member state since January 2007, negotiation process for the membership will be examined to describe the difference mentioned.

2 Issues related to minority rights are very problematic in Bulgaria. Usually Bulgarian government and population are not that much sensitive for other minority groups as they are regarding the Turks.



between old and new member states and the failure of the negotiation process with the new member state-Bulgaria to secure better conditions for its minorities. In the other hand by giving the examples of existing common European conventions on the rights of minorities it will be possible to discuss the main reasons lying behind their dysfunction.

## 1. International Regulations and their Effects on the European Legislation

The enforcement of the Minority Rights has to be created in balance and according with two principles: the State sovereignty and the respect of the European Union and International Community of States commitment (European Community in particular have a general attitude to give the maximum protection to the minorities). The international organizations dispose negotiated standard to which each state has to deal with, in particular the rights which can be claimed against the state of origin has to be regulated and enforced. The internal situation should not be a destabilizing factor in a modern view of the state.

Actually the Conventions on the topic are not enough effective mainly due to the impossibility of being binding. In the EU framework, demands to the national governments to take actions in favour of the minorities and to grant the effectiveness of the rights decided in the international sphere are not always heard<sup>3</sup>. On one hand, the citizenship matters are still under the internal attribution of the states<sup>4</sup>, on the other hand the subsidiary clause is in force and this means that what is decided at the European level has to be actuated at the member state level and the modalities are in the completely choice of the State. At the end every state will possibly arrange the protection in a different way, only the principles still to remain. EU framework is somehow influenced by the international one.

It is possible to divide the international commitment in consideration of international actors and historical periods: post Second World War, with main UN interventions and the EU bodies effort (Council of Europe and Organization for Security and Cooperation in Europe) from the 1990s.

Since 1948 with the Universal Declaration of Human Rights, there is an explicit reference to minority protection. No one has to be restricted in his/her rights of liberty, expression and opinion in particular if he/she belongs to a minority community<sup>5</sup>.

Another specific charter is the 1992 *United Nations Declaration on the Rights of Persons Belonging to National or Ethnic, Religious or Linguistic Minorities*, in which global minimum standards are included (the Declaration does not include any enforcement proposal due to the lack of consensus).

From the UN provision on the European scenery new instance start to come out. The Council of Europe is the most active of the promoting bodies. This permanent Assembly of States is not part of the European Institutions (only in the European Constitution it will enter in them) so the drafts disposed by this body are not strictly binding and they serve like addressee to the states which sign them. The signing state are forced to actuated the so decided only by the assumed commitment in front of the international community.

The first draft is the European Charter for Regional or Minority Languages adopted in 1992. The Charter gives a definition of minority language, making a general list of them and distinguishing between language and dialect. The most of European states signed it, but someone, as France, didn't ratified, considering it too strictly in definitions and preferring an independent classification.

The second draft is the Framework Convention for the Protection of National Minorities adopted in 1995. This document represents the first effective political act in the Minorities protection. In balancing the importance of the draft it has to be pointed out that the Charter is not incisive: the guaranties given are more theoretical because a definition of National Minority is not well worthy and a sanction apparatus is missing, for example there are not punishments for forced assimilation.

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<sup>3</sup> The problem concern also a completely binding Act like the European Single Act, which, in a first draft, was not signed by Italy for example.

<sup>4</sup> With the Lisbon Charter, European Citizenship will be regulated better but it will remain a second level one. The State appartenance is still dominant.

<sup>5</sup> UDHR artt. 1, 2, 19, 27.

Anyway the Minority protection became stringent at European level by the enacting of the *European Convention on Human Rights* enforced by the *European Court of Human Right*, but the general protocol for protecting the Minorities for a lack of agreement had not become active. OCSE become one of the heading areas in intervention of Minority Rights. In accordance with COE action it has cut out a sphere of enforcement by a continuous analysis also during the so called Cold War. OCSE acts through different methods: by International forum and the adopted charter (for example the Vienna Document 1989) and Annual implementations review. The State signing the OCSE documents are compelled to exchange document on the internal situation, to hold bilateral meeting and to intervene at Annual Review Conferences.

Moreover the 1992 High Commission on National Minorities represents a great advance in protection. It was create after a long process of negotiation with national minority in Central Europe and it could be absorbed in the diplomacy instruments. The Commissioners recollect every kind of information regarding Minorities from many sources (a part from any person or organization which practiced or publicly terrorism or violence).

Specifically on theme of Language Minority Rights it could be indicated some European Parliament Resolutions. The first is so called Arfè Resolution and it was adopted in 1981. In this draft the parliament addresses to the state members in order to consider and to reflect in order to assume a legislation which takes care of the Minorities in three fields:

1. Education, The States has to promote the culture and the teaching in the minority languages, in all the grades of the instruction process from the primary school. Specific professional figures have to be created,
2. Mass Communication, the Minorities have to access to all the means of communications, TV, Newspapers, etc...All the manifestation of local culture have to be encouraged,
3. Public Life and Social Relationships, The local Governments, in accordance with the Bordeaux Declaration, have direct involvement in the matter, the powers have to be a much as possible dislocated on the State territory.

The second resolution is so called Kuijpers and was adopted in 1987. In this draft the Parliament asks to the States to activate the previous statements. In particular the Act expresses the importance to conduct a census and to update the knowledge of the settlements of the Minorities and the measures that the States are taking to protect them to better implement the carrying out the Rights. The third resolution is called Killilea was adopted in 1994. It disposes to consider like a Minority not only the historical language ones, but also others which need protection, for example the language Yiddish or Rom which haven't a territory settlement. Moreover it urges to cooperate with the International Organization and among the States in order to better response to the matter.

Another European Charter to be reminded is the Final Act of an International Convention drafted in Helsinki in 1975. The agreement regards cooperation between states at economic, industrial, scientific, technical and social fields. This Convention points out the importance to protect the minorities in the way to guarantee them the full equality in front of the Law and addresses to the States to consider their prerogatives in case of cooperation and interstate negotiations<sup>6</sup>.

To retrieve a good practice and to consider how the European and the International could be implemented, a likely solution is to retrieve the best model of protection<sup>7</sup> and to discuss it in an international forum (like it was for the European Council in the case of the European Charter for Regional or Minority Languages). It has to take in consideration the up-to-date situation in a global way and co-deciding along the indication. It could be a solution and of course has to be supported by as wider as possible agreement of the state parties and by the possibility of penal sanctions in case of non-fulfilment. In lack of it and by taking in count the actual EU situation, it has to be stated that an effective protection is still demanded to the states due the sovereignty clause and so only the states can archive a real protection, further more sanctions are very mild<sup>8</sup> and it encourages the states to not take strong actions

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6 CSCE art. 1, Requests regarding the internal security, 3, Humanitarian Cooperation.

7 The more worthy on the concrete reality, the one which better protect the minority community in a legislative way and offer it an active participation

8 The worst is to be suited in front of the European Human Right Tribunal. It creates a concern at international

about the topic. Finally a cultural advance is needed<sup>9</sup> and thanks to it the states would realize that to preserve a minority is also a promotion factor in an economical way<sup>10</sup>.

## 2. European Integration and the Problem of Minority Rights

There are several definitions of the term "minority". A minority is a sociological group which has some specific characteristics: being subordinated to a majority group, it means to have less power or control over own life, not only a mathematical minority, experience narrow opportunities that is disproportionally low in comparison with the effective group number in the society (Schaefer R.T. (1993): 5). More distinctions can be found out depending on the classification that is possible to operate minority group: racial minority classified by evident external characteristic e.g. color of the skin, ethnic minority classified by different culture, origin, language, traditions, gender minority e.g. males are a social majority and religion minority, groups which have a religion other than the dominant faith (Schaefer R.T. (1993): 6-8), age minorities with international statutes in order to limit the exploitation of children, as the Convention on the Rights of the Child, UNCRC, 1989 and disabled minorities. Some conclusion can be achieved: minority groups have less power or unequal treatment over their life, condition of membership does not depend on the will of the person involved and the sense of solidarity and the awareness of subordination increase at the internal and community level (Schaefer R.T. 1993: 9-10). The definition has to be considered at two levels, the individual and collective one. Briefly some theories (Objectivistic view) deny the existence of the minority right as collective ones, by considering the only existence of the individual rights. EU and international organizations, in general, protect all kind of minorities but the strongest protection is given to the ethnic ones and it can be easily understood by the amount of legislative regulation production. Minorities (more over the ethnic ones) deal with the theme of internal consensus in political decision making process. To assure the maximum expression and protection of everyone who is on the state territory it means to facilitate the government and the political administration of the country. In the EU framework, respect of minority right has suddenly become a distinctive criteria in case of accession (Šmihula D. 2008: 51-81).

Minority rights are often discussed at European level and still remain as one of the most important problems in which member countries of the EU can not have a common attitude because of their internal problems related with minorities.

With the fall of communism when all Central and Eastern European states turned themselves to the European Union the issue of Europeanization and European Integration was raised up. Most of these states had some problems related with their communist past and human rights. Almost all of the Eastern European states applied for membership and this was the main problem EU had to solve. And with the summit in Copenhagen in 1995 the Copenhagen criterion was produced in order to classify the eligibility of the new applicants. First part of the Copenhagen Criteria is dealing with the political rights. There is a specific indication regarding the rights of minorities stating that countries who seek full membership with the European Union should respect and protect national minorities. This could be the first most clear initiation of the EU that refers to minorities.

Copenhagen criterion is also important to examine the EU's honesty and equal position in the area of minority rights since this was the only way to push countries from Eastern Europe for further development in the area of minority rights.

One of the most discussed topics nowadays is the content of the European Integration. What means European Integration and what is the basis of evaluation of the European Integration? Europeanization can be defined as a way doing the things which are first defined and consolidated as EU norm and then incorporated into the logic of domestic discourse, political structures and public policies. But minority

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level but no concrete measures, as economical penalties.

<sup>9</sup> The EU community has to spend more structural funds to grant it. It has to be created specific programmes point at it, as the Youth Programme which would grant and improve the participation of the youngster to the economical and cultural life in the EU.

<sup>10</sup> Tourism in the example of linguistic minorities or a diminution of public disbursement

rights does not fit these conceptual boundaries. For example Amsterdam Treaty incorporated all of the values set out by the EU in the first Copenhagen criterion in the article 6(1) as “liberty, democracy, respect for human rights and rule of law” but excluded (minority rights) respect for and protection of minorities (Sasse 2005: 4).

### **3. Italian Framework**

The Italian legislation and jurisprudence on the subject came from the International efforts and the new sensibility born after the Second World War. 1946 is the turning date.

Democratic Constitution, the Italian main legislative source, gives a particular attention to everyone who is in a weaker position due to language, sex, race, religion, political opinions or social/personal condition (art.3).

In following articles it can be retrieved specifications of this principle: the sexual equality is determined at art. 29, the art 37 disposes equality conditions for employers, arts. 8, 19 and 20 guarantee the religious freedom and also political opinion as freedom of expression are protected by art. 21.

Anyway the Constitution mentioned specifically only the linguistic minorities at art. 6. By this provision, Italian linguistic protection framework can be used as a model to know how the internal protection is updated and if it fits with EU parameters, because it is the only directly mentioned in the Fundamental Charter and it has the strongest and the longest protection system on the Italian legislative framework.

To know why only the linguistic minorities are expressly quoted, the reason can be found reading the Constitution draft. Linguistic minorities were considered as groups of population and for the Constitution writers it needs a different legislative discipline, because all the rights mentioned above were considered as individual ones. The linguistic groups, properly as groups, necessitated a specific protection and express mention on the Constitutional Charter and it could be one of the main reason of a massive protection of linguistic issue and a under-protection of others minorities on the Italian framework (Palinci di Suni Prat 1998: 149-151).

The art 6 is inserted in the section of Fundamental Principles. Fundamental Principles represents the values scheme which regards every public action. The article 6 could be read in accordance with two other articles from the same section the 2<sup>nd</sup> and the 3<sup>rd</sup>. The combine lecture of the articles and its distribution in the charter empower the position of the linguistic minority by safeguarding the inviolability of the rights and by disposing no discrimination in every moment of the life. It can be perceived as the will to pass over the previous dictatorial established system by assuring an internal way of protection which could work itself detached by the international obligations.

Anyway principles quoted above are fully inspired by International Agreement and Conferences. They are in line with the UDHR<sup>11</sup> Convention, in specific the art. 2<sup>12</sup> and the latest Council of Europe statements<sup>13</sup>. Move over the Charter is subject to a continuous adjournment and some recent changes affected also the linguistic topic.

An example can be found in the modified V Part<sup>14</sup> and in specific with the art. 117. It takes in examination the different power sphere of the State and of the Regions. From the article, as it was reformed, it possible to understand that the minority regulation is all in the Region powers. The reform of 2001 deeply influenced the Italian administrative system ad it was enrolled with the purpose of subsidiary in order to better rule the independence of the Regions and in the need to create a more international

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11 The Universal Declaration of Human Rights, UN, New York, 1948.

12 Article 2: Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Furthermore, no distinction shall be made on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs, whether it is independent, trust, non-self-governing or under any other limitation of sovereignty.

13 The European Charter for Regional or Minority Languages, Council of Europe, 1992 and the Framework Convention for Protection of National Minorities, Council of Europe, 1995.

14 Constitutional Law n.3, 2001.

oriented structure modeled on the German Lander federalist system. Also the Italian Supreme Court has afforded this legislative point of view<sup>15</sup>. The passage to a regional regulation is quite clear and it assures a deeper touch with the local community helping to better know their actual needs and instances.

By the reform, the Regions have to adopt a new Statute or to reform the existing ones, also by changing the way to elect their own representatives. Actually no polling stations are attributed specifically to the Historical Minorities<sup>16</sup> and it represents a possibly lack of representation of these communities. On the other hand there is a positive statement, with this reformation the Constitution gives the possibility to the Regions to represent themselves directly and conclude International agreements on promoting peculiarities, as touristic or traditional and it means to put first also the interest on minorities, by having the possibility to earn directly way to refinance initiatives and projects. Also the Parliaments acts follow this new view of the topic.

From 1999<sup>17</sup>, when the most significant act is the passing of an organic discipline, with fifty years of delay of the Constitutional provision, Parliament gave constant attention and attributed even more powers to the Regional Governments. The act of 1999 is the implementation of the Council of Europe Minority charters<sup>18</sup> and it is collocated in line with their prescriptions. In this document it is to underline first of all that a definition of the protected Minorities has given, but only the Historical Languages Minorities<sup>19</sup> are protected. Anyway it attributes full powers to the local area government<sup>20</sup>, in deciding about the definition of the settlement of the Communities and about the education: to institute Minority communities schools, by the possibility to study at the primary and secondary school in the languages protected, by asking for the administrative documents in the same protected languages. At the Regional level the attention of the phenomena is very high in consideration of the legislative measures taken<sup>21</sup> and in some very early agreements concluded by the Central and the Local Government<sup>22</sup>.

The Regions start to move on the protection field already from the early seventies by using the article 9 of the Constitution supporting cultural folklorist activities. The Regional powers are in the more intimate contact with the local realities and it has brought a faster regulation on the matter than the central state ones. The statutes (the Regions interested in the topic give express protection to the local minorities<sup>23</sup>) and the regional acts<sup>24</sup> empower the valorization of the minority culture, the preservation of

15 Constitutional Court sentence n. 32, 1960, n. 312, 1983

16 It has to be reminded, for example, that the Slovenian Constitution directly protects the minorities and attributes an amount of polling stations reserved for their representatives. Two different ballot-papers are attributed, one national and one for the minority representative, to guarantee a constant representation and the respect of the given rights. The Italian Constitutional articles do not attribute any representation to the minorities (art. 67 Italian Constitutional Chart).

17 Act n. 482, 1999.

18 The European Charter for Regional or Minority Languages, Council of Europe, 1992 and the Framework Convention for Protection of National Minorities, Council of Europe, 1995.

19 Art. 2 ....Italy protects the language and the culture of the population Albanese, Catalan, Germanic, Greek, Slovene and Croatian and the ones who speak French, Occitan, Friulan, Ladin and Sardinian." The Act regulates mainly the Communities settled on a specific territory, plus some exception, considered for their peculiarities and originality. This conception comes out after the First World War situation: the so called "Border Minorities" were individuated by some mismatches between ethnic composition and language composition of a State.

20 Local Province Government.

21 The first Statutes were written in the 1960s.

22 The Minority issue start to rise immediately after the Second War World and so the find the first agreement immediately after the War end.

The earlier is the one concluded between the new born Italian State and the Trentino Alto Adige Region. In reality this is the earlier and the only one agreement that has as main theme the Minority instances. We can count many different agreements and negotiation that have on a second flat the Minorities claims, as Osimo Treaty 1975, between Italy and Yugoslavia had as main theme the territorial division but also linguistic issues.

23 For example in Friuli Venezia Giulia, Constitutional Law n.1, 1963 at art. 3 or in Trentino Alto Adige 1948 and then reformed, n. 670, 1970 at art. 2.

24 Basilicata, Regional Act 9. 11.1998, n. 40, Calabria, Regional Act 30.10.2003, n. 15, Friuli Venezia Giulia, Regional Act 22.03.1996, n. 15, Regional Act 15.02.1999, n. 4, Molise, Regional Act 14.05.1997, n. 15, Piemonte, Regional Act 10.04.1990, n. 26, Regional Act 15.10.1997, n. 26, Sicilia, Regional Act 9.10.1998, n. 26.

the historical environment and the implementation in knowledge and in the public life participation of the minority community. The region set is so direct to finance and to give grants to various projects from university courses to restoration and maintenance of historical buildings.

The jurisprudence, which is not a formal source of law in the Italian framework, has a strong influence in the topic. In particular the most relevant one is the Constitutional Court jurisprudence. As mentioned before, the Court took part in the progression of minority rights in many pronounces. In the most relevant ones<sup>25</sup>, the main theme is the right to express in the minority language also in the case of being part in a penal and civil process. The Court gave full significance to the freely use of the minority language and censored some articles of the Italian legislative assessment.

In conclusion the Italian system complies with the International standards. Further more It has influenced it in the past (just to remind Italy is one of the founding members of the European Union and from the end of the Second World War It has the fully membership of the main International Organization, as UN or the Council of Europe), but it could be said that the contribution is a double sense one: Italy shares with the International Community of State its own experience<sup>26</sup> and takes knowledge and advancement from the international community.

On one hand, to look upon the phenomena, the Italian territory is non homogeneous<sup>27</sup>, many local reality has to implement their own system<sup>28</sup> and in this case the central state has to play a spin role to let the system lift off. On the other hand, to empower the local communities is a way to realize the European principles (as subsidiary, increase the representative powers, equality of condition in every moment of the life time...). European Union has a limited direct role in protecting minority but it relies on a double way: international law and regional system law (OCSE, Council of Europe, Court of Justice...). So political relevance of the theme is very high (and it became one of the criteria in EU accession, as Bulgaria) and EU fully encourages the national minorities protection in the term said above. In general Italy is in need of an actualization of its own framework, by accepting and considering contemporary instances<sup>29</sup> and in this case international law (in particular EU and UN standards) will supply the guidelines to take action.

A specific example can be retrieved in the disable protection. The sensibility to the theme has risen in early times. EU has provided action plans<sup>30</sup> and model legislation<sup>31</sup> to fulfill to international duties<sup>32</sup>. In the years Italy has to emanate (and has already done it for some points<sup>33</sup>) new legislative rules and to dispose practices.

25 Constitutional Court pronounces n.28, 1982, n.62, 1992, n. 15, 1996. These three sentences have the same parties: Samo Pahor, Italian citizen and Slovenian Minority Speaking belonging and the Prefecture of the Trieste Municipality. The main request was to have the possibility to write down a fine recourse in the Minority language and to express with the same language during the process.

26 Considering the Trentino Alto Adige issue, different studies (for example Bockler S. Grisenti R. 1996) had presented the possibility to export its minority protection system (most in the Balcanic area, due the recent war and ethnic conflictual relationship). Anyway the solution is not so easy, in fact, the sociological assumptions, as the no fundamental differences in the basic value scheme and the economic prosperity (Haller 2001: 10), can slightly be reproduced in a dissimilar area. At the end it testifies that it could be considered as a model and the Italian system, which allows this model to take place, is a quite well rounded system.

27 Only historical linguistic minorities are fully protected by law. Actually there are many communities which can be considered minorities no safeguarded at all, as Rom or large North Africa emigrants settlements. In this case, International law is more effective than Italian law. The Italian system must considerate the International principles and dispose a specific protection.

28 Friuli Venezia Giulia Region has got three Language Minorities at the moment fully recognized: Germanic, Slovene and Friulian. Near these official Minority Languages, others dialects are spoken. As example Slovenia, being part of the Yugoslavia State, entered in the Warsaw Pact and it did not help with the negotiation process being one of the delaying factor for the legislation on the theme. An organic legislation came out only after the independence of this border State (Friuli Venezia Giulia Regional Act n. 46/1991).

29 As example, the recent debate on sexual regulation and homophobia.

30 European Commission, EU Disability Action Plan (DAP) 2003-2010.

31 E.g. Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation.

32 The 2008 UN Convention on Rights of Persons with Disabilities.

33 Act 1999, n. 68 on equality treatment in access at work.

Minority system, as the most implement and regulated, could be a model to comply with rights and protection demand of other fields. To enforce them Italy has the need of an active spin and effort from the EU, the system is not completed if this interaction lacks.

#### 4. Linguistic minority protection: Trentino Alto Adige and Friuli Venezia Giulia regions examples.

Trentino Alto Adige has actually got the longest protection of these rights<sup>34</sup> and maybe it represents the only part of the Italian territory in which the minority protection is fully realized comparing the other Italian regions. It's possible to say that Trentino Alto Adige has a fully realized protection because its system has been implemented at institutional level by a long and an accurate agreement on the international side between the Italian and Austrian States<sup>35</sup>.

Now-a-days Trentino Alto Adige has to be analyzed as a well rounded existing bilingual system: Italian and German. That is to say the completely enjoyment of equality in daily life, which includes: primary and secondary school education in their mother tongue, use of German and Italian language on equal basis in public administration, official documents and bilingual topographical nomenclature, the right to re-establish the German family names and equal rights in employment in public sector. At the end Sud Tyrol and the Trentino Region have reached a great autonomy in regulation the matter and it means juridical (for example a Appeal Court is settle in Bolzano Province), administrative<sup>36</sup> and of course financial one (Haller 2001: 10).

To draft a conclusion dealing with the theme, Trentino system is very valuable because it has been constructed with a strong consent at local level (the agreements were all discussed and assent by local government council and state Parliaments) and so it assures an active protection of the topic.

Friuli has a diverse historical background and various distributions of minority languages. Near some dialects, two languages are connected to foreign state languages, Germany and Slovenia and the other is a distinguishing characteristic of the region, Friulian<sup>37</sup>.

From the historical side, Slovenia was part of the Yugoslavia State, entered in the Warsaw Pact and it helped to retard the process of drafting a final discipline<sup>38</sup> as for the Friulian one, language which was not considered from the early beginning to safeguard<sup>39</sup>.

The legislation process is pushed by internal and external factors. One is the difficulty for the local Government to set aside intervention on the subject and the other is the necessity to regulate which come from the International landscape: the Friuli Region has a strong foreign relationship and for example

34 The start agreement was held in 1946.

35 The so called "Sud Tyrol (Alto Adige) dispute" has risen since 1946. The dispute was about attributing to the German speaking minority (very consistent on the Sud Tirol territory) independence and rights without the necessity to change borders definition. The International presence was extremely important to pacify the to States disputants in fact in reality the question was solved only in 1992. It is possible to count different period negotiations (1946-1950, 1960s until the conclusion on the 1990s). In particular the Austrian Government had a very active role in reporting the defects of the Italian Government, at least in 1960 It benefited by the UN General Assembly in resolution, which agreed with a peaceful bilateral negotiation and a calling to Italy to reach out a solution in a reasonable length of time. In 1992 the last step was taken: the results were approved by the Parliaments of two States, local Government, Trentino Alto Adige Region.

36 Trentino Alto Adige has reached a special status of autonomy

37 Anyway a distinction has to be made, in fact, the Slovenian and the German spoken by the population in Friuli present some regional tones, these languages have to be considerate by themselves, like an alteration trough centuries of the original languages and for this proper reason these communities has to be protected. Friulian is a specific local language which is pointed out as recognized Historical Language for its peculiarity and originality. It is not connected with any border State and it represents one of the most controversial in regulation for the co-role Central State/Region.

38 Despite the early negotiation after the Second World War and in 1975 with Osimo Treaty, an organic discipline was reached only after the Slovenian independence in 1992, n. 46/1991.

Trentino negotiation was somehow encouraged also by the position of Austria in the North Atlantic Pact.

39 Friulian was not included in the historical languages and only in 1995 the Friuli Region has disposed an organic discipline.

bilateral agreements with the border states have empowered the need of a regulation. The local power cut out the jurisdiction of the central state one step by step<sup>40</sup>.

After 1999 with the approval of Framework Act, more attributions are set<sup>41</sup> (also following The Framework-Convention of the Europe Council). The more implement sphere is the Education and the teaching of Minority Languages, public use of it and the restoration of nomenclature. Regional and Local Governments are strongly involved also in promotion of Minority Culture, but only in 2001 we retrieve an organic discipline<sup>42</sup>.

To conclude Trentino and Friuli are both border regions that could be different on the background scene (historical, territorial and governmental profile) but in the theme of protection of minority present some useful characteristics.

First of all, the base enrollment (local government and local population) is one important factor to assure a real protection, then second one is the implementation of the autonomy by giving powers at local level and the third is to comply with the international obligation and standards.

These two region have an inside tendency to internationalize due to the position and the composition of the population, EU legislation and assessment helped this propensity in the way of cancelling borders, but in assuring a common base of value and protection. EU has again a central role in fixing standards and promoting relations through states.

## **5. Bulgaria and the Historical Aspect of the Problems with National Minorities**

Speaking about national minorities in Bulgaria makes it necessary to mention about Turkish minority in the country<sup>43</sup>. Because the situation of the Turkish minority is accepted as national question in Bulgaria since its creation with the Berlin Treaty in 1878. Berlin Treaty was the first document that guaranteed the rights of the Turkish minority at the international level. Ottoman Empire and later on Turkey tried somehow to protect the rights of national and religious minorities in Bulgaria through bilateral agreements. But due to unstable political system in Bulgaria there were always problems regarding minorities. Bulgarian governments tried to restrict Turkish interference in to the problems related with national minorities by using the difference of the terms between "Muslims" and "Turks"(Radev 1992: 6). In fact in the agreements signed between Ottoman Empire and the Bulgarian Principality the term Turks had never used. Even the agreement between Bulgaria and Contemporary Turkey signed in 1925 does not mention clearly about the Turkish minority in Bulgaria. Instead of the term Turks, the definition "Muslims" is preferred being consistent and coherent with the historical conditions at the time of the agreements. Because in late 19th century and the beginning of 20th century the term Muslim had the same meaning with the term Turkish. This was the reason for which the agreements signed between both states did not mentioned officially about the Turkish minority in Bulgaria. Sometimes Turks were forced to migrate from Bulgaria to Turkey and most of them were not given the right to sell their immovable properties. However this was not same for all the members of the Turkish minority.

After the II. World War Bulgaria became a communist country. Of course there were critical two years between the end of the war and the communist constitution of Bulgaria which turned the country officially into the "Soviet Satellite". During this two years(1945-1947) communist leaders promised many things to Turkish minority in the sake to secure their support and take their votes in the first elections of post II World War period (Yalimov 2002: 277). One of the promises was to ensure Turkish minority education in their mother tongue and to keep their schools open during the communist time. In the year of 1951 with the initiation of the Bulgarian side, Bulgaria and Turkey signed a migration agreement for the

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40 First period to be mentioned is the enactment of the Statute of Autonomy in 1963. It gives full implementation to the matter by recognizing the regional Minorities.

41 E.g. the disposal of a Public Register for the Slovenian Organizations and the creation of a Regional Commission, with consultative powers.

42 Act n. 38, 2001.

43 There is crucial definition made between the terms "national" and "ethnic" minority. National minority is a group that has protecting state across the border of the country they live in. Where in the case of ethnic minority



Turkish minority and 150.000 people migrated from Bulgaria to Turkey as a result of it (Simsir 1985: 225-226).

Nevertheless between the years 1946-1956 Bulgarian Turks enjoyed their rights as a minority group. But when Todor Jivkov came to the rule in 1956 he had adopted different policies to change the situation in Bulgaria arguing that People Republic of Bulgaria will become truly communist. Jivkov saw the Turkish minority as an obstacle on the way of his agenda and started to restrict their rights and things making them different than the rest of the Bulgarian population (Yalimov 2002: 326). Moreover a separate program had been adopted to create a pure communist nation through "Bulgarization" of the all minorities in the country.

Gradually with the intense campaign for the Bulgarian nationalism, the rights of the Turks was restricted and in the year of 1968 second migration agreement with Turkey was signed and more than 250.000 people migrated to Turkey. After this migration wave communist party focused in to the internal affairs of Bulgaria and new plan for the national minorities discussed at the Politburo meetings. In the beginning of 1980's all the religious applications were abolished by the communist party being perceived as a threat to the unification of the society (Büchschütz 2000: 143-144).

In the ned of 1984 with the special decision taken by the communist party name changing campaign has started in Bulgaria. All the Muslim-Turkish names were changed with the Bulgarian ones by force (Maeva 2006: 30-31). There were special army troops and police force to control the areas settled by the Turks with the aim to prevent illegal movements to the border. When these applications condemned by the western world, Bulgarian government declared that Turks are using their democratic rights to be called with Bulgarian names claiming that the name changing campaign was a voluntary process. But inside the country there were several protests against the so called Revival Process.

The situation of the Turkish minority in Bulgaria was discussed in some international meetings with the initiative of Turkey. As a result of huge pressure from the international fora Bulgarian government decided to negotiate new agreement for migration of the Turkish minority. As a result of this from May 1989 until the end of August 1989, 362.000 people migrated to Turkey (Yalimov 2002: 473). On 21 August 1989 the border between Turkey and Bulgaria was closed for such migrations. After this date there was new life starting for those who left in Bulgaria.

## **6. Post Communist State of Minority Rights in Bulgaria**

Bad economic conditions and the protests of the Turkish minority to claim back their rights brought to an end the Bulgarian communist regime. There were round table discussions to shape the future policy of the country and the relationship with the Turkish minority. Round table discussions organized by the elit to decide on the future discourse of the minority policies, where the previous assimilatory campaigns were condemned by referring to various international documents such as Universal Declaration of Human Rights (Nancheva 2007: 378). However existence of such group reminded that the rights of national minorities will be under the control of the Bulgarian elit for the future. Beside this in the first free elections in June 1990, former communists who had renamed their party as the Bulgarian Socialist Party came to the rule again (Rechel 2007: 355). This fact reduced the belief that the things will be changed dramatically in Bulgaria. Because the staff in key positions was still from the previous communist members.

Again this political staff the new constitution of the post communist Bulgaria was accepted and there were no significacant changes in fact. They were explaining this situation as their efforts to prevent conflicts among the ethnic groups in Bulgaria. However the same problem was valid also for the law of political parties. The law of political parties had discussed again behind closed doors on 10 April 1990 and as a result of this discussion the law prohibited creation of parties directed against the sovereignty or territorial integrity of the state and and the unity of the nation and parties organized "on religious or ethnic basis"(Rechel 2007: 354).

This was the time when the Movement for Rights and Freedoms was created in Bulgaria. This party was mainly consisting from the members of the Turkish minority and its electorate was also comprised mainly from the Turks and other minority groups like Pomaks and Roma. Although creation of such

parties based on ethnical origin had banned MRF always claimed representing whole Bulgarian society and kept to make its programs in Bulgarian and to conduct all its activities in Bulgarian too.

In the years of the communist transformation there were also protests on the streets of Sofia against the restitution of the rights of Turkish minority in Bulgaria. Since the process was controlled strictly by the political elite both Turks and Bulgarians kept silence and avoided conflict through direct contact.

The post communist constitution of the Republic of Bulgaria which entered into the force in July 1991 was very important for the democratization of the country. But there were so many similarities with the previous constitution made by Jivkov in 1971 under which the assimilation of the Turkish minority was held proving that it's not enough to protect the rights of national minorities. However the dilemma is starting with the term of national minority. Because in the new Bulgarian constitution description as national minorities has been avoided and only the term "citizens whose mother tongue is not Bulgarian" was used to refer to the existence of different ethnic groups in Bulgaria with the article 36(2)<sup>44</sup>. This article itself was well enough to explain that there are no significant changes in the Bulgarian legislation since it is quite similar with the term accepted by the "Jivkov Constitution" in 1971<sup>45</sup> where instead of the term minorities "citizens with non-Bulgarian origin" was used. With this article it's once again declared that there are no ethnic minorities in Bulgaria. However the diversity of the Bulgarian population was accepted by the new constitution.

Meanwhile with a petition signed by the 93 deputies from Bulgarian Socialist Party the newly established Constitutional Court was asked to declare unconstitutional the Movement for Rights and Freedoms which was known as the political party of ethnic Turks (Rechel 2007: 359). Main basis for their claims were the constitutional articles 11(4) and 44(2). The article 11(4) is regulating the legal basis of the political parties in Bulgaria indicating that "there shall be no political parties on ethnic, racial or religious lines, nor parties which seek the violent seizure of state power". Article 44(2) prohibits activities/organizations created or targeting the national integrity and the unity of the nation. In its decision on 21 April 1992 the Bulgarian Constitutional Court did not consider the petition made for the article 44(2) which made clear that neither MRF nor its activities are targeting the national integrity and the unity of the nation. Based on the article 11(4) the Constitutional Court declared the MRF's constitutionality. A very important situation was the division of the votes of judges in this case. There were 12 judges, 6 of them voted for favour of the ban of MRF and 5 voted against while 1 judge did not attend the suit because of illness. Since 7 votes were required to declare the unconstitutional structure of the party MRF's constitutionality was approved.

This was the political and legal status of the situation in the early 1990's. After this time the incentives in the Bulgarian political life to improve the rights of minorities will be diversified. The European integration process is one of the most important actions took place in these years.

## **7. European Integration Process in Bulgaria and the Effect on Minority Rights**

It is possible to mark the date 7 May 1992 as beginning of the Bulgaria's European Integration process. The Constitutional Court's decision on the constitutionality of the MRF had very good implications in Europe. 16 Days after this decision Bulgaria was admitted to the Council of Europe (Rechel 2007: 360). After this process Bulgaria slightly started to comply with the International and European regulations regarding the human rights and minority rights.

There is a division of the minority rights process in Bulgaria in two: internationalization and europeanization. Internationalization of the minority rights in post communism started with signing the 1990 Catalogue of the Rights of Minorities made with the initiation of the Conference on Security and Cooperation in Europe (Nancheva 2007:379). The new constitution of the Republic of Bulgaria was mostly created in the light of these principles in 1991. Internationalization means also Bulgarian inclusion

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44 For the full text of the Bulgarian Constitution in English please refer to the link <http://www.parliament.bg/?page=const&lng=en>

45 The term "Jivkov Constitution" is used to refer also sometimes the 1971 Bulgarian Constitution because it was prepared according to the Jivkov's directives.

into important international conventions regarding the protection of human rights and the adoption of these standards by the Bulgarian administration. Europeanization of minority rights in Bulgaria will be explained through the analysis of the country's own situation since its closely tied with the progress of European Integration.

Dealing with minority rights in Bulgaria makes necessary to speak first about the Turkish minority in the country. Because the peculiarity of the Turkish minority is that in the regions of Kardzhali- southeast and Razgrad-northeast they constitute the majority of the whole population. Because of this reason the European Integration process and its effect on minority rights can be best examined by focusing further in to the situation of the Turks in the country. Turks have gained an important advantage by politicizing their participation within the Bulgarian community. The creation of MRF helped to prevent deep conflicts among the ethnic groups in Bulgaria. Especially in the process of European Integration it was crucial for them to have representative to express their problems. But first of all to ensure fair standards to the members of the minorities.

MRF's attitude was very important since it never demanded the recognition or the existence of national minorities in Bulgaria. Moreover its demands were very modest rights to the Turkish minority in Bulgaria to continue its survival. But this was also the fact that some Turks did not liked MRF's position in the Bulgarian political life and their activities which were not answering the needs of the Turkish society in Bulgaria. Restitution of the names and previous rights had realized by the communists and the Turkish population was expecting something more from the political representation of the MRF at the Bulgarian Parliament. By considering the fact that the right for education in native language which was indicated in the article 36 of the Constitution was granted after very harsh discussion process, its possible to state that the control of elit was still on top. Because even this was not fully applied since the education was conducted in Bulgarian language but Turkish students were given the opportunity to learn Turkish by attending four hours per week Turkish language course. More or less this was equal to the communist standards in the year of 1960 when Turkish was studied like a foreign language.

All of the activities and meetings of the MRF were conducted in Bulgarian and there was not any kind of engagement or existence of a plan against the national integrity or unity of the nation.<sup>46</sup> And its existence became one of the key factors of the minority rights developments in Bulgaria proving that there is a possibility of the participation of minorities within the Bulgarian political life. However this was not same in reality because of the constitution. Article 11(4) of the Bulgarian constitution is prohibiting the creation of parties along the ethnic and religious lines. With this Bulgaria is a unique example of the Central and Eastern Europe discouraging the creation of such parties. But in the case of MRF it is certainly that the political interactions between MRF and other mainstream political parties have helped to avoid the radicalization of minority-majority relations in the process of European Integration(Kavalski 2007:126).

During the 1990's minority rights in Bulgaria were mainly discussed around the Turkish minority since the existence of others was neglected. But with the end of 1990's and progress of the European Integration showed that Bulgaria also has problems in integrating Roma which often called as Gypsies in Bulgaria. Roma were totally forgotten and even not included in the political life intentionally because of their will to form political party based on their ethnic origin. Soon after the registration of the MRF as a political party Roma minority formed a political party too and asked Sofia City court for registration in 1992 but the Court denied registration of a "party created along the ethnic lines". This was the first fact that put away Roma from the Bulgarian political life. And in the years of the transition they were mainly discriminated and with less opportunities to join the social life in Bulgaria. Most of them were isolated in ghettos.

This situation became a real problem for Bulgaria in the end of 1990's. Roma failed to participate in the political life of Bulgaria and to show a unity with the rest of Bulgarian population. They were numerically strong but politically weak(Rechel 2007: 362). The number of deputies from Roma origin did not exceed the number 3<sup>47</sup>.

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46 This fact has been also approved by the decision of the Constitutional Court regarding the constitutionality of the MRF in April 1992.

47 It is necessary to consider the fact that some members of the Roma minority identify themselves as

Education in native language systematically started in 1994 and one year after Bulgaria submitted her application for the full EU membership. Broadcast in native language Turkish became available in the year of 2000. In January 2007 Bulgaria became full member of the European Union. But still there are several problems among the ethnic and religious minorities in Bulgaria. Despite the years passed with transformation, transition and European integration problems stemming from differences and accommodating such ones in the society are growing. Big part of the ethnic Bulgarians do not support the right of education in native language even partially. Most of them-almost  $\frac{3}{4}$  are against the Turkish language broadcast through the Bulgarian National Television Channel. Still Turks and Roma are discriminated in the job recruitment and there are no public services available in native language in areas where minority members constitute majority or live in mass. This can be a good example to explain norm adoption at state level and failure at social level(Nancheva 2007:374).

Even as a European country, Bulgarian standards are far away from European ones. This also can be shown by referring to the numerous facts and documents signed with the EU. For example Framework Convention for the Protection of National Minorities was signed by Bulgaria with a reservation that "actions being taken against the unity of the state. During the negotiation process of the European Union membership main target was only Roma and the Turks were not mentioned only to prevent the Bulgarian reluctance to realize the reforms. This could be also because Roma were less political minority than the Turks and Bulgarians are less sensitive regarding the situation of the Gypsies in the country than the Turks.

## **Conclusion**

What is European and what not regarding the issue of minority rights is still problematic. This might be due to the improving character of the field and institutionalization of minority rights in the European Union. But different applications in member states makes it impossible for the newcomers to set proper base on the state of minorities.

As founder state of the European Union Italy has a longer democratic tradition and experience in living together. But Bulgaria lost its connection because of the half century long communist rule which restricted the rights of minorities, tried to erase all the differences based on ethnic, religious and linguistic factors. Consequently this process reached its final stage with the assimilation campaigns. Bulgarian political parties are not also that willingly to end the strained relations at societal level because in each and every election they use ethnic tools for their election campaigns. Therefore significant progress can not be seen because of the lack of political will. Comparing with the Italian example, in case of the adoption of same reforms by the Bulgarian side – especially those enabling the use of minority language in public administration, language of instruction at the primary and secondary schools – big part of the Bulgarian population would protest against it and this can lead to a conflict between Bulgarians and Turks.

Another aspect of the minority rights in the EU is the lack of clear definition regarding the rights of minorities and sanction capacity. In the case of Bulgaria, members of the minority groups like Turks, Roma and Pomaks still do not feel the advantage of the EU membership and are depended to much to the national parliament for more freedom to preserve their identities and culture.

Minority Rights cliff between old and new member states is growing as it is in the case with Italy and Bulgaria. There is more initiative needed from the side of the EU at least during the negotiation process for the full membership. Because this is the unique opportunity for the Union to force a given country adapting the necessary changes and to comply with the EU norms.

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Bulgarians. In this case it is possible to have more deputies from the Roma origin, but the self identification is important in the Bulgarian political life and if they call themselves as Bulgarians nothing can be argued regarding their ethnic origin.

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# AN OVERVIEW OF THE EU'S CFSP. CONFLICTS, MINORITIES AND ENLARGEMENT

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*Dacian Duna, Ioana Strat and Valentina-Tania Secheșan*

**Abstract:** *The present paper aims to give an account of the development of the European Union policies in the field of security and defence, in response to the threats coming from the former Soviet area, namely the regions of Eastern Europe and South Caucasus. The enlargement to the East brought the European Union closer to an area of inter-ethnic conflicts, social unrest and authoritarian governments. In order to preserve the security of its own borders, the European Union took the challenge of building democracy and welfare in the countries which export instability. However, apart from the steady efforts from the European Union to engage these countries in mutually satisfactory partnerships, the level of commitment from their part is equally important for the success of peacekeeping and the enforcement of the rule of law in these societies.*

**Keywords:** CFSP, frozen conflicts, conflict resolution, EU neighbourhood, security, crisis management, minorities

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## 1. The Common Foreign and Security Policy and the European Union's Neighbourhood<sup>1</sup>

### 1.1. General overview

The European Union's Common Foreign and Security Policy (CFSP from this point on) is considered as one of the defining fields of the European political integration. The level of communitarization in this field is indicative for the final direction of the EU, either towards some forms of supranationalism or intergovernmentalism. The so-called 'federalists' had long time dreamed for the United States of Europe, a political entity with a common army and a common foreign policy, attributes currently related to the nation-state.

The first question one must ask is whether the European Union is a security actor or not and if it is what kind? Simply putting, a security actor could be a provider or consumer of security. If this definition applies, than one must notice that the united Europe acted more as a security consumer than as a provider throughout its relatively short history of over 50 years. To a greater extent, the EC and later the EU have depended on the American security and defence lead. Protected by the NATO shield, the Western Europeans enjoyed an unparalleled period of prosperity and were able to design the single best economic integration design the world has ever knew.

At his dawn, the EU was already an economic superpower, one of the few poles of economic and social development in the world. Hence, many scholars identify the European Union as a civilian power with soft capabilities, while disposing of very limited military assets. The Union is still highly dependent on NATO and

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<sup>1</sup> The author of this section is Dacian Duna.

US military power, being able, at best, to intervene in the final phases of conflict management, like peace-keeping or post-conflict recovery and reconstruction. Lacking strategic means and political will to develop a 'grand strategy' comparable to the US one, the EU attempted at least to advance a new approach on security.

Though the 'actorness' of the European Union in security and defence is still debated, currently the EU is claiming a new global status 'measuring' its economic capabilities. And along with power comes greater responsibility, as the EU Security Strategy of 2003 clearly stated. This responsibility rests also in the security field. Though the results achieved so far may look encouraging, the CFSP-ESDP record is not impressive.

The origins of the CFSP are to be found in the early 1950s when the European leaders attempted and eventually failed to organize a European Defence Community – the project was rejected by the French Assembly, similarly as in the case of the more recent Constitution for Europe. Consequently, the European leaders supported a surrogate organization, the Western European Union, strongly related to NATO. The WEU was to remain outside the European project until the Nice Treaty (2000) will ascertain its merging within the EU framework, as a part of the ESDP.

During the 1970s the Member States of the European Community had managed to develop a form of intergovernmental cooperation (EPC – European Political Cooperation). Under the auspices of the EPC, the European leaders have gradually defined the general framework of the future intergovernmental pillars of the European Union: the CFSP and Justice and Home Affairs (JHA). During the 1980s, as showed by the Single European Act of 1986, they intended to extend the European integration to encompass these fields. The institutional patterns developed within the EPC are significant: (1) an extended network of diplomats, (2) the intergovernmental character, (3) consensual decision-making, (4) rotating Presidency (every six months) – with the informal Troika and a secretariat, (5) the progressive involvement of the European Commission (through the consultation procedure) (Forster and Wallace in Wallace and Wallace, 2004: 476).

The conditions that finally lead to the setting-up of a CFSP are strongly related to the post-Cold War environment with its new challenges and opportunities: (1) the changing nature of the international relations since the collapse of USSR; (2) the reunification of Germany and the revolutions of Central and Eastern Europe; (3) the Gulf crisis and war (1990-1991); (4) the CE's response to the Yugoslav crisis (Nugent, 2003: 415-416). The Treaty of Maastricht would institute a European Union with pillar architecture: the European Community ('community pillar'), the CFSP ('intergovernmental pillar'), and the JHA ('intergovernmental pillar'). The intergovernmental pillars have been placed under the general coordination of the European Council and of the EU Council of Ministers. The institutional arrangements regarding the CFSP provided by the treaties of Amsterdam, Nice, and finally Lisbon, have not challenged the intergovernmental character of this policy, but mainly attempted to make it more functional and efficient.

### *1.2. Institutional design and decision-making process*

The Maastricht Treaty (TEU, 1992) instituted a Common Foreign and Security Policy of the European Union with the following objectives: (1) to develop and consolidate democracy and the rule of law, and respect for human rights and fundamental freedoms; (2) to safeguard the common values, fundamental interests, independence and integrity of the Union; (3) to strengthen the security of the Union and its Member States in all ways; (4) to preserve peace and strengthen international security, in accordance with the principles of the United Nations Charter, as well as the principles of the Helsinki Final Act and the objectives of the Paris Charter; (5) to promote international cooperation (Treaty of Maastricht, Title V). The European Council was empowered with the task to establish the general directions of the EU policies, including for the CFSP. The Parliament had a consultative role, while the Secretariat of the Council was to assist the EU Presidency in the management of the CFSP.

The Treaty of Amsterdam (1997) was essential for the development of the CFSP, since many provisions remained ambiguous and unsettled in the TEU. For instance, the European Commission was given an important role in the functioning of the CFSP: it could make proposals, as the Member-States of the EU. Moreover, it acts in cooperation with the Council for the purpose of ensuring the consistency of the Union's



foreign policy. This treaty amended the TEU also by creating the function of Secretary General of the Council, High Representative (HR) for the CFSP, nick-named ‘Mr. CFSP’ (Article 26, Treaty on European Union). His job is to assist the Council in the framing, preparation, and implementation of decisions regarding the CFSP. Also, a Policy Planning and Early Warning Unit was established in the Secretariat to help the HR.

The Treaty of Nice (2000) consolidated the CFSP by introducing the ‘Petersberg tasks’<sup>2</sup> and hence a new policy dimension: the European Security and Defence Policy. With Nice, the European Union will have the consolidated versions of pillars that will remain almost constant until the entering into force of the Lisbon Treaty (signed in 13 December 2007 and not yet ratified in all the Member-States of the EU at the time this paper was written). To conclude, the bodies involved in the framing, preparation, and implementation of the CFSP are the following: (1) The European Council; (2) The European Commission – associated, especially through its DG on External Affairs; (3) The European Parliament – consultative role; (4) The General Affairs and External Relations Council; (5) Permanent Representative Committee (COREPER); (6) The Political and Security Committee (PSC); (7) The HR for the CFSP; (8) Special Representatives appointed for certain political issues.

The CFSP decision-making processes and instruments are different from those used in the community pillar. The most frequent voting rule is unanimity, though there are certain exceptions (involving qualified majority – the weighting is established in the Treaty of Nice). The decision-making procedures include: common strategies (established by the European Council), common positions and joint actions (drafted by the Council), constructive abstention (allowing a Member State to abstain on a vote in Council under the common foreign and security policy, without blocking a unanimous decision), or enhanced cooperation (allows those countries of the Union that wish to continue to work more closely together to do so, while respecting the single institutional framework of the Union) (Europa Glossary).

Since the Treaty of Lisbon (initially known as the Reform Treaty) entered into force in 1 December 2009, this section will be focus more on what it brings for the CFSP.

The ToL amends both the TEU and the TEC. It abolishes the three-pillar structure of the European Union, maintaining instead the specificity of the CFSP (*CEPS Policy Brief*, No. 147, December 2007). The Lisbon Treaty keeps many provisions of the Constitutional Treaty<sup>3</sup>. Though it fails to bring together the EU acquis, the ToL re-organizes the institutional framework of the EU for better coherence and effectiveness:

1. It is establishing the function of President of the European Union to give better visibility and stability in ‘*the preparation and the continuity of the work of the European Council*’ and ‘*the external representation of the Union on the CFSP issues*’ for a 2.5 years mandate (replacing the six months rotating system). The EU President is elected by QMV for 2 mandates at most. His/her power is depending on his/her personality.
2. A new High Representative: ‘High Representative (HR) of the Union for Foreign Affairs and Security Policy’/Vice-President of the Commission (known as EU Minister of Foreign Affairs in the failed Constitutional Treaty). He/she will be a liaison figure between the Commission and the Council, combining the roles of the present High Representative for the CFSP in the Council (formerly held by Javier Solana) and the Commissioner for External Relations in the Commission (formerly held by Benita Ferrero-Waldner). The HR will:
  - Conduct security and foreign policy on behalf of the Council (ToL, Article 9E, paragraph and, in addition to the powers exercised by the current HR for CFSP, the new HR preside over the External Relations Council (ToL, Article 9E, paragraph 3)<sup>4</sup>.
  - Participate in the elaboration of CFSP, having a new right to “*submit proposals on initiative or conjointly with the Commission*”, and may “*submit questions to the Council convoke extraordinary meetings on emergency matters*”.

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<sup>2</sup> These tasks were set out in in the Petersberg Declaration adopted at the Ministerial Council of the Western European Union (WEU) in June 1992 and are included in the Article 17 of the TEU. They include: “humanitarian and rescue tasks; peace-keeping tasks; tasks of combat forces in crisis management, including peacemaking”.

<sup>3</sup> The Treaty establishing a Constitution for Europe.

- Have a representative role in the “conduct of political dialogue with third parties, express the Union’s position in International Organisations and at intergovernmental conferences” (ToL, Article 13a paragraph 2).
- Have responsibility for facilitating the harmonisation of Member states’ views (*European Security Review*, Number 37, March 2008).
- 3. No new powers for the European Parliament, but democratic control – consent over the appointment of the HR (as in the case of the President).
- 4. The Commission loses the right to submit proposals to the Council in CFSP area and is not anymore fully associated with the Council in the CFSP – attributions of the HR (who partly represents the Commission).
- 5. New European External Action Service – coordination of all officials involved in the CFSP area.

The ToL keeps the prevailing intergovernmental decision-making. However, it grants the EU ‘legal personality’ (only to competences conferred by Member States to the Union) – e.g. the right to sign international treaties. It also keeps the exceptions to the unanimity rule, such as QMV for proposals presented by the HR acting in his/her own or with the support of the Commission, the ‘*passerelle*’ provision (extension of QMV procedure, but not for the CSDP – see below the term); the ‘*constructive abstention*’ provision (from the Treaty of Amsterdam), de facto overcoming the Member-States’ veto (*European Security Review*, Number 37, March 2008). The ToL is in fact extending further the procedures of co-decision and qualified majority voting.

The former ESDP (European Security and Defence Policy) is ‘upgraded’ by the Lisbon Treaty to the status of a Common Security and Defence Policy (CSDP). The ToL extends the range of tasks in the field of crisis prevention and conflict management (the so-called ‘Petersberg tasks’) to “*joint disarmament operations; military advice and assistance task, peace-making and post-conflict stabilisation; conflict prevention and post-conflict stabilization missions*” and also contribute to combating terrorism “*in supporting third countries in their territories*” (ToL, Article 28 B, paragraph 1). This illustrates the growing concern of the EU leaders towards reinforcing the military capability of the Union. However, the ToL is not decisive in the matters of security and defence, keeping the same ambiguity as in the other amending treaties of the TEU.

### 1.3. The CFSP and the Neighbourhood

The year 2003 was an important landmark for the future of the EU in the field of foreign and security policy. Two of the bodies highly involved in the EU’s foreign policy: the High Representative and the Commissioner for External Affairs presented two important documents: the European Security Strategy (setting the guidelines for the future EU security policy), and the European Commission’s neighbourhood strategy that lead to the ENP (European Neighbourhood Policy). These documents are indicative for the will of the European leaders to give the EU a proactive global role measuring its economic power. They reflect also the European view on international relations, based on cooperation and multilateralism, and a new approach towards the neighbourhood: economic cooperation and even economic integration in exchange for political reforms. The political reforms are, of course, necessary in order to reshape the behaviour of the states towards its citizens, based on democracy and tolerance. The more the individuals and their groups are happy with the government, the more is the state more stable and secure. Hence, this approach metaphorically suggested by the expression ‘ring of friends’ aims to prevent the future crises in the neighbourhood, rather than to react to them, as the European Union used to do during the 1990s.

The ENP can be regarded also as a post-enlargement policy of the European Union. At least, the former President of the European Commission implied this when he defined the ENP as “All, except our institutions” (Prodi, 16 April 2003). Nevertheless, the implications of the European Neighbourhood Policy, a policy derived from the EU experiences in the field of conflict management, transcend the post-enlargement. They are, in fact, much more related to the European security approach, as a whole. The EU approach on conflict management has a civilian power dominant. It provides possible economic incentives in exchange for security, hoping it will be enough to change the behaviour of the neighbours, without invoking the more belligerent NATO.

## 2. The European Union and conflict resolution management in the South-Eastern European neighbourhood (Moldova and Georgia)<sup>4</sup>

### 2.1. Introduction

At the end of the '80s, several Soviet republics and communist USSR satellite states were shaken by social unrest mainly caused by poverty, economic breakdown and authoritarian regimes. Small ethnic groups unsatisfied with their minority status under national sovereign rule took the opportunity offered by the break-up of totalitarianism in communist Eastern Europe to claim independent states. The territorial disputes between the internationally recognized republics resulted from the 'Soviet succession' wars and the secessionist inner regions have challenged, ever since, the international law and stirred political controversies. For its part, the Russian Federation constantly supported the cause of the separatists in opposition with international security law. Major players such as the European Union (EU), the United States, and the United Nations Organization (UNO) have refused to acknowledge the legitimacy of the following breakaway regions: Transnistria on the territory of Moldova, Abkhazia and South Ossetia in Georgia and Nagorno-Karabakh in Azerbaijan.

After the fall of the Soviet bloc, the former member states first detached from Moscow's influence reaffirming their independence and some even took the path to European integration, like the Baltic States. In other cases, like in the Republic of Moldova and Georgia, the economic, political and cultural realities acted as catalysts upon their populations to support governments which favored the rapprochement to Russia, looking for support and protection. In Georgia, however, unlike Eastern Europe, the Russians could not impose a favorable political direction without using force so that "[...] today, in breakaway states such as South Ossetia or Abkhazia [...] the Russians are seen as protectors against a repeat of ethnic cleansing by Georgians" (Almond 2008).

While the Eastern Europe was striving to break away from Communism, the last decade of the 20<sup>th</sup> century saw a reconfiguration of the world order with the emergence of the United States reaching super power status, thus marking the beginning of unipolarity. However, over the last two decades, the world's balance of power has been restored, with other states acquiring unprecedented wealth in the modern world: Japan became the world's second economy, China and India scored dynamic growth and Russia regained confidence in its power due to the great potential as supplier of energy resources to Europe. Last but not least, the European Union has been acknowledged as an important player due to its extensive economic engagements and as provider of post-conflict reconstruction in conflict-torn areas of the world.

### 2.2. The EU-Russia relations and the dynamics of energy security

The nature of the interactions between the EU and Russia originates less from the need to share economic benefits, notwithstanding the intensive bilateral trade with Russian gas, and more from the ambition of both sides to impose their own political solutions to the long-lasting, stalled ethnic conflicts which emerged in the former republics of the Soviet Union during the 1990s. If we look at the reasons why the Russian Federation has become an important world player in the 21<sup>st</sup> century, it is clear that the wealth of the soil has turned into political asset. In an interview given by Prime-minister Vladimir Putin to the daily newspaper "Ukrayinska

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<sup>4</sup> The author of this section is Ioana Strat. The section is part of a larger research project titled "The European Union and International Crises Management. The "Frozen Conflicts" of the post-soviet area". The research is financed by the European Union Social Fund *Sectoral Operational Programme for Human Resources Development 2007-2013. Priority Axis 1: Education and training in support of economic growth and the development of a knowledge based society. Key area of intervention: 1.5. Doctoral and post-doctoral programmes in support of research. Contract no: POSDRU/6/1.5/S/4.*

Pravda" on February 4<sup>th</sup> 2009, he officially acknowledged that the vast energy and mineral resources owned by Russia "serve as a basis to develop its economy and as an instrument to implement domestic and foreign policy". Furthermore, he added, "the role of the country on international energy markets determines, in many ways, its geopolitical influence" (Kupchinsky 2009).

In 2007, the EU enlargement to the East covering Romania and Bulgaria raised serious concerns regarding the tensions in Moldova and South Caucasus. The policy of good neighbourhood and bilateral cooperation was designed by the EU officials in order to ensure stability and security on the South-Eastern borders. At this point, the interests of the European Union met Russia's reluctance to accept Western interference in its near abroad. In 2008, NATO's bid to encompass Ukraine and Georgia was confronted with suspicion and sometimes, with retaliative discourse by Russia.

The specific threats faced by the Euro-Atlantic community in the regions with unstable security and "frozen conflicts" consist in stationary foreign military troops, ethnic cleansing among conflicting groups, *de facto* change of territorial borders etc. Some analysts argue that in the secessionist enclaves of Transnistria, Abkhazia, South Ossetia and Nagorno-Karabakh, Russia is conducting a policy of controlled instability by exporting its own pattern of governance:

"It [Moscow] foments, then manages the conflicts; casts Russia in the dual role of party to and arbiter of the conflicts; frustrates their resolution (unless it be on terms ensuring Russia's dominance over the whole of the affected country); perpetuates a Russian military presence; capitalizes on the geopolitical and socio-economic consequences of mass ethnic cleansing (of Azeris from Karabakh and of Georgians from Abkhazia); fosters state weakness and chaotic conditions in the target countries; distracts these from the agenda of systemic reforms; and discourages Western interest in developing organic ties with Moldova, Georgia, Armenia and Azerbaijan" (Socor 2004).

Today's security environment is very changing and global interdependence has brought both opportunities and threats. In terms of energy security, Russia's monopoly over European supplies is worrying. Last winter's cut-backs in gas supplies, although directed at Ukraine, made collateral victims in some of the EU member states. However, unless the European Union is able to reach consensus on energy policy among Member States and negotiate a firm legally-binding agreement with Russia, similar incidents may repeat in the future.

With one of the world's largest economies and a more democratic pattern of governance, the European Union is expected to counterweight the political influence of the Russian Federation in the so-called Eurasia region. Notwithstanding, given a quarter of the EU's gas and oil supplies which is contingent on the imports from the Russian Federation, this economic subordination is sometimes equivalent with vulnerability unless the EU finds alternative sources of energy supplies. The backing by several European states and the USA for the Nabucco pipeline designed to transport gas from Central Asia and the Middle East to Europe is a more pragmatic approach than the European Commission's commitment to reduce greenhouse emissions by 20% by 2020.

The prospect of ongoing formal cooperation between the EU and Russia has been emphasized by the creation of four 'common spaces': Economic issues and the Environment; Freedom, Security and Justice; External Security; and Research and Education, including cultural aspects (European Commission website, April 2009). In 1994, the two sides signed a Partnership and Cooperation Agreement which expired at the end of 2007. Although negotiations on renewing the partnership started on July 4<sup>th</sup> 2008, the subsequent war in Georgia postponed the talks and hardened the bilateral relation until last December when they resumed as decided by the November 22<sup>nd</sup> EU-Russia summit in Nice. However, in the opinion of many Europeans, Russia's primary commitments regarding the respect for human rights, international law and democratic standards were breached by its military invasion of the Georgian territory in August 2008.

The new agreement which is currently under way is due to provide "legally-binding commitments and an effective way of settling disputes", according to a statement by Mrs. Benita Ferrero-Waldner, the then EU Commissioner for External Relations (European Union press release, March 2009). The relationship between the EU and Russia was subject to new tensions when, in January 2009, the Russian-Ukraine dispute over gas trade turned into an extended gas crisis which affected six EU Member States and six non-EU states. All these

developments together with the ongoing economic crisis affecting Russia's economy are good reasons for the two sides to acknowledge their interdependence. In fact, over the past months, the highly centralized and authoritarian system of "sovereign democracy" (Whitmore 2009) consolidated under Putin's rule has shown its flaws. Hence, Russia's intellectuals and some politicians have been urging for the reform, liberalization and diversification of the economic sector whose dependence on energy can have devastating consequences in times of global financial and economic crisis.

### 2.3. EU conflict resolution management and international co-operation

Conflicts have several causes: uneven social structures, discrimination and racism, poverty and oppression of minority groups, cultural and religious intolerance, genocide and ethnic cleansing. Considering geopolitics and human rights defence, the European Union has been striving to take control upon conflicting areas in the world, provide crisis management solutions and ensure proper conditions for viable and peaceful post-conflict settlement. The key to efficient action and lasting solutions is the unconditional support from local governments, NGO's and civil society.

Apart from being world's biggest donor of financial aid to countries in need, in terms of security provisions the European Union abides by the fundamental principles of the UN Charter and acknowledges that the implementation of its own European Security Strategy has made little progress:

"The UN stands at the apex of the international system. Everything the EU has done in the field of security has been linked to UN objectives. [...] For Europe, the transatlantic partnership remains an irreplaceable foundation, based on shared history and responsibilities. The EU and NATO must deepen their strategic partnership for better cooperation in crisis management" (Council of the European Union website, April 2009)<sup>5</sup>.

The European Security and Defence Policy is a "crisis management policy, helping to prevent conflict and re-build societies emerging from war" (Keohane and Valasek 2008:1). Crisis management tasks are central in the process of consolidating the European Security and Defence Policy and consist in humanitarian and rescue actions, peacekeeping and peacemaking tools. Together with conflict prevention management, they make up the so-called *Petersberg tasks* stipulated in the Treaty of Maastricht and subsequently developed to cover a wider range of political and diplomatic actions: cooperation in view of development, financial assistance, trade, humanitarian aid, social and environmental policies, political dialogue, cooperation with international partners and NGOs etc.

In a speech delivered in Brussels to celebrate the Conflict Prevention Partnership dialogue in 2006, Mrs. Benita Ferrero-Waldner, the then European Commissioner for External Relations and European Neighbourhood Policy stressed the complementarity of conflict prevention and crisis management, the two tasks to which the European Union committed in view of a more "coherent action on the international stage":

"Effective conflict prevention requires close coordination between the short-term crisis management instruments and the longer term measures to tackle the root causes and prevent the re-emergence of conflict"(EU press release, September 2006).

On the European continent, the EU's biggest accomplishment was to pursue enlargement negotiations in the 1990s with Central and Eastern European countries which embraced Western politics in an irreversible process of breaking off with the former Soviet politics. Political stability, democratic reforms, economic development and mutual cooperation are natural evolutions in the new member states of the European Union. However, the accession of the new Member States, Romania and Bulgaria in 2007 came with strings attached when instability and undemocratic regimes in the enlarged EU's neighbourhood called for deeper involvement by the EU in order to preserve its own security.

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<sup>5</sup> This is an extract from the *Report on the Implementation of the European Security Strategy - Providing Security in a Changing World*, approved by the European Council held in Brussels on 11 and 12 December 2008 and drafted under the responsibilities of the EU High Representative Javier Solana.

One of the tools for conflict prevention used by the EU in the near abroad has been the European Neighbourhood Policy (ENP) launched in 2004 and currently covering the areas of Eastern Europe (Moldova and Ukraine), Mediterranean region (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Occupied Palestinian Territory, Syria and Tunisia) and South Caucasus (Georgia, Armenia and Azerbaijan). Belarus is not yet fully integrated because the ratification of the Partnership and Cooperation Agreement signed in 1996 with the EU was frozen due to “the lack of respect for democracy and human rights in Belarus” (European Commission’s Delegation to Belarus website, April 2009).

Addressing the strategic objectives set out in the 2003 European Security Strategy, the ENP aims at “avoiding the emergence of new dividing lines between the enlarged EU and our neighbours and instead strengthening the prosperity, stability and security of all concerned”. Namely, the European Union provides financial and technical assistance to support the implementation of specific objectives set up in Action Plan agreements with each partner country in the following fields: political and security issues, economy and trade, mobility, environment, transport and energy networks, science and culture (European Commission website, April 2009). At present, the countries covered by the ENP have low potential for accession to the EU but future development in each bilateral relationship depends on the extent to which these EU neighbours commit to common values like democracy and human rights, rule of law, good governance, market economy and sustainable development.

In spite of all the efforts from the EU, the so-called ‘frozen conflicts’ in the eastern neighbourhood are a constant challenge to the diplomatic expertise of the EU officials, to cross-border security and the EU-Russia relationship. They were caused by the intentions of the separatist regions of Transnistria, Abkhazia and South Ossetia and Nagorno-Karabakh to declare *de facto* independence from their sovereign states, thus breaching the international law on territorial integrity. The reason they are known as ‘frozen’ is that the tensions between the separatists and the sovereign governments have had sinuous evolutions over the last twenty years with alternative periods of escalation and restraint while the probability of reaching a valid compromise solution has been hardly foreseeable.

On the basis of the European Neighborhood Policy Action Plans agreed with Moldova and Ukraine in February 2005 and at the request of the presidents of the two republics, the EU launched the EU Border Assistance Mission in November 2005. It is an advisory and technical body aiming at enhancing cross-border cooperation, regional security and economic development, nonetheless combining efforts to seek a solution to the conflict in the Transnistrian region of the Republic of Moldova (EU Border Assistance Mission website, April 2009). According to the EU’s external relations officials, the contribution of the monitoring mission to the peaceful resolution of the Transnistrian conflict consists in preventing “trafficking of people, smuggling of goods, proliferation of weapons and customs fraud” (EU press release, September 2006). However, positive results of this endeavor are highly questionable given the increasing tension between the government of the Republic of Moldova and the authoritarian self-proclaimed Transnistrian regime, the freezing of negotiations and the breach of fundamental human rights in the region, on a daily basis.

The costs of the Mission have been covered mainly through European Commission (EC) funding under the European Neighborhood and Partnership Instrument (ENPI) with the logistical and administrative support from the United Nations Development Programme as implementing partner for many EC projects in Eastern Europe, the South Caucasus and Central Asia. Also, the Organization for Security and Cooperation in Europe (OSCE) is acting member in the Advisory board which helps plan, implement and review the progress of the EU Mission’s objectives with a view to harmonize the border management standards of the two countries with those of the EU member states, and to enhance professional and risk analysis capacities of the Moldovan and Ukrainian customs and border guard services.

Taking note of the extended border on the Moldovan side between Moldova and Ukraine, which is under the control of the self-proclaimed authorities of the Transnistrian region and lacking monitoring from Moldovan border guards, the EU Council, on recommendation of Javier Solana, the then High Representative for Common Foreign and Security Policy (CFSP), appointed an EU Special Representative for the Republic of Moldova to help increase the EU’s engagement in the long-lasting settlement of the Transnistrian conflict.

EU Special Representatives (EUSRs) are envoys in different troubled regions of the world and their role is to promote EU policies and to strengthen the rule of law, democratic institutions and political stability. According to Mr. Javier Solana, the EUSR's activity is closely related to and complemented by the EU Border Assistance Mission advisers. As representative of the EU's CFSP in the region, the EUSR works closely with key partners like Russia, Ukraine, the United States and the OSCE (EU Border Assistance Mission website, April 2009)<sup>6</sup>.

#### 2.4. Instability in the EU neighbourhood and international reactions

In August 2008, Russia declined its level of commitment to the international principles pertaining to the territorial integrity and the autonomy of sovereign nations by invading the territory of Georgia in order to support the separatist leaders and the people of South Ossetia. This small border area is a state-like regime which consolidated its own symbols of sovereignty despite the refusal of the international community to recognize its *de jure* existence. With the war against Georgia, the Russian Federation marked its determination to preserve influence in the region, decades after Georgia's unilateral independence from the USSR and at a moment when its pro-West government was playing the card of NATO accession. The conflict which emerged between Georgia and the small autonomous region of South Ossetia was, in fact, a matter of internal politics and Russia's interference was generally condemned for breaching the principles of international law regarding the undeniable rights of a sovereign nation-state. The aggression against Georgia came at a time when accession talks with NATO were underway and most of the Western states had expressed support for Georgia's and Ukraine's membership bid. The United States' plans to deploy anti-missile shields in Poland and the Czech Republic were equally sensitive issues at that time.

Some political analysts argue that the external policy of the United States during Bush's administration has been uncomfortable for Russia's interests in the Caucasus and Central Asia. By providing financial support and military equipment for the authoritarian regimes of Kazakhstan and Azerbaijan, the US supported the construction of the Baku-Tbilisi-Ceyhan oil pipeline which could supply 1% of global demand (Walsh 2005) and help reduce Europe's dependence on Russian supplies.

For its part, Russia unconditionally supported both financially and militarily the separatist regimes in the former Soviet republics, and even provided their inhabitants with Russian passports. To motivate the hostility against the Georgian government, Moscow argued that the use of force was necessary in order to protect Russian citizens from ethnic cleansing. In addition, Kosovo's largely recognized independence by the West is believed to have set a precedent in international relations which prompted Russia to accuse the United Nations of double standards over South Ossetia and Abkhazia (Ria Novosti website, August 2008)<sup>7</sup>.

The EU spearheaded international efforts to end the war in Georgia and the strategy was carefully considered. An armed response from any of the Western states or NATO towards Russia could have caused serious global implications. The debate split the international community into two camps: the United States, Great Britain and several Eastern European states labelled 'aggression' Russia's assault on Georgia while France and Germany urged for moderation and insisted that NATO-Russia Council resume dialogue. Also, the German Foreign Minister advised that Russia should not be excluded from the G8 group of industrial countries or be refused membership in the World Trade Organization (Reynolds 2008). The settlement of the war in Georgia was possible by means of dialogue, mediation and diplomacy. The French president called both warring parties to the negotiating table and soon managed to broker a cease-fire deal. The peace agreement, however, neither ended tensions in the South Caucasus nor appeased Moscow's tone whenever its influence in Eurasia is challenged.

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<sup>6</sup> Statement made by Javier Solana on the appointment of the EU Special Representative for Moldova on 1st of March 2007.

<sup>7</sup> According to "RIA Novosti" Russian state newspaper, the statement was made by Russia's envoy to the UN at an open session of the Security Council in August 2008.

In light of the developments in the South Caucasus, the European Union has reconsidered its interests in the countries of Eastern Europe and South Caucasus and set up the project for an Eastern Partnership whose success depends on the full commitment of each of the six partner states. Six countries already acting in the European Neighbourhood Policy agreements - Armenia, Azerbaijan, Georgia, Moldova, Ukraine and Belarus – are included in a new framework of enhanced association with the EU in extended areas comprising deeper free trade, gradual integration in the EU economy, gradual visa liberalization, energy security and environment protection. The European Union is, thus, committing to a more proactive and unequivocal approach, addressing countries which seek to intensify relations with the EU, nevertheless encouraging peaceful relations with neighbouring Russia. This instrument is meant to complement the ENP by bridging bilateral and multilateral cooperation, by focusing more on convergence with the EU legislation and norms than on project-oriented initiatives and by increasing political contacts between partners (including among administrations, members of parliaments, NGOs and citizens). The security-related provisions of this agreement include the participation of the partner countries in EU missions and exercises with particular focus on conflict areas and the coordination of diplomatic activities. Closer cooperation on arms-export practices and non-proliferation is also envisaged (European Commission website, April 2009).

The engagement of partner countries is essential for the success of this initiative but violent events in the Republic of Moldova after the first round of parliamentary elections in April 2009 raised concerns regarding the willingness of the Communist regime to engage in a deeper relationship with the EU. Some would argue that the lack of firm and prompt reaction from the part of the European Union officials could have provided an impulse for Moldova to become more authoritarian and isolated from the West and to lean towards Moscow (Coalson 2009).

In a Common Foreign and Security Policy (CFSP) Statement on April 7<sup>th</sup> 2009, the day of the violent civilian protests in Chisinau, the EU Presidency expressed concern on the evolution of events, condemning the use of violence and calling for restraint on all sides (Czech Presidency of the European Union website, April 2009). There were several other statements from Mr. Javier Solana, the former High Representative for the CFSP, and Mrs. Benita Ferrero-Waldner, the former EU Commissioner in charge with external relations who urged the Moldovan authorities to stop violence and guarantee respect for fundamental human rights and saluted the decision regarding the recounting of votes. Apart from all verbal statements, the European Union delayed sending officials to the place of confrontations which could have increased confidence of the Moldovan opposition in the rightfulness of their cause.

The entire Western community reacted to the events in Moldova but the European Union was mostly expected to contribute to the mitigation of tensions with a more target-driven strategy. The United States sent a message stressing the importance of shared values between the Moldovan government and the democratic world, nonetheless reminding that a sound relationship is based on mutual commitment (US Department of State press release, April 2009).

Signals calling for dialogue, transparency and respect for human rights were sent by the UN as well. On the day of the protests, the UN Secretary General expressed concern over the violent protests in Moldova and called for a peaceful resolution of election-related disagreements (United Nations Secretary General, April 2009). A week later, the United Nations country team in Moldova “called on citizens and authorities to act with restraint amid election protests” stressing that the authorities must guarantee fundamental human rights such as the rights of citizens to peaceful demonstrations and the “the right to physical and psychological integrity” (United Nations News Centre, April 2009).

A more straightforward intervention in the aftermath of the conflict came from the Monitoring Committee of the Parliamentary Assembly of the Council of Europe (PACE). The co-rapporteurs on Moldova addressed directly the highest authorities in Moldova by sending letters to the President of the Republic and the President of the Parliament in which they requested accurate information about the unfortunate events following the parliamentary elections. Taking note of “the many reports from international and non-governmental organizations and political sources concerning human rights violations allegedly perpetrated by the police during the events from 6 to 8 April 2009”, the organization expressed its willingness to contribute



to the democratization of the Republic of Moldova and the reforms needed on the path towards European integration (Parliamentary Assembly of the Council of Europe, April 2009).

In spite of all these unfortunate events, the prospects for democracy in Moldova were positive when the election results confirmed a pro-European government overturning the long-lasting supremacy of the Communist Party in the Moldovan parliament and executive. However, the future course of Moldovan politics on the democratic path is again under scrutiny because the nomination of a pro-European president for Moldova was twice rejected by voting in Parliament, thus triggering anticipated parliamentary elections to be expected next year. Nonetheless, democracy in Moldova was above all, the choice of the people. The signals sent by the international community urging for change added to the motivation of the citizens to mobilize and to decide that democracy and rule of law is the right path for the country which borders the European Union.

### **3. The Kurdish problem in the context of Turkey's accession negotiations to the EU<sup>8</sup>**

#### *3.1. Turkey and the EU negotiations*

Turkey is a constant and controversial candidate for the European Union. Turkey has been trying to get closer to Europe ever since 1959, when it applied to join what was then the European Economic Community (Pan, 2005). Its candidacy was repeatedly rejected due to various reasons: political, economic, cultural, and even religious (not acknowledged as such). However, Turkey is an important geopolitical player that needs to be further assessed.

Turkey is considered a pivot<sup>9</sup> state in terms of geopolitical thinking. Such status comes, on one hand from its geostrategic position as a bridge between Europe and the Middle East, thus controlling the maritime routes between the Black Sea basin and the Mediterranean one and on the other hand, due to its geo-cultural position, as a joint between the Islamic world and the Occidental one. The geopolitical position gives Turkey distinct characteristics among the states with Muslim majority, its Euro-Atlantic vocation being intensely criticized by the religious opposition, but also among the Euro-Atlantic states, because Turkey is one of the basic pillars of the Southern flank of NATO and the biggest state currently in accession negotiations with the EU.

One could start from the presupposition that eventually Turkey will become an EU Member State because, as Olli Rehn once noticed, Turkey is an important diplomatic actor on the Middle Eastern stage, so it is an important ally for the EU. But the Commissioner for Enlargement also stated that the relations between EU and a state who wants to become a Member State of the EU cannot be built only on strategic reasons, because this would mean the denial of the principles which represent the foundation of the EU: democracy and rule of law (Rehn 2008). Günther Verheugen, former European Commissioner for Enlargement, had declared, in one of his visits to Ankara, that the Kurdish problem will play a crucial role in the Accession Partnership Document in which the necessary steps of Turkey's accession have been prepared (Aydinli, 2002: 212-213).

In this context, it is appropriate to stress that the most important conditions that must be fulfilled by a country who wants to become a member state of the EU are still the so-called 'Copenhagen criteria': "the candidate state must obtain the stability of the institutions that guarantee the democracy, the rule of law, the human rights and the respect and protection of the minorities". This brings the Kurdish problem in the top of

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<sup>8</sup> The author of this section is Valentina-Tania Secheșan.

<sup>9</sup> The geopolitical pivots are those states whose importance does not derive from their power or motivation, but rather from their sensitive geographical position and from the consequences of their situation potentially vulnerable for the behaviour of the geostrategic players. Most often, the geopolitical pivots are determined by their geographical position, which in some cases confers them a special role either in assuring the access in important areas or in denying the access to resources for the important player. In some cases, a geopolitical pivot can act as a protecting shield for an important state or even for a region. Sometimes, the simple existence of a geopolitical pivot can have significant political and cultural consequences for a more active geostrategic player in the vicinity. (Brzezinski 1997: 38-39, 133-134.)

the agenda of EU-Turkey talks. In the context of Turkey's accession to the European Union, finding a solution to the Kurdish problem represents a big step in the transformation process that must be implemented by Turkey in order to achieve its goal.

### 3.2. The Kurdish problem

Currently, Turkey is inhabited by 10 to 12 million Kurds, representing around 20% of its overall population (Hassanpour 1994).

While Mustafa Kemal was becoming leader of Turkey<sup>10</sup>, the history of the Kurds had changed its course, since by the Treaty of Sèvres they received the promise of creating a Kurdish state. Nevertheless, Mustafa Kemal's quest for a secular and nationalist Turkey put an earlier end to the Kurdish claims. His ideology (later known as Kemalism) based on Turkism did not even discuss a Kurdish reality within a Turkish state. The Treaty of Lausanne<sup>11</sup> that supported Kemal's claims actually replaced the Treaty of Sèvres. Atatürk emphasized that in Turkey there were no other nations except for the Turkish one<sup>12</sup>.

Martin van Bruinessen, a known scholar interested in the Kurdish history, noted that "religion as a power legitimizing factor has been replaced by the ideology of national unity" (Bruinessen 1984: 6-12, 14) at the time when Atatürk was abolishing the Sultanate in 1922 and the Caliphate in 1924, the institutions embodying the two pillars sustaining the Turkish Muslim state (David McDowall 1996 b: 15). Before Atatürk's arrival to power, the linkage by which the Ottoman "citizens" identified themselves was the Muslim religion. Mustafa Kemal wanted to create a nation using the Western (European) model. Hence, he created an artificial nationalism, bringing in time to tensions and conflicts since the idea of nation had influenced also the Kurds and other nationalities. Some authors argue that there are certain similarities between the Kemalist regime and fascism (Kendal 1993: 62), a wide-spread ideology in the interwar period.

Almost immediately after Atatürk came to power, any languages – except the Turkish one – have been prohibited. Apart from abolishing the Caliphate and the Sultanate, the state had laicized the education, the Kurdish Medreses and the religious schools being closed (McDowall 1996 a: 95; Kirisci, Winrow 2004: 95). The new Constitution of March 1924 stated precisely that the Turkish people, indifferently of religion and race, was, in terms of citizenship, Turkish.

During the formation of the modern Turkish state – in the 1920s – the Kurds, traditionally led by *aghas* and *shaykhs*, had to subject, for the first time, to centralizing regulations of the state, such as: direct taxes, compulsory military service and local administrative policies (Gresh 2006 a: 2). As a result of these centralizing policies, the Turkish government had to face resistance from the Kurdish side, and between 1924 and 1938 there were a series of rebellions. In March 1924, the measures undertaken by the Turkish authorities against the Kurds - representing the biggest (unrecognized) ethnic minority and hence a threat towards the Turkish state – have reached their climax (McDowall 1996 a: 191-192): the use of the Kurdish language was banned in the courts and schools; in 4 March 1924 Atatürk abolished the Caliphate, organizing the Courts of Independence; the Treason Law was extended - any person that would mention the Caliphate would have been accused. Under these circumstances, there was a revolt led by the Shaykh Said<sup>13</sup>. Its aftermath marks the

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10 After the abolition of the Sultanate in November 1922, Turkey was proclaimed republic in October 1923. Mustafa Kemal, the hero of Gallipoli, became its first president. For more information on the topic, see Kirisci, Winrow 2004: 78; Goldschmidt 2002: 212-223.

11 The Treaty was signed in 23 July 1923 by Great Britain, France, Italy, Japan, Greece, Romania, the Serbian-Croat-Slovene Kingdom, and Turkey. The treaty divided the territory inhabited by the Kurds between the four countries that still divide it today: Turkey, Iran, Irak, and Syria (Kendal, 1978: 89-92).

12 The Kemalist state intended to transform Turkey in a 100% Turkish country, considering the war for this cause to be holy, and therefore the Kurds being an obstacle for this homogenization (Moustakis, Chaudhuri 2005: 79).

13 The revolt burst in February 1925, near Diyarbakir, provoking other small revolts that endured until 1927 (McDowall 1996 b: 15).

beginning of a policy of systematic deportation, destruction of villages, brutality, martial law or special regime in the Kurdish region (Gresh 2006 a: 3).

The Kurds that accepted the new Turkish identity have enjoyed the full rights of being citizens of Turkey. Some of them have even occupied important social positions (Barkey, Fuller 1998: 12), becoming even prime ministers or presidents. An illustrative example is that of Turgut Ozal, who declared in 1989 that he had Kurdish blood (Kirisci, Winrow 2004: 113).

The Settlement Law<sup>14</sup> divided Turkey into three zones: one inhabited by Turkish speakers, belonging to the Turkish culture and ethnicity - this region could receive immigrants from anywhere; the second one included people whose Turkishness needed to be intensified through resettlement policies; the third one was designated to be a closed area for security reasons to any form of civilian settlement. Between 1925 to 1965, this area – the Turkish Kurdistan – has been declared a military region, with restricted access (Chaliand 1993: 6).

In 1946, the one-party authoritarian system relaxed, with the foundation of the Democratic Party. This party promised civic liberty, the retrocession of the confiscated lands, attempting to obtain the support of those who suffered from the Kemalist policies (McDowall 1996 b: 16). The “Democratic Decade” (1950-1960) was remarkable also for its new and relative freedom of expression enabling all the people, including the Kurds, to expose their grievances. However, in the end, the Democrats resorted to the same authoritarian tendencies as their predecessors. The „decade” ended with one of the most important trials from the Kurdish point of view: 49 Kurdish intellectuals had been judged for revolts. The Cabinet forming after the coup d’état of May 1960 (Barkey, Fuller 1998: 14) which replaced the Democrats, arrested immediately 484 Kurds and banished 55 tribal chiefs from the Western provinces. The end of the „Democratic Decade” coincided with the return of Mustafa Barzani – the founder of Kurdish Democratic Party (KDP) – to Iraq.

The new regime in Turkey after 1960 adopted a new constitution allowing the foundation of trade unions and student organizations. These new conditions made many Kurds to join the Turkish Left (Barkey, Fuller 1998: 15), seeking for “national rights” and hoping to obtain advantages from the liberation of the Turkish people from the “capitalist and imperialist slavery”. Hence it was founded the Democratic Party of the Turkish Kurdistan (1965) and the Eastern Revolutionary Cultural Hearts (DDKO) (1969). The last one was going to be the kernel of many Kurdish revolutionary groups, including a new threat on the Turkish political scene, the PKK (Partiya Karkeren Kurdistan – Kurdistan Workers’ Party), that began its operations in 1984. The party was officially created in 27 November 1978 and based its ideology on Marxism-Leninism. The rebels marked as targets „secret agents, informers and security forces responsible for tortures and arrests”, as well as landlords and tribal leaders representing „the chauvinist class” (Rugman, Hutchings 1996: 29).

According to Danielle Mitterand, the PKK actions represent the result of the violent policies employed by Turkey toward the Kurds since the birth of the Turkish Republic (Mitterand 1999). However, it is not clear whether these Turkish policies have been the result of political calculus or if they represent a structural tendency of the Turkish political system.

The Turkish security forces displaced Kurdish rural communities during the 1980s and 1990s to facilitate the fight against PKK – which drew members and logistical support from the peasants. The Turkish security forces have not distinguished between armed militants – their target - and the civilian population – that should have been protected. This fact can be partly explained by the fact that there were people among the civilians that supplied or concealed PKK militants. The local gendarmerie required for the villages to show their loyalty by organizing platoons of „provisional village guards” (Human Rights Watch 2005: 5), armed and over sighted by the local gendarmerie. The villagers confronted with a frightening dilemma: they could have become village guards and subsequently targets of PKK or they could refuse and being forcibly evacuated from their communities.

Until recently, the existence of the Kurds had been denied in Turkey, as well as the existence of the Kurdish language. This ritual had been repeated by the political, military, security, bureaucratic circles, and

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14 The Settlement Law was promulgated in 1934 after numerous revolts taking place between 1925-1937 (Kirisci, Winrow 2004: 99).

even by ordinary citizens (Salih 2005: 84). While the actions of the Iraqi army against the Kurds are far better known by the outside world, for the Turkish army the control over the Kurdistan has become a „raison d'être”.

Ever since 1999, in Turkey there was adopted a democratic reforms package with a direct impact on the Turkish population (Gresh 2006 b: 5). In October 2001 there was the elimination of a restriction concerning the use of any forbidden language in expression and freedom of thought. The same happened in the case of forbidden languages in broadcasting. In 2002 the broadcasts of Kurdish language have been allowed following a third reform package. This one included also reforms regarding the education in Kurdish language. The Law of the Civilian Registry permitted for the parents to name their children in Kurdish. From June 2000 to May 2004 an implementation of the “Return to Village and Rehabilitation Project” has been attempted, allowing for the victims of internal deportations and of the so-called “village guard system” to return in their villages. Even though not all the reforms have been yet implemented, it is clear that the first steps were taken.

### 3.3. *The EU, Turkey, and the Kurds*

The “First International Conference on the EU, Turkey, and the Kurds” was held in 22-23 November 2004 in Brussels, at the European Parliament’s headquarters (Muller, Brigham, Westrheim, Yildiz 2004). During its proceedings, an EU-Turkey Civic Commission (EUTCC) was established. The EUTCC purpose is to promote and offer suggestions concerning Turkey’s accession to the EU, to help to guarantee the respect of human rights and of the minorities, and to ensure a democratic, long-term solution of the Kurdish problem in Turkey. Ever since then, the conference was held yearly, therefore in 3-4 December 2007 there was the fourth one, reuniting NGOs, policy-makers, academics and activists from Europe, Turkey, the Kurdish regions and so on (KHRP 2007: 1, 3). The participants discussed issues related to democratization and conflict resolution, reforms and human rights in Turkey and their relevance for Turkey’s EU accession process.

The EU Turkey Civic Commission (EUTCC) favours Turkish membership in the European Union. Provided the EU insists on full compliance, in law and in practice, with the Copenhagen criteria in all its aspects, Turkey will become a genuine democracy, with “respect for and protection of minorities”. This will resolve one of the most difficult political problems that Turkey has so far failed to even recognise and that it has been a festering sore in Turkey for decades, namely the Kurdish problem.

The Commission wishes to contribute to the progress of Turkish membership of the EU. It will do this by spreading accurate, objective information both in Turkey and Europe about the progress made by Turkey, but also about any shortcomings which may still persist. The Civic Commission will have as one of its most important tasks to monitor Turkish compliance with the EU accession criteria.

The EUTCC also wishes to contribute to a democratic, peaceful and lasting solution of the Kurdish problem. It believes that this can only be achieved through a dialogue between the parties concerned, in which also the EU must play its part. This will require not only further changes in legislation, but a change in the ideology and mentality at all levels of Turkish society. From a state seeing the expression of Kurdish culture and language as a threat to the state, Turkey must become a state that recognizes differences and sees cultural diversity and freedom as positive and necessary elements of a true democracy. The Commission will therefore focus particularly on this problem.

We believe that the annual conferences represent a pattern of multi-level dialogue<sup>15</sup> because of the parts implicated in the dialogue: EU – representing the super-state level, Turkey – representing the state level and the Kurds – a trans-state level because of their distribution (the Kurds live where the borders of Iran, Iraq, Syria and Turkey cross). But there are other actors<sup>16</sup> who participate to the annual

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15 The concept of multi-level dialogue has an obvious similarity with that of multi-level (or network) governance, concept used by the EU. The levels are: the super-state level – EU, the national level – the Member State, a regional level – for example the German lands and a sub-state level – the local level.

16 The first participants to the conferences are the organizations who founded EU Turkey Civic Commission (in November 2004): Rafto Foundation (Norway), Kurdish Human Rights Project (Great Britain), Medico International

conferences, having different backgrounds: academic, journalistic, legal experts, non-governmental and also EU politicians.

The 2009 report of the European Commission regarding Turkey's progress on its way to become an EU member stated that "Turkey's approach to minority rights remains restrictive. (...) Turkey has not signed the Council of Europe Framework Convention for the Protection of National Minorities or the European Charter for Regional or Minority Languages". (European Commission 2009: 27-28).

In January 2009 TRT – the public service broadcaster – started operating channel TRT-6, broadcasting in Kurdish 24 hours a day and at its inauguration ceremony, the Prime Minister spoke a few words in Kurdish. During the local election campaign, politicians and political parties were allowed to use Kurdish language in their activities. And even if, officially, the Law on Elections and Political Parties clearly states that the Turkish language is the only legal language that can be used in political life, no legal action was taken in any of these cases (European Commission 2009: 28). All these show a clear progress regarding cultural rights for the Kurdish minority, so one can see the strong will of Turkey to become a EU member. But even so, it seems that there are also some negative aspects, because in July 2009, the Deputy Chief Prosecutor of the Court of Cassation, who is in charge of political parties, applied for the removal of the parliamentary immunity of several DTP members and among other charges there is the use of Kurdish language in the Turkish Parliament. And the Law on the Radio and Television Supreme Council still applies restrictions on educational programmes, political debates or general entertainment in Kurdish language.

Regarding the situation in the East and South-East of Turkey (European Commission 2009: 30-31), there has been a decrease of violence since the end of 2008. Turkey is searching for a way to solve the Kurdish problem, a fact which is reflected by the visit of the President to Iraq and the Turkish *rapprochement* with the Kurdish Regional Government (KRG). The consequence was a domestic debate among the Turkish citizens, involving public and political authorities, including the opposition and civil society. In summer, the government launched a broad consultation with the view to solve the Kurdish issue through peaceful means and announced a comprehensive plan to this end, but did not reveal yet any detail on the substance.

Through the government's plan (announced in May 2008) which would complete the South-East Anatolia project (GAP) and contribute to the socio-economic development of the region, investments were made on irrigation, road transport, health and education.

## Conclusions

The initial failures of the Treaty of Lisbon helped to fuel some Euro-sceptic views among politicians and citizens in some EU Member States. The European governments' inability to reach an agreement and a common vision in areas of great importance for the stability and unity of the European Union were a direct threat to the EU's future political goals. However, the recent ratification of the Lisbon Treaty is salutary in several respects. Apart from the increased effectiveness of the institutions and the decision-making process, the ToL also enforces the commitment to common policies regarding defence, energy security, immigration or climate change. The treaty reinforces the institutional design of the European Union, making it more functional, transparent, democratic, and integrated. Clearly, the Lisbon Treaty has its limitations. First of all, it is an amending treaty, just as the treaties of Amsterdam and Nice. It leaves many issues unresolved, but it saves the day for the European Union, after some series of failures (e.g. the failure of the Constitutional Treaty) that almost questioned the ability of the European leaders to adapt to the consequences of the

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(Germany) and Bar Human Rights Committee of England and Wales. For further information please consult the EU Turkey Civic Commission site: [www.eutcc.org](http://www.eutcc.org)

globalization. The ToL eliminates the pillar structure, making the intergovernmental pillars part of the same decision-making process, though it maintains the specificity of the CFSP, and conserves the ESDP by translating it into another 'common policy' formula: CSDP. It also extends the range of the Petersberg tasks. On the whole, the Treaty of Lisbon seems an attempt to translate the 'good' intentions of Europe into practice.

The latest EU enlargements towards Central and Eastern Europe brought both opportunities and threats for the community. Cheap labour force, cross-border crime, illegal immigration from the East are mostly feared by the citizens from Western Europe, and the conflict-prone states bordering the EU have raised concern also among political decision-makers. The EU's ambition to provide a secure neighbourhood and democratic governance in the former Soviet states is salutary but the commitment of these governments is the key to the success of this initiative. Over the past five years, since the European Neighbourhood Policy was instated, the EU's commitment to increasing financial aid and assistance in various areas has been carefully considered. Together with international partners, steady efforts have been made to find viable solutions to the conflicts in the secessionist regions in Moldova and Georgia although the expected results have been postponed by Russia's interventionist policy towards these states. With the more recent Eastern Partnership project, the European Union is seeking to enhance stability in the neighbourhood area and also to protect its interests mainly in the field of energy security. The lack of clear prospects for EU accession hampers on the engagement of some countries in these partnership projects. However, the process of accession being a gradual and highly constraining one, the incentives offered by the EU with the conclusion of these intensive cooperation agreements should be extremely helpful for training compliance with EU laws and democratic standards.

Concepts like 'integration' and 'enlargement' are frequently interchangeable and describe the long evolution of the European Union from a free economic area to a complex political project. Some analysts would argue that the integration of states resembles merely to a process of standardization and the territorial enlargement responds to demographic shortcomings and to the need of filling the geopolitical vacuum between Europe and Russia (Brzezinski 2006:69-72). This vision is, however, inconsistent with the factual accomplishments throughout the long history of the European Union: the deepening integration process has increased the common prosperity of its member states creating an area of stability, peace and freedom in many respects. But the EU still has a large challenge ahead in order to become a competitive political actor on the global scale with the ability to attract and bring changes in societies (Puşcaş 2009). That is to live up to the need of restructuring the international financial and economic system shaken by the global crisis and to spur new premises for the future evolution of the international relations system.

Turkey was not invited to join the European Neighbourhood Policy. This was an acknowledgment that the Turkish-EU relations cannot be limited to a common market in exchange of political reforms, or everything less political institutions. Turkey will likely join the EU in some future. The dynamics of globalization and democratization ask it, not to mention the strategic location. Turkey is an important player in the security and stability of the Middle East, an area of primary strategic concern for the EU. Nevertheless, Turkey must modernize its policies regarding such minorities as the Kurds, in order to satisfy the political criteria for integration. The current prospects are encouraging in this matter, yet many things still need to be done.

As NATO's balance of geopolitical interests is shifting towards South-Eastern Asia and the Middle East, Eastern Europe and South Caucasus need a strong reassurance for the prospect of their security. The need for the EU Member States to speak on one voice in the field of defence and security is indispensable considering global threats. The present challenge for the EU is to go beyond the boundaries of the market-driven internal integration paradigm in order to assume the broader responsibilities imposed by the globalization of insecurity.

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# WE AND THE OTHERS: A PERSPECTIVE OF IMMIGRANTS' INTEGRATION IN THE EU

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**Abstract:** *Immigration and policies about immigrants are in the political agenda of every State. This paper won't discuss the classical models of integration, but tries to give a perspective about how immigrants are integrated in EU countries and if this process of integration can be linked to sense of belonging to Europe, i.e. "Europhilia". The structure of this paper is created 'ad hoc' in order to start with a general view of immigrant and integration's concepts and then, descending through several levels of generalization, to give evidences of integration in different fields (legal and empirical), both at EU 25 - data weren't available for EU 27 - and at regional level, taking into consideration the Friuli Venezia Giulia case. What is important to stress is that we shouldn't think at integration as an outcome resulted from a top-down approach, but we want to remark the strength and the relevance of social processes, that can practically contribute to build accepting attitudes and behaviours that are the basis for an integrated society.*

**Keywords:** Immigration, integration, EU, Friuli Venezia Giulia

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## 1. Concepts and research questions

### 1.1. The concept of immigrant

The concept of immigration goes back to prehistory since people used to travel over great distances to hunt, fish, and secure a home. However, it only became politicized at the beginning of Nineteenth century, during the period of the modern nation state and the establishment of borders.

The phenomenon of international migration can be defined as the movement of people across national borders for purposes other than travel or short-term residence. Nowadays, there are about 175 million people residing outside their own country of origin and the international migration is at its height.

Nevertheless, the study of migration focuses on individuals or groups of people; it is the role of states and politics that makes migration an even more complex phenomenon.

Furthermore the concept of international migration refers to the movement both emigration and immigration of people across international borders. The way to define who is an "immigrant" have changed over times and places, but we can say that the "immigrant" is someone who comes across the borders (in-coming phenomenon), and the "emigrant" is someone who goes across the borders (out-coming phenomenon).

This general framework needs, of course, a more detailed analysis. Concepts of immigrant and of immigration bring within a component of ambivalence, due to their being, at the same time, source of curiosity and diffidence, attraction and repulsion, attention and indifference. In the previous lines we have already defined the immigrant, saying that s/he is someone who comes across the border(s). This sentence is quite aseptic, in the sense that it doesn't tell us anything about the person who is moving.

When we speak about immigrants, we have to focus our attention not only on the geographical dimension, but also on the social and even emotional sphere. Why a person is moving? What are his/her

expectations? How is his/her behaviour in the society where s/he moves to? How the society re-acts to this person? As we have said before, ambivalence seems to be the key the answer to this question, at least starting with the last two questions.

Perhaps it was Simmel the first author that studied the ambivalence of the foreigner's behaviour in respect of the social group s/he wants to take part (see Simmel in Tabboni, 2006), because 'everyone of us is only partially willing to be involved in a social relation' (*ibidem*, page 41, our translation). As Tabboni brilliantly puts it:

"The social position of the foreigner has this peculiarity: the foreigner is not simply someone who doesn't take part of the group in which he establishes to live coming from elsewhere. He belongs to the group on the basis of a statute that partially excludes him and it is this partial affiliation that allows him to promote the cultural change. The process through which a group gives form to its own social space causes, at first, the way to define distances and proximities that the members must respect in the relationships in which they are involved. What decides of proximity and of distance it is also, and today is more and more evident, the culture we belong to" (Tabboni, 2006: 41,42; our translation).

This quotation introduces another important point that is always present in people's mind when we speak about foreigners: the difference. From a strictly sociological point of view, there are two main categories of difference: ascribed and acquired differences. The first are the ones that a person has by birth, in the sense that they are completely independent of his/her will, and they are, just to give an example, the gender, the family status, the belonging to a certain census and so on. Acquired differences are the ones that depends on behaviours and attitudes that a person has all along its life (see Zanfrini, 2007). Contrarily to sociologists' expectations, ascribed differences become more and more relevant, and they even determine the opportunities (or not) given to person, particularly if the difference regards the ethnic dimension, that is the most important one for this paper.

Even if nowadays we live in a globalized and multi-racial society, the ethnic component is, paradoxically, more and more strong. The need to distinguish and to keep distant the *others* is the way by which the autochthons remark their belonging to a nation in respect of the 'guests' developing, in this way, the sense of *tolerance* (with all its implications) that we will treat further. This social distance creates, of course, a kind of hierarchy, that is well-known as Bogardus social distance scale. Bogardus was one of the firsts who tried to measure attitudes towards racial and ethnic groups presents in a society. As Geitinger says:

"The Bogardus scale is a type of Guttman scale. Thus, someone willing to accept members of a certain group as friends would also be willing to accept them as neighbours, co-workers, fellow citizens, and all other relationships more distant than friendship. [...] Hence, the Bogardus approach to attitude measurement is an effective means of estimating the esteem in which one group of individuals is held by other distinct groups" (Geitinger, in Craighead et al. 2001: 225).

It is time now to detect why people decide to move from their homeland to a foreign country. Detecting immigration and its causes or reasons means to study the great part of sociologists and philosophers: from the socio-economical approach of Marx to the social morphology of Durkeim, from Simmel's ambivalence of immigrants' behaviour and their social relations to Thomas and Znaniecki with their Polish farmer - just to give few examples -, (see Pollini and Scidà, 2002: 42 and following), a lot of thinkers have given their contribution in order to explain this phenomenon.

However, before having a glance at the different types of migration, it will be useful to spend some words regarding the people, not only the process. What we want to say is that we cannot talk about the process of migration without taking into account that are *people* moving across borders. So, who is the migrant? Sayad wonders this question and he found a bright answer, putting in correlation the job and the migrant figure. In fact,

"An immigrant is substantially labour force and a provisional, temporary, in transit labour force. In virtue of this principle, an immigrated worker (in this case, worker and immigrant are almost a pleonasm), even if he is born to life (and to immigration) in the immigration, even if he is called to work (as immigrant) during his whole life in the country of reception, even if he is destined to die (in the immigration) as immigrated, he always remains a worker defined and treated as provisional, therefore revocable at any moment" (Sayad, 2008: 33; our translation).

It is undeniable that Sayad gets the core of the question. Immigrants and immigration are perceived, primarily, as labour force, in the sense that they respond to a specific need of manpower that a society can have in a determined period of time. So, when this period is ended or the necessity of manpower is overfilled - and after having exploited the people -, the receiving society wants simply to push these

individuals far from the country.

Also in this case we can see the ambivalence of the society towards the immigrant - it looks for him because of the need of labour force but it wants to keep him far from the social, political and cultural sphere -, and also the ambiguity of the immigrant, that is nor active citizen of his native country or citizen of the country that receives him. This last attitude is really well explained by the so-called *double absence* by Sayad (see Sayad, 2002), while the first one is deeply developed, among others, by Tabboni, when she speaks about '*being at the same time in and out*' (see Tabboni, 2006: 40), a sort of evanescent ubiquity of the foreigner that is both near and far to the society where he lives in.

As we can deduce from the previous lines, it seems that the first engine that pushes to migrate is represented by job. Of course, migrations are a so complex phenomenon that it is quite difficult to outline a precise, unique and universal reason for everybody, but the common basis that urges people to move is the will to improve life conditions, to have a good income and, of course, a job. During the centuries, however, migration has changed, according to new needs depending both by migrants and societies necessities.

Just to have a brief *excursus* about how migration could be a versatile and multi-caused phenomenon, we want to quote some authors that tried to explicate the trend of migrations during the centuries. Richmond, for example, suggests a social-historical typology of migration (see Richmond, 1969: 241, quoted in Pollini and Scidà, 2002: 72): in the traditional society, migration were forced and regarded the movement from the city to the countryside; then, when the society became an industrial one, migration changed from forced to volunteer, and the movement was just the opposite: from the countryside people went to the cities, where the companies were prospering and the need of manpower was rapidly increasing. This phase, however, is now replaced by the post-industrial societies, where migrations are both forced and volunteer, and the movement regards only cities: it is quite common, in fact, to move from a city to another, while the countryside - and its related primary sector - is practically disappearing (*ibidem*).

Zelinsky gives another useful perspective about migrations: he focuses his attention on the social and evolutive side of migration, subdividing this phenomenon into five phases: from traditional pre-modern society to super-advanced future society (see Zelinsky, 1971: 230-231, quoted in Pollini and Scidà, 2002: 72, our translation). The first phase is characterized by very low mobility; the second one - when the society is at the beginning of the transition, migration concerns the mobility countryside-city, with a movement of people from downtown to periphery. The third phase, that regards the society at the end of the transition, is characterised by scarcity of countryside-city migration and a decrease of movement from the downtown to the periphery. The fourth phase, instead, regards the 'advanced society', and it is quite similar to the migration proposed by Richmond in the post-industrial society. In fact, the migrations in this case took into considerations movements from city to city, international migrations and emigration from developing Countries to the richest ones - that is the situation we are living nowadays. The last one, that involves the future super-advanced society, proposes a 'residential migration', that is, *intra-* and *inter-* urban movement (*ibidem*).

Other authors present, of course, different approaches to the matter: it is really interesting the administrative division of migration (regular, irregular, refugees migration) proposed by Böhning (see Böhning, 1983: 699, quoted in Pollini and Scidà, 2002: 79), or the typology conceived by Krishnan and Odynak, that gives importance to the migrant's state of mind (Krishnan and Odynak, 1987: 395, quoted in Pollini and Scidà, 2002: 74), and this is another evident proof of how complex and many-sided this phenomenon is.

### 1.2. The concept of integration

The concept of integration refers to the process of "getting involved" into a community. Trough it, the members of the minority groups gain full access to the opportunities, rights and services available to the members of the mainstream society. The word 'integration' comes from the latin word "*integratus*" - and means "to make a whole".

Nowadays, no matter how serious social tensions are at the moment, most foreigners exercise a plenty of significant economic and social rights within most of the host countries of Western Europe. There are many policies which can be adopted by receiving country to improve the process of integration. Before showing in which direction the European Commission is moving in order to promote, assure and foster

integration, it is necessary to have a conceptual framework of what integration is and was.

As we have already said, immigration is a process that regards and has regarded humankind since the beginning of our history. When this phenomenon has become more and more 'organised', massive and widespread, receiving societies felt the need to find, more or less consciously, a model of integration. The three most famous and common models of integration - with their different visions of the migrant - are the *melting pot*, the *salad bowl* and the *assimilation*.

The *melting pot* model has its ideological roots in the late Eighteenth century: its first quotation, in fact, goes back to 1782, when Guillaume de Crèvecoeur wrote "Letters from an American Farmer" (Berti, 2000: 47). The common sense of *melting pot*, however, is due to Zangwill, that uses the term in the sense of meeting of races that brings to life a new type of race (Berti, 2000: 47). Some authors consider the United States as the example of *melting pot*, but we totally agree with Berti when he says that not even in the US it is possible to speak about this type of model *tout court* (Berti, 2000: 48). In fact, the meeting of races that happened in this country didn't bring to a 'new kind of race', but brought to a sort of adaptation to the model that the US wanted, that is to say, the Wasp model (*ibidem.*). For this reason, *melting pot* became *trasmuting pot*, in the sense that migrants were simply add to the big bowl of meeting races, and society asked them to become what it wants for them (*ibidem*).

For this reason, *melting pot* is considered a utopian model of integration, in the sense that it remains at an ideological level, without having a concrete confirmation in the reality.

Another model of integration is the so called *assimilation*. In this model, in fact, the society doesn't want a 'new race', but, on the contrary, it pretends that who is coming in has to adapt *in toto* to the receiving society. French society is the most famous example of this kind of integration, that was possible also for historical reasons (the greatest part of migrants that went and go to France come from its former colonies), even if this complete assimilation has created a lot of social tensions and problems that were, for example, well described in the book of Ben Jelloun "Hospitalité française" (French hospitality).

In any case, this model presents a lot of risks, first of all related to the concept of identity. So, which is the correct way to perceive the integration? The alternative process between *melting pot* and assimilation is the *salad bowl*. This term refers to a mixing society where each specificity remains, but there is a mixing component - a kind of 'bonding agent' - that allows diversities to stay together without losing their 'flavour' (their identity) and to create something new that is not in conflict with the other elements.

Of course, models represent an ideal at which a society will aim, but reality could be really more complex or present several difficulties. What we want to say, is that in order to have an integrated society, in which ethnic differences are not so relevant, we have to start thinking that the attitude that we have to have is not only a State competence, but is a responsibility of everyone. We can not think to solve our problems just with a promulgation of a law, because in this way it seems to have two parallel countries: the real (social) society and the legal one. This two directions have to work together, and if the laws express the will of the State with reference to a specific matter (in this case, immigration and integration), on the other hand the social counterpart has to gain an attitude that shows the effort to build a really integrated society.

What we want to say is that if we want to have a real integration of the immigrant, we have to start to understand the *others* changing our perceptions and looking with their "glasses". This capability to 'put ourselves in other's shoes' is called *empathy*.

Empathy is a vast concept that can be used in different fields and contests so, for this paper, we will concentrate our attention on the *cultural empathy* (Van Oudenhoven, Van der Zee, 2002 in Albiero and Matricardi, 2006: 15), that is the open-minded attitude of accepting points of view that belong to different cultures and backgrounds. If we extend this concept not only at the cultural level, but also at different races or ethnic groups, we define the *ethnocultural empathy* (*ibidem*). Wang and others (quoted in Albiero and Matricardi, 2006: 66 and following), created in 2003 the Scale of Ethnocultural Empathy (SEE), in order to estimate which kind of attitude we have in respect of other ethnic groups. This scale is composed by four dimensions, through which the level of empathy is built up. In a certain sense, we can say that the SEE is the operational definition through which we 'measure' ethnocultural empathy. The first among the four dimensions is the 'Empathic Feeling and Expression' (EFE), that detects the emotional reactions in front of racial discriminating episodes and the propensity to show feelings and thoughts towards attitudes or beliefs of discrimination. The second dimension is the 'Empathic Perspective Taking' (EP), that

appreciates the efforts made in order to put itself 'in other's shoes', to take the point of view of the other. The third dimension is the 'Acceptance of Cultural Differences' (AC), that points out how much an individual is open-minded in terms of different traditions and habits' acceptance. The last parameter is the 'Emphatic Awareness' (EA), that evaluates consciousness about the actual level of discrimination in various social settings (Albiero and Matricardi, 2006: 66 and following).

Of course, this tool gave rise to some doubts and critics, but it is important to point out that there are different areas in which to detect ethnocultural empathy, in order to have a (quite) complete framework of the concept, also because this kind of empathy works and is built by three different levels: the intellectual empathy, the emotional and the communicative one (Wang et al., 2003: 222 in Albiero e Matricardi, 2006: 98).

How about today? Which are the EU attitudes toward integration? In September 2005, the European Commission has adopted a document called "Common basic principles for immigrant integration policy in the European Union" (com 2005/389), which should serve as a guideline for Member States when formulating their national integration policies. In this document, the following principles have been highlighted as common basic principles<sup>1</sup>:

1. Integration is a dynamic, two-way process of mutual accommodation by all immigrants and residents of Member States.
2. Integration implies respect for the basic values of the European Union.
3. Employment is a key part of the integration process and is central to the participation of immigrants, to the contributions immigrants make to the host society, and to making such contributions visible.
4. Basic knowledge of the host society's language, history and institutions is indispensable to integration; enabling immigrants to acquire this basic knowledge is essential to successful integration.
5. Efforts in education are critical to preparing immigrants, and particularly their descendants to be more successful and more active participants in society.
6. Access for immigrants to institutions, as well as to public and private goods and services, on a basis equal to national citizens and in a non-discriminatory way is a critical foundation for better integration.
7. Frequent interaction between immigrants and Member State citizens is a fundamental mechanism for integration. Shared forums, inter-cultural dialogue, education about immigrants and immigrant cultures and stimulating living conditions in urban environments enhance the interactions between immigrants and Member State citizens.
8. The practice of diverse cultures and religions is guaranteed under the Charter of Fundamental Rights and must be safeguarded, unless practices conflict with other inviolable European rights or with national law.
9. The participation of immigrants in the democratic process and in the formulation of integration policies and measures, especially at the local level, supports their integration.
10. Mainstreaming integration policies and measures in all relevant policy portfolios and levels of government and public services is an important consideration in public policy formation and implementation.
11. Developing clear goals, indicators and evaluation mechanisms are necessary to adjust policy, evaluate progress on integration and to make the exchange of information more effective.

Together with this guiding principles, the Council of Europe adopted in 2007 the policy regarding the integration, by which the intercultural dialog became an important outline of successful integration, and announced in 2008 the year of the European intercultural dialog.

### *1.3. Attitudes toward immigrants: from tolerance to acceptance*

When we think about immigrants' integration, it is quite common to connect this concept to a specific attitude, that is tolerance. This attitude is really a controversial one, because the meaning of the concept itself is not clear. From Voltaire to Locke, from Popper to Arendt, this term has been long debated,

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<sup>1</sup> <http://www.enaro.eu/dsip/download/eu-Common-Basic-Principles.pdf>

depending on the cultural and social context in which it was developed. As it can be useful for this paper, it is fundamental to give a correct framework to the term 'tolerance'.

We totally agree with Derrida when he says that "Tolerance is first of all charity. [...] Tolerance is always the "reason of the strongest", it is a sign of the sovereignty; it is the good face of the sovereignty that, from its high position, makes to understand to the other: you are not unbearable, I leave you a little space in my home, but do not forget, you are in my home..." (Borradori, 2003: 137, our translation). Well, the common sense of tolerance is perfectly explained in the previous few lines: in nowadays' society, we tend to consider tolerance as a kind of present, a sign of Western generosity towards poor people, an expression of what in Christian religion is called 'charity'.

This way of considering the others has roots so deep in people's mind that we can affirm it is an heuristic path created to avoid to pay more attention and more sensibility toward immigrants. Besides, this kind of attitude is quite dangerous because it implicitly refers to a cultural hierarchy and, consequently, to a cultural and social gap. The barrier that we put when we 'tolerate' that the others come into our home(land) creates, of course, social distances that are the most fertile areas in which stereotypes and prejudices grow.

Approaching the others with tolerance is extremely different from approaching the others with acceptance: this distinction could seem as a purely ideological sophistication, but in reality it is important to understand that the two attitudes have different implications. If tolerance is the attitude that creates barriers between 'hosts' and 'guests', in order to stress the charity of the former and the miserableness of the latter, the acceptance is the attitude that considers immigration as a natural flow, and *accepts* immigrants considering differences not as an obstacle, but as an opportunity to develop knowledge, dialogue, multi- or trans-culturalism. Acceptance couldn't be seen as a synonymous of resignation, but just the opposite: acceptance is a positive, active and pragmatic way of thinking and acting, that - as etymology suggests - *captures* something from the other and interiorize it, sharing and building new experiences, feelings and behaviours. The most useful tool that we can use and improve is our capability of discernment; as Locke suggests:

"It is not enough to have a confused perception of something in general: unless the mind had a distinct perception of different objects, and their qualities, it would be capable of very little knowledge; though the bodies that affect us were as busy about us as they are now, and the mind were continually employed in thinking. On this faculty of distinguishing one thing from another, depends the evidence and certainty of several, even very general propositions, which have passed for innate truths; because men, overlooking the true cause why those propositions find universal assent, impute it wholly to native uniform impressions; whereas it, in truth, depends upon this clear discerning faculty of the mind, whereby it perceives two ideas to be the same, or different" (Locke 1838: 90).

So, generalizations and common assessments can be performed by using this faculty of discerning, that could be seen as the manner of substituting impression with experience - considering this last word in the Latin sense of *ex-perientia*, i.e. to make an attempt, to try to. The fact that we *empirically* have to try another approach makes acceptance an active attitude, and that is the only way we can pursue to obtain an accepting society: building and re-building the puzzle of cultures, mixing points of view and looking into the future, considering immigration as an opportunity and not as a problem.

#### 1.4. The EU as a multicultural entity

Defining EU as a multicultural entity is even more difficult than to define multiculturalism itself. In fact, it is really hard to find a unique sense of this label, able to combine both 'equality' and 'difference' (Kastoryano 2000: 171). In order to have a starting point, it will be really useful to have a glance at Touraine's ideas, that give a general and appropriated framework in order to conceive EU as a real or potential example of multicultural society. The first thing that the author points out is related with the contemporary weakness of nation-state, and because of this reason the concept of multiculturalism has rapidly risen. This crisis of the nation-state - that Touraine calls also liberal nation-state - has triggered the diffusion of the so called communitarianism over the 'transnational economic forces' (Touraine 2000: 163).

Another topic that is not possible to overlook is the one that makes a distinction between community and culture. As Touraine remarks, "culture must not be confused with community. Being open to exchange and change, no modern society has a truly unitary culture, and cultures are constructs which are

constantly being transformed as they reinterpret new experiences” (Touraine 2000: 165) So, under this precious point of view, we can affirm, of course, that also EU has not a unitary culture, but its multiculturalism has to be built on different experiences and contributions that we have to interpret or re-interpret. Of course, in order to be able to interpret these different experiences, the first step is that we move toward the recognition of what we label as ‘other’: minorities and immigrants are the two most representative examples of ‘others’, even if they are not the only ones. The only way we have to recognize the other - and to start the so called ‘intercultural communication’ - is to be able to get loose from the community and conceive the other part as an active actor able to mediate (see Touraine, 2000).

Just to conclude this brief overview on Touraine’s concept of multiculturalism, it is useful to remind the three methods the author suggests in order to connect equality and difference, to develop democracy. The relations among these three ways are the ‘guidelines’ for the multicultural society: the meeting of cultures, the similarity between cultural experiences and the recomposition of the world. Each of them is criticized by the author: the first one because the idea of tolerance puts the viewer outside the society, like a judge; the second because the similarity between different cultures denies the ‘other’; the third one because it is ‘superficial’, in the sense that it doesn’t investigate the cultural construction, but just the relations between culture and environment or individual and group.

Which is then the solution proposed by Touraine for EU? To be fair, he speaks about Europeans in general, not specifically about EU multiculturalism, but - anyway - he gives a good advice. He says that if we will continue to avoid the discussion about multiculturalism, we run the risk to fall into a process of communitarization, that is, the mix between general principles and particular structures of social and cultural organization. Also the idea of democracy has to be re-discussed by putting it in relation with multiculturalism: it is not possible, in fact, to consider ourselves democrats if we don’t accept the idea of a multicultural society (Touraine 2000).

After this general framework, it is now time to understand what we mean with the term multiculturalism; so it will be useful to share the definition adopted by Rosado, which uses a methodological process to give to multiculturalism a definite framework. Giving an operational definition to the term, the author says that multiculturalism is “[...] a system of beliefs and behaviors that recognizes and respects the presence of all diverse groups in an organization or society, acknowledges and values their socio-cultural differences, and encourages and enables their continued contribution within an inclusive cultural context which empowers all within the organization or society” (Rosado 1997). It is really useful to point out some aspects that can help us to understand the position of EU as for this definition.

First of all, Rosado talks about a *system*. This means that it is not sufficient to enact a law or to have some sporadic initiatives in order to be considered a multicultural society; on the contrary, the engagement has to be constant and widespread, in the sense that it is important to create a network in which we are able to have connections with all the nodes. The second concept that we want to point out is that of difference. This notion is quite ambiguous: *be different* means not only to be *alia*, in the sense of considering something far from our culture, but most of the times to be different means also to be weak, in the sense that something has to be changed in order to be more similar to the dominant perspective or feeling.

The previous considerations allow us to say, in a really simplified way, that multiculturalism is a system to recognize and accept differences, and to consent to them to foster their contribution in the space we live in. How about EU attitudes and/or initiatives as for this vision? Is it possible to say that the EU is an example of multiculturalism? If we speak at a theoretical level, it would be acceptable to say so. The EU motto “United in diversity” tell us a lot of efforts have been made and are still made in order to overcome the barriers. We know for sure that the first step towards unity of European citizens has been implemented. In fact, with the introduction of Euro currency, in 2002, the economic unity (and homogeneity) has been reached.

From the past we have understood that the first step towards unity has to concern economic matters; that was - for example - in the first half of XIX century the so called *Zollverein* in Germany, made in order to decrease the internal competition. Harmonizing economic matters is easier than to harmonize people and politics towards people, and it is plausible to think that also the EU has prepared this kind of economic integration as a basis on which to build up the multicultural society. The point is that the practices used to reach the economical integration – the introduction of Euro currency and the consequent

stop of circulation of all the national currencies – cannot be used with people, because the process is, obviously, more complex.

## 2. Methods: the interest of mixing quantitative and qualitative methods on different geographical scales

Before presenting the results, we need to say a few words about the processes through which these results were produced. As far as this research is concerned, two main points will be tackled: the combination of quantitative and qualitative methods and the use of a multi-level reasoning.

### 2.1. Mixing quantitative and qualitative methods

The mixing of qualitative and quantitative methods in a single research is far from being common in social sciences. The concept of “methodological triangulation” is often used to designate this combination of different methodologies in the study of a unique phenomenon (Denzin 2007). Many scholars contend that qualitative and quantitative methods are too different to be associated. As a matter of fact, these two methodologies are traditionally described as incompatible: when statisticians use large representative samples, qualitative researchers are happy with only few cases; when the former like to test already existing theories, the latter wish to invent new ones, and so on. All these differences might legitimately discourage any researcher to engage in methodological triangulation. The issue becomes even more problematic as soon as these differences are conceived not only as technical specificities of methods, but as profound epistemological divergences, that is differences concerning the very nature of knowledge (Schwandt 2007). Indeed quantitative methods are classically said to be related to positivism, a paradigm characterised by its emphasis on objectivity, replicability and causality. On the contrary, it seems, qualitative methods would fit in a phenomenological and constructivist paradigm which stresses inductive reasoning, context-based approaches and *verstehen* (Bryman 1984). Indeed, most scientific discussions about methodologies, more or less explicitly, establish a direct link between methods, in the technical sense, and epistemological paradigms. If such a strict link exists, any attempt to triangulate methodologies will prove naïve and lead to inaccurate results. The main argument of what might be called this ‘incompatibility thesis’ may thus be expressed as follows: “compatibility between quantitative and qualitative methods is impossible due to incompatibility of the paradigms that underlie the methods” (Teddlie and Tashakkori 2003: 14). Consequently, researchers trying to combine these methods would be bound to failure because of the philosophical grounds that underlie them.

We would however argue that the ‘incompatibility thesis’ turns to be more fragile than it appears at first sight and that, under certain circumstances, methodological triangulation is not only possible, but also scientifically profitable. In this respect, Howard Becker’s critical stance is enlightening:

“A lot of energy is wasted hashing over philosophical details, which often have little or nothing to do with what researchers actually do, so I’ll concentrate less on theoretical statements and more on the way researchers work these positions out in practice. What researchers do usually reflects some accommodation to the realities of social life, which affect them as much as any other actor social scientists study, by constraining what they can do. Their activity thus cannot be accounted for or explained fully by referring to philosophical positions” (1996: 57).

“There’s not much more to say. Practitioners of qualitative and quantitative methods may seem to have different philosophies of science, but they really just work in different situations and ask different questions. The politics of social science can seduce us into magnifying the differences. But it needn’t, and shouldn’t” (1996: 65).

Epistemological differences should never be underestimated. Nevertheless, when looking at actual research practices, we do not observe an obvious or strict connection between epistemological beliefs and methods used (Onwuegbuzie 2007). In most instances, the choice of methods turns out to be more related to researchers’ technical skills, type of training and position in the scientific field (Bryman 1984). Embracing Becker’s ‘practical epistemology’ (1996: 57), we are convinced that, within a single research design, social scientists can combine quantitative and qualitative methods in a scientifically fruitful way. This, of course, does not mean that the epistemological discussion between naturalist-positivist and phenomenological-constructivist paradigms is resolved all together. Being aware of this debate does encourage a sustained effort for ever more reflexivity. However, this – it seems to us – should not



constitute a check to triangulation.

With a high level of epistemological consciousness, methodological triangulation thus appears possible. But its sociological relevance remains to be demonstrated. First, the history of sociological thought show that classical distinctions between understanding and explaining, meaning and causality, quality and quantity, have not constituted strict oppositions, but different moments of a single process of cognition (Gonthier 2004). The beginning of Weber's *Economy and Society* perfectly supports this point:

"Sociology [...] is a science concerning itself with the interpretive understanding [deutend verstehen] of social action and thereby with a causal explanation [ursächlich erklären] of its course and consequences" (Weber 1978: 4).

Within a different theoretical framework, Pierre Bourdieu asserts that "*understanding and explaining are two sides of the same coin*" (1993: 910; original emphasis, our translation from French). There would be many other examples in the history of sociology to show that the study of social phenomena need not oppose causal explanation and understanding of meaning. That is why the qualitative-quantitative dichotomy generally carries little, if any, scientific interest (Ercikan and Roth 2006; Salomon 1991).

Secondly, because each method entails its own advantages and drawbacks, combining qualitative and quantitative methods, especially here in-depth interviews and statistical analysis, might lead to their mutual reinforcement. Traditional statistical methods based on variables analysis<sup>2</sup> contain two main flaws. They are dependent on a simplistic conception of causality (Salomon 1991). As a matter of fact, the overwhelming majority of statistical models are based on unrealistic assumptions: all causes are believed to operate simultaneously, independently from one another and in an additive way (Becker 1998). Most detrimentally, statistical results are too often context-free. As Blumer (Blumer 1956: 685) put it more than 50 years ago: "The variable relation is a single relation, necessarily stripped bare of the complex of things that sustain it in a 'here and now' context" (see also the critical arguments of Elias 1978). Mixing statistical analyses and qualitative methods partially solves these problems. As far as the conception of causality is concerned, triangulation adds much complexity to what statistics alone could produce. Triangulation also enables to put the object of study back into its geographical, social and historical context (Denzin 2007). Symmetrically, qualitative methods, especially interviews, entail limitations that triangulation helps overcome. Being founded on the study of a very limited number of cases, qualitative methods are often criticized for their lack of credibility and ability to generalize. To this respect, quantitative methods constitute a precious help in making generalizations more credible (Lincoln and Guba 1985).

Our third and last argument simply states that our present research questions are such that a combination of statistical analysis and in depth-interviews seems indispensable. Here Trow's advice according to which "the problem under investigation properly dictates the methods of investigation" (1957: 33) needs to be followed. Both our research questions – first, how immigrants are integrated in EU countries? Second, to what extent this process of integration can be linked to EU integration? – call for a comprehensive, meaning-centred as well as a more explicative, causality-oriented answer.

## 2.2. *The need of a multilevel reasoning*

The need for a multilevel approach is due to the complexity of the field (integration) and its bi-dimensional structure. In fact, 'horizontally' speaking, integration can be studied and investigated in different fields (social and political at least); the 'vertical' dimension, instead, show us at least three sub-levels (local/regional, national, supranational) in which integration is implemented.

In order to have a general vision of the concept, it is useful to cross these two dimensions, starting with the explanation of the two dimensions, that don't have pretension to be ordinate. The vertical one is linked to the spatial aspect, and the basic assumption is that if integration is pursued at a local level, the whole system (national one) will be integrated, and the same reasoning – changing the scale of reference – can be applied for supranational integration. This is, for example, the kind of mechanism we suppose

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<sup>2</sup> We limit our argument to statistical techniques that are effectively used in this research and which happen to be the dominant form of statistical methods in contemporary social sciences. As a consequence, it should be borne in mind that geometrical data analysis stemming from the work of Benzécri (1973) as well as statistical methods based on Boolean algebra (see, for example, Ragin 1987) are not targeted by all our criticisms.

for the functioning of EU integration. Each state has to legislate according to European directives (for certain topics, of course), in order to reach a specific goal that was previously defined. So, each government makes a law and, if it is implemented, this law will trigger some outcomes in the territory. We don't want to point out here the risks of integration (or of multiculturalism) obtained just by laws – that is to say, the communitarianism that is a top-down process, so it is perceived as an imposition. What is necessary here is to know that not only laws can be the key to integrate a territory but, in this case, they are our tool to try to understand how this process can start.

This vertical dimension is the most intuitive one, because we can imagine the integration as a series of concentric circles: if the core is integrated, so also the external circle will be integrated, and if we intend these two concentric circles as a state and we multiply this result for all EU members, we can say that the whole EU is integrated. Of course, this kind of reasoning is just at a theoretical level, but it explains the reason why we will detect a specific region (Friuli Venezia Giulia): if the model followed in this region is replicated in other regions – also with different methods, of course – at the end we can say that Italy is a multicultural and integrated country.

It will be useless to make pure speculation, even if we know, from Mipex<sup>3</sup>, that the existence of a law doesn't guarantee its implementation. The reference to Mipex allows to introduce the second dimension, the horizontal one. Integration can - or, better, has to - be detected in different fields, in order to have an exhaustive framework in which integration can be pursued. Mipex shows, for example, that in the great part of EU countries the 'hexagon' is unbalanced towards the social field, rather than the political one. But also this index, of course, is not so complete: for example, it skips completely the social areas related to school integration, socio-sanitary integration and other several aspects. But Mipex is an incomplete index from another point of view: even if it detects integration at the horizontal point of view, it skips completely the vertical dimension, in the sense that its data are refer to the national level, without considering local and EU integration.

Another aspect that is useful to stress is the diachronic one, and the concept of 'second generation of immigrants', in order to understand and to compare, in two different periods of time, progress or stillness of integration processes and/or differences between first immigrants' integration and their children's integration.

So, we made clear that integration is a multi-meaning concept and, in order to understand it, it is useful to subdivide the notion into smaller 'areas' to be investigated at different levels. Another point not to be underplayed is the need, also, for a multi-level governance, able to combine in a proper way vertical and horizontal dimensions. What is really important to stress is that in a multi-level governance there is a need for coordination and a common goal to reach, and all the synergies at the different levels have to work in order to have a suitable outcome.

This contribution hasn't the pretension to be fully thorough in all these areas, it is just a glance at how integration and all the connected concepts can be treated from different points of view and from different academic perspectives.

### **3. Migrant Integration Policies**

In order to study multiculturalism in EU countries, it will be useful to discuss the results of the Mipex 2007 (Niessen et al. 2007) that measures policies of integration in the EU-25 and also in 3 non-EU members countries, i.e. Canada, Norway and Switzerland<sup>4</sup>. Mipex defines itself as an exhaustive index because it takes into consideration 140 policy indicators in order to give an in-depth vision of provisions about recognition, acceptance and participation of immigrants. The indicators are distributed among six

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<sup>3</sup> Migrant Integration Policies Index – see further, section 3

<sup>4</sup> The MIPEX project is led by the British Council and the Migration Policy Group. 37 national-level organisations, including think-tanks, non-governmental organisations, foundations, universities, research institutes and equality bodies are affiliated with the MIPEX project alongside the British Council offices in 31 countries across Europe, Canada and the USA.

For further information and detailed data, see: [www.mipex.org](http://www.mipex.org)

areas: labour market access, family reunion, long-term residence, political participation, access to nationality and anti-discrimination. Thanks to these parameters, we can understand how much a society is formally open in respect of immigrants and how difficult (or not) is their path in order to gain the citizenship.

A further consideration that we want to point out briefly is that when we speak about multiculturalism and acceptance of immigrants, we are taking into consideration, of course, integration. To be more precise, we want to clarify that when we mention integration we mean all the policies promoted and implemented to make a society open towards immigrants, in order to accept them and to recognize them as citizens of the country, not as hosts and/or refugees.

Before talking about Italy in a more specific way, it is important to lay out some general considerations about EU integration and multiculturalism. Just to sketch the idea on which Mipex is based, when we speak about multiculturalism both the levels - local and global - are combined. As the official report says, "the process of integration is specific to the needs and abilities of each individual and each local community", and this local vision allows us to see how and in which direction multiculturalism is promoted and implemented at a more general level.

Of course, EU-25 score is calculated through the average of the scores registered for each member country. As the report says, "EU-25's policies on integration score only halfway to best practice". That means, of course, that in order to reach a complete (or, at least, widespread) multicultural society, the engagement of the EU countries has to be stronger and more convinced. What the report points out is that, in general terms, EU-25 is more favourable in the promotion of the social side of integration (i.e. long-term residence policies, anti-discrimination, family reunion, labour market access). On the other hand, the political side is the most unfavourable, and the indicators (access to nationality and political participation) register in most of the cases a low score. The only exception is represented by Sweden, that is the leader country not only in comparison with the EU-25, but also with the 28 countries taken into consideration by the Mipex.

Just to have a glance at the EU-25's situation in terms of multiculturalism and integration, it is useful to list here some data. According to Mipex results and methodology, we will give for each of the six areas the score of the best and worst country, the average for EU-25, and the score and position of Italy in the ranking.

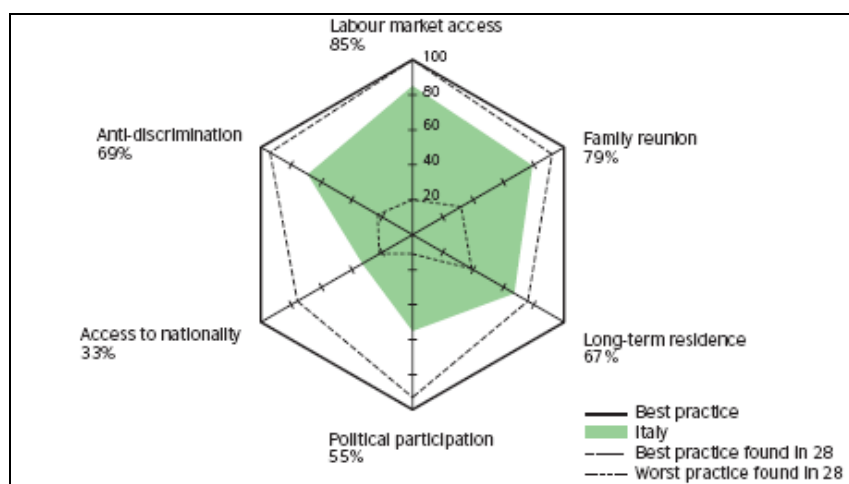
For the *Labour Market Access*, Sweden leads the ranking with 100 points (out of 100), and Latvia is the worst one with 20 points; Italy is to the fourth place with 85 points and the average of EU-25 is 56. As concerns *Family Reunion*, the leading country is Sweden with 92 points and the last one is Cyprus, that stops at 32 points; Italy is the third country with 79 points and the average of EU-25 is 57. *Long-Term Residence* is best implemented in Sweden with 76 points, Ireland is the last country with only 39 points; Italy scores 67 points as UK, Portugal, Poland and Denmark, and occupies the eighth place; the average EU-25 score is 59. The *Political Participation* reaches the peak in Sweden with 93 points, but registers a bad score in Latvia that stops at 11; Italy is located halfway with the same score (55) as two non-EU countries (Switzerland and Denmark) to the eleventh place, and the average of EU-25 is 43. *Access to Nationality* is best practiced in Sweden and Belgium (71 points), the closest society is the Austrian one with 22 points; Italy is quite low in the ranking, at the twenty-second position with 33 points, together with Denmark; the average for the EU-25 countries is 43. Last, *Anti-Discrimination Policies* reach the top with Sweden and its 94 points; the most discriminating country is Estonia with 23 points, and Italy is to the eleventh place in the ranking with a score of 69, while the EU-25 average is 58.

As we have already said, the leading country is Sweden, that is the one that tries to be multicultural as much as possible. EU-25's average is halfway, so that means that EU-25 have to improve their politics in terms of acceptance and integration (especially at the political level). According to the definition of multiculturalism given at the beginning and according to these results, it is plausible to affirm that EU recognizes differences, but its effort to accept and, overall, to foster their contribution to the society is quite far even - in some cases - at a theoretical level.

Now we want to focus our attention on Italy. Mipex gives us a clever and useful representation for each country, in order to have a visual message of the situation. The Italian 'hexagon' ( see Fig. 1) is quite asymmetric, in the sense that it is completely unbalanced toward the social side. This represents Italy's involvement in a social integration from the legal side, rather than from the political one. This is easily understandable by confronting the data, that are nearer to the ideal situation (100) in four cases out of six, and all these sectors belong to the social area.

Of course, the theoretical hexagon represents an utopian scenario, in the sense that it represents the absolute prototype of a multicultural society. What it is really interesting is that the two outlined hexagons represent the best and the worst practices detected in the field, but not all the best - or the worst scores – belong to the same country. This representation gives an immediate perception of the position of the as compared with the two 'theoretical' limit-cases.

Figure 1 – *Mipex 2007 for Italy*



Source: [www.mipex.org](http://www.mipex.org)

What is important to point out is that, as we can easily imagine, the distance between the legal and the real country is quite mighty. The hexagon tells us the truth in the sense that even if in Italy there are high scores related with the social field, the political one is practically underplayed. This represents also the typical Italian way of dealing with problems: (theoretical or potential) solutions are conceived at two different speeds: the social one is faster than the political one. In a really simple way, we can affirm that it is easier – and more convenient – to accelerate the process that allows immigrants to be involved in the labour market, rather than to foster their active participation in politics giving them the right to vote. It's a simple costs and benefits matter.

It's time now to draft a conclusion, in order to understand if EU can be defined as a multicultural society or not. The policies that we have considered in the previous pages – the ones measured by Mipex – are a first step to multiculturalism, but of course they are not sufficient. Not only because the existence of a law is not by itself a guarantee to change the society, but also because the sense of multiculturalism has to come out not from laws, but primarily from culture. So, in this sense, EU has to work a lot in order to improve its culture, not its laws.

Another point not to be overlooked is that promoting integration can bring the risk of a 'forced' assimilation. What is really important to keep in mind in the EU process of building integration is that is neither possible nor desirable either to replicate assimilation to a dominant model (or culture, in this case) or to follow assimilation models like 'salad bowl' or 'melting pot'. An effort has to be made in order to promote and to build a new type of integration - based on mutual understanding, recognition and cooperation – that has to be promoted through a bottom-up approach, rather than through a top-down one.

On the other hand, it is clear that nation-states are living a period of crisis, and this is the reason why we have to think in terms of multiculturalism. The EU now is in a hybrid position, because it is a supra-national organization but not yet a multicultural one and has to avoid the 'risk' to proceed towards communitarianism.

#### 4. The integration of immigrants: the case of Friuli Venezia Giulia.

##### 4.1. A brief overview of the Italian context

Immigration is a phenomenon that for centuries has accompanied and continues to accompany the history of Europe. Immigration has a fundamental function of mirror for the society because, as Sayad says, through the analysis of our relationship with it, we can understand the priorities and desires of society, the changes that we are willing to accept and at the same time reveals the ambiguities and hidden aspects of our society. (Sayad 1996)

Immigration is a special opportunity to take liberties latent in the constitution of a social order, to expose what is masked, to reveal what one is interested in ignoring, to focus or enlarge the light (this is the mirror effect) towards what is hidden in the social unconscious and is therefore bound to remain in the shadows of the State.

Dealing with immigration and rules about it, means to set limits and boundaries within which to welcome or reject those who try to cross them and at the same time, highlights the whole society who wants to be within those boundaries. (Sayad 1996).

Often, immigration policies, designed as a set of decisions that affect the opportunities of access and integration of migrants, are interpreted as if they were only the product of administrative rationality. However these policies also underlie the way in which people conceive the State.

Based on these considerations, we will try to analyze the issue of immigration in Italy, primarily in a national context and then at a regional and structural level. An overview on EU migration policies is also necessary, given that the immigration Italian law is connected to them.

Italy is a country that goes through a major transformation, shifting from 'emigrant nation' to 'immigrant destination'.

The Italian immigration is a complex phenomenon, characterized by immigrant flows from more than 191 countries, especially Central Eastern Europe (Albania, Romania, countries of former Yugoslavia and Ukraine), Northern Africa (Morocco), the Far East (China) and the Indian subcontinent (Pakistan, India, and Sri Lanka). This historically important phenomenon requires in-depth analysis and more effective intervention policies in order to find concrete solutions to help immigrants settling in our country, with its aging population and its labour market in need of additional workers.

Unfortunately, there is still a great amount of rigidity with respect to this new social experience. Although Italian immigration legislation is one of the most advanced in Europe (Consolidated Act No. 286/98), its application is still difficult (Pugliese 2002).

The quota system still appears as inadequate with respect to labour needs, and the grant of a permanent residence permit is affected in some cases by slow and heavy procedures. In fact, the matching of labour demand and supply may seem difficult to realize, which, in turn, may encourage irregular work.

In Italy the new social phenomenon of immigration has had a bad impact on people because of populist attitudes of some political parties, presenting the immigrants as a "negative" part of current society that bring illegality, steal the work from the Italians and 'stay too much on the park benches'. These stereotypes are alive thanks also to the Italian media that only convey the negative part of the immigration in Italy forgetting the positive part of their work and their presence there.

In Italy, immigration is a relatively recent phenomenon. Generally, international immigration studies have labelled the Italian migration experience using what is commonly referred to as the "Mediterranean immigration model". (King and Zontini 2000)

The model is characterized by the use of immigrants in seasonal agricultural work and in the service sector, especially in the area of domestic and personal/care services. In this model, we usually find a highly segmented labour market, a huge presence of irregular immigration, the initial absence of immigration regulations and the following adoption of restrictive migration policies. As a consequence there is a reduced access of immigrants to social integration measures, even when provided for by legislation.

But the immigration phenomenon in Italy is affecting the various regions in different ways.

According to ISTAT at the beginning of 2008 there are nearly 3,433,000 immigrants, including the EU citizens: 62.5% in Northern Italy (more than 2 million), 25.0% in the Central Italy (just under 1 million) and 12.5% in the Southern Italy (nearly half million). The regions with the greater numbers of

foreign immigrants are Lombardy (815,000; approximately 910,000 residents and regular attendance) and Lazio (391,000; 423,000) (ISTAT 2009).

In Friuli Venezia Giulia the estimate, according to the "Dossier Statistico Immigrazione 2008" is for about 99.000 residents (Caritas Migrantes 2009).

#### 4.2. A case study

The majority of the immigrants that are on the territory of the Friuli Venezia Giulia Region are there for work reasons and the increase of new arrivals is a result of family reunion.

What is characteristic for the Region is the massive presence of women: 49% of immigrants in the area are women. The female presence stands out especially in schools where, in the province of Udine for example, their number reaches 56% of the pupils.

The profiles of immigrants women in the territory of Friuli Venezia Giulia can be summarized as follow:

- Women who emigrate alone in order to improve the conditions of their lives;
- Women who perform the role of "forerunner", *i.e.* come alone at first and, after finding a job and a house, bring the rest of their family previously left in the country of origin;
- Women who have the role of breadwinner for their families that continue to live in the country of origin.

For understanding the reality of immigrants integration in Friuli Venezia Giulia, we carried out some interviews in a qualitative perspective. The interviewees are persons that have positions and/or responsibilities in the process of integration:

- the Regional Manager for operations coordination in the field of immigrants integration;
- the priest who voluntarily runs the activities of the association "San Vincenzo" based in Gorizia (whose aim is to help the new arrivals with housing, food, language, work, so they help the immigrants to integrate in the city of Gorizia and of course in the Region);
- social workers and voluntary workers in the field of the cultural mediation, operating on the territory of the Region.

Immigration is a structural phenomenon important for the region Friuli Venezia Giulia, whose administration accompanies the development of the area concerned. We foresee that the number of immigrants will increase more and more, contributing both demographically and in terms of economic growth. In fact, the Regional Manager says:

*"In this region, the main part of the immigrants are here as workers, often local businesses are also related to the countries of origin, for example the relocation of production activities (a phenomenon of the Manzano chair district) in countries such as Romania and this has created a strong synergy in terms of work."*

In terms of tolerance and acceptance of immigrants, according to the social workers there have not been cases of xenophobia in this Region, even if there have been moments of intolerance but more locally than regionally. An example is the integration in Monfalcone, where unfortunately the problems of inclusion and integration apply not only to foreigners but also to Southern Italians. The coexistence of newly arrived and permanent residents may not always be tolerated, creating discrimination and exclusion between people who live there. But this is a phenomenon that arises from prejudices and stereotypes and as such it will need time to be removed. Albert Einstein said: "it is more difficult to crack a prejudice than an atom" (Klempner 2005).

The foreigner is often seen as "bad" or "criminal", a consideration that is also fuelled by the media which often forgot to add - at the end of the TV service dedicated to some immigrant criminal - that criminals and gangsters have no nationality. It was serious, unprecedented and horrendous the crime happened in the province of Treviso, where two Albanians massacred a married couple but the crime that happened in Erba Province (Lombardy) was very similar: an Italian couple massacred their Italian neighbours; for the Italian media, the difference was that the first ones had to be persecuted, thrown out of the country along with other foreigners because they bring fear, whereas the second ones must answer to the justice. People that saw the TV report are necessary influenced by these TV programs because of "strong images" and "compelling keywords" that are usually used.

The television reports about immigrants who work and live in an integrated way in the host society and the host culture are few; although the figures for these immigrants are not negligible, they are simply

the 'invisibles' of the our complicated society.

In Friuli Venezia Giulia, the regional director stated:

"In general, the immigration phenomenon here, has always been governed in rational, reasonable terms."

This is perhaps due partly to the tradition of this region, that has always had within it several language and ethnic groups (Slovenians, Friulian Ladins, Germans, etc.). Another factor could be the fact that in Friuli Venezia Giulia, most immigrants come from Eastern European countries that have, in principle, cultural similarities although having different religions.

It is true that the Regional Government has made great strides in order to promote the integration of immigrants, a resource that is now essential for society.

For the Region, the sectors that are considered essential for the integration are: education, housing policies through the so-called "working capital", the health sector through guidance centres and the work, through the operation of the Regional Agency.

Another area valued as important for the regional policies - through the establishment of the register of voluntary associations involving both Italians and immigrants living in the region - deals with the enhancement of the role that associations can play in being the representatives 'of the invisible' and contributing to the regional interculturalism. Associations have always sought to bridge the social problem of immigration, even if this should concern the whole society and national institutions; it is in fact a social problem with several local and regional authorities having responsibilities in dealing with. The volunteers that operate in the field of immigration, not only give assistance but also bring to the local Authority the needs of the community at the local level and become a source for their information.

The territorial and social care services are not neglected by the regional policy. Nevertheless there are still municipalities that do not have any information/help desk for immigrants, such as the town of Manzano, in the 'district of the chair' area, where since many years there have been so many different ethnic groups working and living.

In Gorizia, a city where the foreign population grew by 7.8% just in 2008, it was decided to 'open a door' for help and assistance to newcomers. Doubts remain on how the immigrants in Gorizia can and will know about the existence of this 'open door'.

Here we got a good sore point: the non-use of information and communication directed to immigrants. We know that communication removes barriers between peoples and promotes their integration. There is lack of communication in the management of the phenomenon "immigration" in Friuli Venezia Giulia.

*"Communication is an area which (...) needs more development in that it needs to become more structured, with some more concrete and more direct channel. As a sector, we have launched projects dedicated to communication, but there is not now (...) adequate response in that direction; but we know that information is important to this area because it serves both citizens resident and immigrants. Proper communication really helps in the elimination of prejudices and stereotypes that can lead to xenophobia towards 'the different'. Perhaps this is a sector that should be more followed and more developed"* (Head of regional coordination).

The information desks dedicated to immigrants in the Region are not so efficient, also because the service is not complete, since it does not cover all the immigrants' needs: home, work, school for their children, etc.; in order to collect information about all these needs, they have to go in different independent information desks that the local territory offers.

*"We're trying to improve our service, so it can cover the entire territory and to respond fully to the information needs of the immigrant who is in the territory"* (Regional manager for the coordination of the activities).

Only last year, thanks to the Regional Tender on cultural centres and associations that operate on the Region, projects relating to communication were presented for the first time. This means that communication is a necessity born from the bottom, that warns a need for greater development in that field.

A communication system is perhaps the highest priority that immigration policies in the Region need to consider for the achievement of their goal: the integration of immigrants in Friuli Venezia Giulia.

A major step has already been taken in identifying those involved in intercultural communication, that is Cultural Mediators. However, the professional cultural mediators must also be trained, skilled and recognized by all the systems that have to do with immigrants.

In the end, we can say that a solution for the integration of immigrants in Europe, could be the integration achieved from the bottom up. As we have seen, an example is the Region of Friuli Venezia Giulia, which, in its immigration policies, encourages the participation "from below", that is, starting from the immigrants themselves through associations and councils. The aim is to have immigrants as

active players in the process of integration into the new society. Another example are the provisions about the cultural mediators, which tries to 'professionalize' them. The cultural communication becomes essential for the management of immigration and for the integration policies in this area.

We think that the sector of communication, if well used, can achieve good results on the issue of integration, not only regionally but also at the European level.

We want to add that the more the problem is handled locally, the more the chances for success, because 'locally' and 'from below' means trying to solve the problems in depth. It would be desirable, therefore, that the EU government devolves more powers to the European Regions, which in turn shall work together, in order to bring greater results in the EU Immigration Policy.

## 5. The link between acceptance towards immigrants and support to European integration: a theoretical conclusion and political implications

### 5.1. European Values Study and others statistical databases

We decided to use the *European Values Study* for three main reasons. First, as part of the *World Values Surveys* research program initiated by Ronald Inglehart in 1981, this set of data is a long-standing, high-quality cross-national database. The fourth wave, on which this paper is based, gathers data collected between 1999 and 2004. This leaves us with no less than 31 European countries<sup>5</sup>. We decided not to restrict our study to European Union member-states, because we do not presuppose that EU membership constitutes an immutable intrinsic separation in terms of values and attitudes between those who are "in" and those who are "out". The second reason which accounts for our choice is related but not identical to the first: the *European Values Study* is an unusually large database. The total sample size indeed counts 37,625 respondents and national samples vary from 968 individuals (Iceland) to 2,036 (Germany). Thirdly, this database contains precious information as regards our research question. Besides the classical but sociologically necessary demographic variables, the *European Values Survey* includes specific data on people's attitudes towards immigrants and ethnic minorities, as well as on the respondents' sense of belonging to Europe and concerns with fellow Europeans<sup>6</sup>. These qualities are seldom found together in a single database. The existence of this large-scale cross-national and attitude-centred set of data therefore represents an exceptional opportunity to empirically address the question of the link between tolerance towards immigrants and "Europhilia"<sup>7</sup>.

### 5.2. Supporting both integrations: statistical evidence

To assess the hypothesized link between tolerance towards migrants and support for European integration, we constructed a scale of tolerance by summing the respondents' score in 9 items measuring tolerant attitudes towards migrants<sup>8</sup>. A 25-point scale was obtained and recoded in 5 categories from "very intolerant" to "very tolerant".

We cross-tabulated this scale of tolerance towards immigrants and three variables measuring the respondents' concerns for Europeans and sense of belonging to Europe<sup>9</sup>. The results prove clear: the link

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5 An exhaustive list of the countries under-study including the size of each national sample is presented in the appendix at the end of the paper (table A).

6 A more detailed description of the variables used is thereafter given in section 5.2.

7 Strictly speaking, "Europhilia" means "the love for Europe". We mainly use it here for practical reasons as an umbrella notion that designates concerns with Europeans and sense of belonging to Europe.

8 These 9 variables are listed in the appendix. The Cronbach's alpha calculated to test the reliability of the scale equals 0.686, which is generally believed to be an acceptable value to construct such a scale.

9 The wording of the three variables is as follows:

1- "To what extent do you feel concerned about the living conditions of Europeans": Very much; Much; To a certain extent; Not so much; Not at all. (We chose to recode the first two answers as "Yes" and the last three as "No").



exists and strongly so. Table 1 blatantly shows that the more tolerant towards immigrant you are, the more chances you have to be concerned with Europeans. For example, among the “very intolerant” people, only 7% feel concerned with their fellow Europeans. This proportion is 3.5 higher among “very tolerant” respondents.

Table 1 - cross-tabulation of scale of tolerance towards immigrants and concerns with Europeans

Scale of Tolerance towards Immigrants	Concerned with fellow Europeans		Total
	No	Yes	
<b>Very intolerant</b>	5,049	383	5,432
%	92.95	7.05	100
<b>Intolerant</b>	3,925	347	4,272
%	91.88	8.12	100
<b>Intermediate</b>	4,944	566	5,510
%	89.73	10.27	100
<b>Tolerance</b>	4,121	673	4,794
%	85.96	14.04	100
<b>Very tolerant</b>	3,938	1,317	5,255
%	74.94	25.06	100
<b>Total</b>	21,977	3,286	25,263
%	86.99	13.01	100

Table 2 - cross-tabulation of scale of tolerance towards immigrants and sense of belonging to Europe

Scale of Tolerance towards Immigrants	Sense of Belonging to Europe	
	1 <sup>st</sup>	1 <sup>st</sup> or 2 <sup>nd</sup>
<b>Very intolerant</b>	115	469
%	2.20	8.96
<b>Intolerant</b>	95	392
%	2.31	9.53
<b>Intermediate</b>	168	639
%	3.16	12.01
<b>Tolerance</b>	184	624
%	4.01	13.55
<b>Very tolerant</b>	300	1,056
%	5.82	20.43
<b>Total</b>	862	3,180
%	3.53	13.01

The same can be said concerning table 2. Both columns display a positive – and apparently linear – relation between tolerance towards immigrants and sense of belonging to Europe. On the whole, 3.5% of all respondents consider Europe as their first geographical group of belonging. However, this figure represents no more than 2.2% for “very intolerant” people and rises up to 5.8% among “very tolerant” ones. In the same vein, while only 9% of “very intolerant” people consider Europe as their first or second geographical group of belonging, this proportion is more than twice as large (20.4%) for “very tolerant” respondents.

These two tables thus constitute strong evidence of the existence of a link between tolerance toward immigrants and “Europhilia”. However, a step further should be taken in order to consolidate this idea. As a matter of fact, the positive relations that were found may actually be accounted for by one or many other unconsidered variables. For example, it may well be that it is the level of education which actually accounts for the main part of the positive relation between tolerance towards immigrants and “Europhilia”. As a matter of fact, it is plausible that the more tolerant people are also those who are the more educated and that education favours “Europhilia”. This “omitted variable” issue represents the main limitation of bivariate statistics. We would like to know whether the relations between tolerance towards immigrants and “Euophilia” hold after applying them multivariate statistical models.

Due to the lack of space, only two dependent variables are examined in details: the fact of being concerned with fellow Europeans and the sense of belonging to Europe (first or second). These two main variables measuring attachment to Europe and Europeans are dichotomous. Therefore, two logistic regression models will be used, successively predicting these two variables. The independent variable of interest for us is still the scale of tolerance towards immigrants. However, we also include demographic variables which have the status of control variables. These variables are the respondent’s gender, age, level of education, job, income and size of town.

2- “To which of these geographical groups would you say you belong first of all?”: Locality; Region; Country; Continent; The world.

3- “And the next?”: Locality; Region; Country; Continent; The world.

As shown in table 3, even when all other variables are held constant, the level of tolerance towards immigrant is the strongest predictor of the fact of being concerned with fellow Europeans. For example, the fact of being tolerant rather than very intolerant more than doubles the respondent's probability of being concerned by fellow Europeans, all things being equal.

Table 3 - Logistic regression predicting the fact of being concerned with fellow Europeans by the level of tolerance towards immigrants and other demographic variables

Variables (reference category)	Categories	Odds Ratio	p.
Tolerance towards Immigrants (very intolerant)	Intolerant	1.195	0.024
	Intermediate	1.598	0.000
	Tolerant	2.298	0.000
	Very tolerant	4.701	0.000
Gender (female)	Male	0.925	0.055
Age		1.013	0.000
Level of Education (primary school)	Lower sec. school	0.871	0.023
	Upper sec. school	1.126	0.042
	Tertiary education	1.063	0.375
Job (unskilled manual worker)	Farmer	0.834	0.173
	Skilled manual	1.193	0.019
	Non-manual	0.988	0.873
	Manager/Professional	1.075	0.372
	Unknown	1.285	0.000
Income		1.008	0.240
Size of Town (2,000 and less inhab.)	2,000-20,000	1.031	0.617
	20,000-100,000	0.874	0.040
	100,000 and more	0.910	0.134

N = 24,390 ; Pseudo-R<sup>2</sup> = 0.054

Table 4 - Logistic regression predicting the sense of belonging to Europe (first or second) by the level of tolerance towards immigrants and other demographic variables

Variables (reference category)	Categories	Odds Ratio	p.
Tolerance towards Immigrants (very intolerant)	Intolerant	1.017	0.817
	Intermediate	1.294	0.000
	Tolerant	1.425	0.000
	Very tolerant	2.152	0.000
Gender (female)	Male	0.676	0.000
Age		0.994	0.000
Level of Education (primary school)	Lower sec. school	1.343	0.000
	Upper sec. school	1.444	0.000
	Tertiary education	2.078	0.000
Job (unskilled manual worker)	Farmer	0.854	0.306
	Skilled manual	0.993	0.933
	Non-manual	1.101	0.200
	Manager/Professional	1.216	0.016
	Unknown	1.151	0.053
Income		1.002	0.773
Size of Town (2000 and less)	2,000-20,000	1.303	0.000
	20,000-100,000	1.619	0.000
	100,000 and more	1.493	0.000

N = 23,574 ; Pseudo-R<sup>2</sup> = 0.044

Even more impressive is the following figure: the fact of being *very* tolerant towards immigrants rather than very intolerance multiplies by 4.7 your probability of being concerned by other Europeans. The study of table 3 also proves that our assumption about the intermediating role of education is not verified. Indeed, the respondents' level of education turns out to have a weak or statistically non-significant independent effect on the probability of being concerned with Europeans.

The results are not totally identical as regards the sense of belonging to Europe (see table 4). Here, the level of education has a statistically and quite strong predictive power. All things being equal, a university-educated person has a twice higher probability to feel a sense of belonging to Europe than a person who only attained primary school. However, the level of tolerance towards immigrants does have a strong independent effect too. The fact of being very tolerant rather than very intolerant multiplies your probability of feeling a sense of belonging to Europe by 2.15, when all other variables are held constant.

## Conclusions

Empirical evidence therefore shows that a link exists between tolerance towards immigrants and "Europhilia". What can be drawn from this?

Our results do not prove any causal relation between tolerance towards migrants and "Europhilia"; neither in one direction (tolerance towards migrants causing Europhilia) or the other (the former stemming from the latter). However, a first theoretical conclusion is that the attitude that underlies both tolerance towards migrants and "Europhilia" appears similar. This attitude can be depicted as open-mindedness and acceptance of differences, as opposed to xenophobia. That being said, what does this link imply as far as European integration and identity are concerned?

Up to now much effort has been made to promote a specific type of European identity in order to foster European integration. Politicians and intellectuals have continuously attempted to find a definition of "Europeanness": what heritages and traditions are common to all Europeans? Lists of such common elements have been constructed including from "Catholic charity, the Protestant ethic" to "pasta and Beethoven" (Amin 2004: 13). This tendency is based on an essentialistic view of culture. As Delanty brilliantly puts it:

"Who is a European is largely a matter of exclusion, and in the dichotomy of self and other which constitutes the discourse of European identity, Europeanness is constructed in opposition with the non-European, in particular Islam" (Delanty 1997: 298).

This phenomenon can be related to what Stolcke (1995) termed "cultural fundamentalism". Cultural fundamentalism is founded on "a rhetoric of inclusion and exclusion that emphasizes the distinctiveness of cultural identity, traditions, and heritage among groups and assumes the closure of culture by territory" (Stolcke 1995: 2). According to her:

"Because racist doctrines have become politically discredited in the postwar period, cultural fundamentalism as the contemporary rhetoric of exclusion thematizes, instead, relations between cultures by reifying cultural boundaries and difference" (Stolcke 1995: 12).

These tendencies need to be contrasted to some of our findings. First, immigration appears to be a wide-ranging inevitable phenomenon in present-day Europe. Second, tolerance towards immigration and actual integration of the immigrants, on the one hand and sense of belonging to Europe and "Europhilia", on the other, are related to one another. Is this model of identity and belonging appropriate to foster European integration in an ever more multicultural and multiethnic continent? As a matter of fact:

"Slowly, Europe is becoming Chinese, Indian, Romany, Albanian, French and Italian, Christian, Islamic, Buddhist or New Age, American, Disneyfied, one-earth conscious, ascetic or locally communitarian. It is becoming a place of plural and strange belongings, drawing on varied geographies of cultural formation. And thus it is constantly on the move in cultural terms". (Amin 2004: 2)

In this context, starting from the Europeanness of Europe is not a relevant point of departure. Politicians and intellectuals should realise the strength of what Ulrich Beck calls "banal cosmopolitanism" (Beck 2002)<sup>10</sup>, made of cultural mixing and hybridation, in daily life and its routines.

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<sup>10</sup> This concept was created in relation to, and in contrast with, the notion of "banal nationalism" coined by Michael Billig (1995)

Consuming international food, watching foreign movies, travelling abroad, all these are examples of “banal cosmopolitanism”. Therefore, this “banal cosmopolitanism” has nothing to do with a grand tradition-oriented exclusive European identity. Because the European Union is composed of different nations and because it is a space of immigration, the generalisation of cosmopolitanism and the related tolerant attitudes would favour European integration.

However, it should be borne in mind that this cosmopolitanism is not automatically accessible to everyone. Some authors have contended that only a limited cultural elite composed of poets, artists and intellectuals, which Friedman call the “post-colonial border-crossers” (Friedman 1997: 79), could actually experience “banal cosmopolitanism”. In order to make cosmopolitanism less elitist, we would argue that promoting cosmopolitanism and tolerance towards immigrants through school curriculum is a good practice to foster European integration.

But, as we saw in our paper, individual tolerant attitudes are all but sufficient to the integration of immigrants. The integration process can never be completed when substantive civil, political and social rights are not granted to immigrants. A real inclusive European citizenship would also be a desirable solution in order:

“to institutionalize a substantive citizenship of participation which will be based on residence. If residence is more fully established as the basis of European citizenship, the dimension of inclusion can be enhanced. European citizenship could then become not merely relevant to the some 5 million citizens of the member states living in other states of the Union, but also to the some 10 to 15 million immigrants” (Delanty 1997: 299).

We would like to end this paper with a more general remark. We have tried to show that both the integration of immigrants and the European integration should not be conceived as uniquely top-down phenomena. Of course, treatises, laws and government policies exist and exert an influence. But, at the same time, both types of integrations are social processes which are continuously reshaped locally by social groups and actors. Through this paper, we wanted to oppose the dominant current tendency in the field of European studies to adopt an overly top-down juridical perspective which takes for granted the all-powerfulness official texts. Marxists, even among the most “orthodox”, have acknowledged the relative autonomy of the State from the economic structures (e.g. Althusser 1969). On the other side, no one should ever underestimate the relative autonomy of social processes from government policies.

### Appendix

Table A - Countries and national sample sizes in the *European Values Study*

Country	Frequency	Country	Frequency
Austria	1,522	Lithuania	1,018
Belgium	1,912	Luxembourg	1,211
Bulgaria	1,000	Malta	1,002
Croatia	1,003	Netherlands	1,003
Czech Republic	1,908	Poland	1,095
Denmark	1,023	Portugal	1,000
Estonia	1,005	Romania	1,146
Finland	1,038	Slovakia	1,331
France	1,615	Slovenia	1,006
Germany	2,036	Spain	1,200
Greece	1,142	Sweden	1,015
Hungary	1,000	Turkey	1,206
Iceland	968	Ukraine	1,195
Ireland	1,012	Great Britain	1,000
Italy	2,000	Northern Ireland	1,000
Latvia	1,013	<b>Total</b>	<b>37,625</b>

**Variables used in the construction of the scale of tolerance towards immigrants (in brackets are the scores associated with each answer: the higher, the more tolerant):**

*“On this list are various groups of people. Could you please sort out any that you would not like to have as neighbours?”*

People of a different race: Yes (0); No (2)

Immigrants/foreign workers: Yes (0); No (2)

Muslims: Yes (0); No (2)

People with large families: Yes (0); No (2)

*“Do you agree or disagree with the following statements?”*

When jobs are scarce, employers should give priority to [NATION] people over immigrants

Yes (0); No (2)

*“How about people from other countries coming here to work? Which one of the following do you think the government should do?”*

Let anyone come (4)

Strict limits (1)

As long as jobs available (2)

Prohibit people from coming (0)

*“Which of these statements is the nearest to your opinion?”*

For the greater good of society it is better if immigrants maintain their distinct customs and traditions (2)

For the greater good of society it is better if immigrants do not maintain their distinct customs and traditions but take over the customs of the country (0)

*“To what extent do you feel concerned about the living conditions of immigrants in your country?”*

Very much (4)

To a certain extent (2)

Not at all (0)

Much (3)

Not so much (1)

*“Would you be prepared to actually do something to improve the conditions of immigrants in your country?”*

Absolutely yes (4)

Maybe yes/Maybe no (2)

Absolutely no (0)

Yes (3)

No (1)

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# EDUCATIONAL ISSUES OF THE NEW EUROPE

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Alexandra Ezenkina and Florentina Tinc

**Abstract:** *A short overview of the present state of European educational integration process is given, through the eyes of a citizen of the future, especially of higher education, life long learning and adult education.*

*The Bologna Process can be defined as an effort to answer to the challenges facing the European society in the context of ongoing economic crisis, not only as an internal phenomenon of academic communities.*

*One of the most essential advantages of adult education is that people enhance their opportunities, the rate of employment and mobility throughout the European Union; they are ready to compete and innovate in any sector they choose.*

*Thus, education and training are crucial factors in achieving the Lisbon goals on economic growth, competitiveness and social inclusion.*

**Keywords:** educational integration, European higher education area, adult education. lifelong learning

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"What nutrition and reproduction are to physiological life, education is to social life. This education consists primarily in transmission through communication. Communication is a process of sharing experience till it becomes a common possession."

*(Dewey, J., Democracy and Education: an introduction to the philosophy of education. Ch. 1: Education as a Necessity of Life)*

## Introduction

Modern society requires us to keep up with the lavish flow of information and education is a perfect example of how an individual responds to the latest trends and requirements of the society. An integrated educational system enables a young person to take into consideration the latest requirements of labour market, i.e. the labour market of a new Europe.

In order to be competitive, a European student has to absorb every innovation.

The new Europe, especially Europe overcoming the crisis, seeks for a citizen of the future. This person has to remain competitive regardless of origin, creed, and welfare. We see a citizen of the future as a flexible, open for innovation person, an active participant in creating European policies.

The key tool for achieving this goal is undoubtedly a high-quality education, which includes information and knowledge management, analytical skills, project management abilities, leadership, skills for autonomous work and study, decision making capabilities, practical skills, teamwork, ability to work in an international environment, command of several foreign languages.

The aim of this paper is to look at the present state of the European educational integration process through the eyes of a citizen of the future, especially considering higher education, life long learning and adult education.



## 1. Achievements and problems of the Bologna Process in the New Europe

### 1.1. General overview

We consider the Bologna Process not only as a trend in higher education but also one of the domains of the national identity, “the larger script in which people, ideas and information are moving freely across national borders”. (Pursiainen Ch., Medvedev S. 2005) It is evident that the driving force of educational integration is their global competition along with the wish and need for international and global cooperation.

The higher education is an instrument towards the wider goal of increasing Europe’s competitiveness and influence in such spheres as cultural, social, intellectual, scientific dimensions.

The process of educational integration is closely connected with democracy, another European core value. The idea of equal opportunities is tracked through the most documents and guidelines.

Thus, the Bologna Process can be defined not only as an internal phenomenon of the academic communities, but chiefly as a part of a much wider effort to answer the challenges facing the European society in the context of ongoing economic crisis.

The notion of educational integration and the Bologna Process itself are closely connected with the so called “ten action lines” adopted during the ministerial meetings from 1999 to 2005 in the Bologna Declaration, the Prague and the Berlin communiqués. The action lines were the following:

- adopt a system of easily readable and comparable degrees;
- adopt a system with two main cycles (undergraduate/graduate);
- establish a system of credits (ECTS);
- promote mobility by overcoming legal recognition and administrative obstacles;
- promote European co-operation in quality assurance;
- promote a European dimension in higher education;
- focus on lifelong learning;
- inclusion of higher education institutions and students;
- promotion of the attractiveness of the European Higher Education Area;
- doctoral studies and synergy between the European Higher Education Area and the European Research Area.

A student is supposed to gain from the Bologna Process more than anyone else. His studies at the higher education establishment are more democratic, previously unknown opportunities open before him. In the course of studies on each level of the higher education s/he is able to create her/his own educational path while, upon graduation from each of the two first cycles, the student is able to change the chosen specialization.

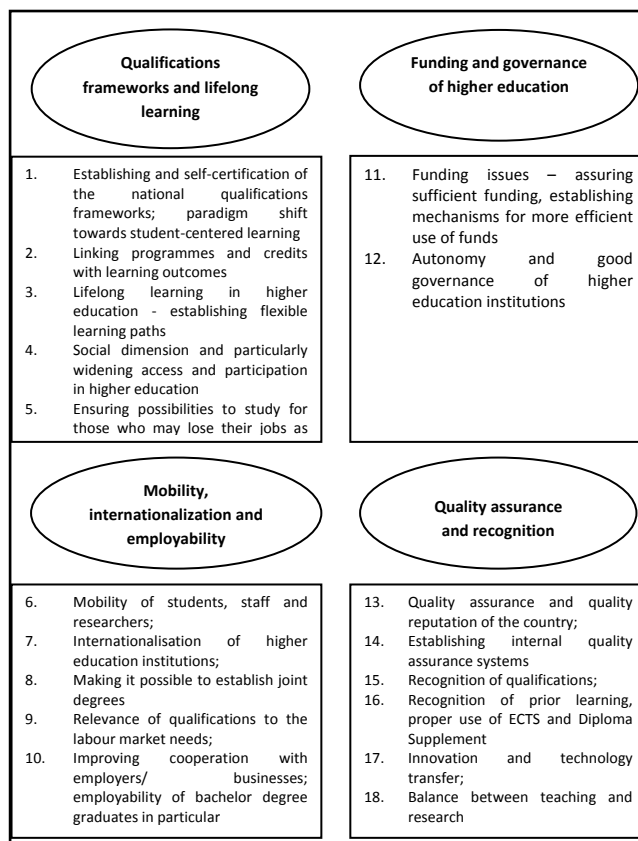
Every year the knowledge acquired by students becomes more and more corresponding to the European criteria as they spend long terms of training at the universities of Europe to receive diplomas of European level and they can obtain over one period of training two diplomas at once, one of them being international.

Academic mobility programs show the students essentially different ways of receiving higher education. Students receive the European supplement to the Diploma, many of them becoming the holders of double diplomas. Moreover, it opens before them wider cross-border opportunities for postgraduate employments.

The European Higher Education Area is also described as a new institutional form of higher education which can be defined by a number of parameters such as competitiveness, accessibility, diploma recognition, comparability, diversity, international openness.

The main challenges for the European education can be summarized in four groups, as presented in Figure 1.

Figure 1 - Challenges of the Bologna Process 2020



Source: *Stocktaking Report 2009*

### 1.2. Aims of the educational integration

As stated in the Bologna Declaration, the creation of a common higher education architecture is aimed at the following:

- establishing a broad, high-quality advanced knowledge base, preserving a stable, peaceful and tolerant community;
- modernization of higher education implies the support of transitional and innovative processes in the field of higher education. The creation of a single education area impacts the development strategies of member states simultaneously oriented on the priorities of national educational systems; modernization of higher education is the main criterion for successful integration;
- improving mutual understanding between the cultures through the intensification of cooperation in the field of higher education among the EU-members and their partners from other countries;
- developing cooperation at state and regional levels, enhancing communication opportunities, forming new networks of personal and professional contacts uniting the academic circles of the member states; personal and professional involvement in new mobility programs is intended to stimulate the promotion of a new image of the higher education system among students.

Researches have shown that the Bologna Declaration corroborated the national plans which took into account the current labor market demand, increasing the national universities' competitiveness, promoting students' and professors' mobility in Europe for scientific and academic purposes. Still, there is no uniformity in enhancement of international competitiveness of universities in Europe and widening the

range of employment opportunities for graduates, as the motives for actions in these fields vary in different countries.

The process of handling these problems is at different stages. Student mobility is developing, yet measures stimulating further mobility are necessary. In the field of promoting mobility, states and universities are irregularly spread in the European education area. Moreover, underprivileged students lack support, the grant system should be developed.

One of the strong points of the educational integration is a well-established quality assurance. Uniformity is reached thanks to pan-European principles of comparable quality systems.

The integration in the European Higher Education Area is based on a collective model of higher education structure. Furthermore, it is not necessary to unify all existing systems of education, but to preserve the best traditions of universities and the diversity of qualifications.

As innovations in education are directed towards students, they should be more involved and aware of the reforms. Therefore, students' direct participation in the decision taking and in the conceptual rationalization is desirable.

One of the challenges is the need for a much better data base on education processes and outcomes. Europe also has to build the research excellence, using the best methodological tools, to generate evidence on the success of the educational reforms. A wider interaction, research collaboration and international comparison can help to produce the best research knowledge. In addition, because initial conditions are different in each country, further country-specific research on the relevant policy issues would add the knowledge about which kind of reforms are most promising in the different countries.

### *1.3. Brain drain and brain gain*

One of the most acute disputes raised in the process of harmonizing the national educational systems with the European ones was the issue of brain drain. The emigration of high-skilled people to countries outside the European Union, in particular to the United States, is a pan-European phenomenon. Especially young university graduates, attracted by better working conditions and higher wages abroad, leave their home countries.

This loss of high qualified talents and professionals is believed to be a major risk for Europe's position as a competitive, knowledge-based region in the world economy, because this brain drain is linked to location decisions of high-technology industries and the respective jobs in these sectors. The brain drain aggravates the problems of demographic change by particularly pulling away young professionals who could make important economic and social contributions to the European economy.

There is a need to identify the trigger factors for the emigration of young high-skilled talents out of Europe's educational systems. This is mainly a challenge for tertiary education because students and researchers constitute the main part of these emigrants. That is why providing an attractive framework to retain these talents in Europe is the major task. The building of "centres of excellence" which concentrate on making progress at the leading edge of current knowledge and innovation may be one of the solutions.

The respective trigger factors for brain gain can be found in a tertiary education that is open to students and researchers from abroad and encourages academic and scientific exchange between Europe and other countries and regions.

### *1.4. Human resources*

Future European policies for the educational systems should strengthen the European advantages in offering a high skilled labour force and raise efforts in increasing the quality of training all over the lifecycle. Countries like India and China are starting to catch up on the supply of high-skilled workers, possibly leading to more changes in the working life and industry structure and thereby highlighting the need for modernizing education and training in Europe in order to ensure high living standards for all. (Rauhvargers, Deane, Pauwels 2009)

Increased mobility of workers and students within the European Union may prove crucial to maintain and develop Europe's advantage in providing a high-skilled labour force. Pan-European mobility may facilitate the availability of high quality education on a broader basis for all people in the European

Union. As a result of internal mobility, important language skills could further improve the position of European workers and students. This requires a further development of the framework of the Bologna Process until 2020 and beyond. (The Bologna Process 2020 - The European Higher Education Area in the new decade 2009)

The ministerial communiqué (2009) drawn up in Leuven was a draft of the new educational strategy. The strategy may concentrate on the following directions:

- cautious implementation of the 3-tier system;
- better access and facilitation of student mobility;
- student participation in educational policies;
- flexible implementation of Life Long Learning;
- enhancement of innovation–research sector;
- human capital as a factor playing a prominent role in modern theories of economic growth.

High levels of human capital are necessary for sophisticated production processes of goods and services as well as the innovation of products and processes. The latter aspect is of particular importance as new growth theories emphasize that long-run growth is driven by innovation. Innovation, however, requires research and development as well as skills. In order to carry out research and development, the educational system must supply individuals with the necessary skills. This is typically the task of institutions of higher education.

The European Union faces the challenge to adjust its higher education system in order to increase economic growth. The challenge for any education system is to properly organize its structure and to allocate resources so that a sufficient supply of labour is guaranteed for both the production and the research and development sector. For an innovative economy in a globalized world, it is mandatory to increase efforts to enhance the quality of education at the top end of the educational distribution.

This problem raises the question of whether the foundation and the support of élite institutions in the higher education could be beneficial in terms of creating a more innovative economy or whether a broader supply of medium-range institutions is more contributing to growth – a question on which empirical evidence is mostly lacking. (Crosier D., Purser L., Smidt H. 2007)

### *1.5. Equal learning opportunities and integration of immigrants*

People are integrated in a society when they share common social, cultural, economic and political life, as well as when they have access to equal opportunities and public goods. Integration is inevitably a multidimensional phenomenon.

Education obviously plays a central role in the integration of immigrants into the European societies. Education and training of immigrants are the best foundation for social integration and the best guarantee possible against exclusion, unemployment and discrimination.

At present, about 20 million people with a migration background live in the EU. In the future this number is expected to rise as Europe partly depends on immigration to counter a shrinking workforce. That is why integrating immigrants into the European societies through education is of key importance and one of the major challenges of the 21st century. (Eurostat 2009)

Equal learning opportunities in education can be put into practice by higher education institutions on condition that they are documented and made public. For example, the web-site of Lancaster University provides us with a *Statement of Intent on Equal Opportunities in Learning and Teaching*. It reads: “You have the right to take part in activities and utilize our services free from harassment or duress. You should be treated on the basis of merit, capacity and potential and not be disadvantaged by gender, race, ethnic or national origin, religious or political beliefs, disability, marital status, age, health, family responsibilities, sexuality, background or any other distinction irrelevant to academic study. In order that equality of opportunity may be implemented, it is necessary to provide additional facilities or services to certain groups and individuals”.

### *1.6. Education through the eyes of the students*

During the ISIG Summer School 2009, the authors tried to carry out a research aimed at looking at the

educational integration through the eyes of its objects – students themselves. 30 respondents filled in a questionnaire consisting of six questions (five open questions and one multiple choice).

The questions pointed at the attitude of the students toward the process of establishing an integrated area of higher education in Europe which includes introduction of 3-tier system, ECTS academic credits, academic mobility of students, tutors and administrative staff, issuing European diploma supplements, creating a single European research area.

47% of the respondents described their attitude as positive, 37% as negative, 13% gave no answer and 3% said the Bologna Process has both positive and negative effects.

When asked to motivate their negative answers, the respondents usually stressed the disruptive effect of the reforms on national educational systems: *“On the one hand, I highly approve of the idea of integrated academic field, but on the other, in Russia they ruin the old and well-established system of higher education.”* This means the implementation should be more cautious and a deeper analysis of the two systems is necessary.

*“I choose negative aspect because I think that it had created confusion in our educational system. As far as I remember, with the university diploma you used to have enough background, but now you must have the master as well. On the other hand, in the long run things would be clearer, because our entire system is changing a lot apart from the Bologna process”.*

*“The Bologna Process implementation in Serbia is not unique. Some of the universities made complete implementation, but the most of them are not convergent to the European Union framework”.*

*“UK has a different system which is more developed than the Bologna system”.*

*“The changes take much time and it seems to be very complicated to get education during the time of reforms”.*

Among the positive responses we have:

*“It will help to integrate very quickly into European education and American as well”.*

*“In my country (Albania) the Bologna Process is implemented but slowly. Much time is still needed to reach main goals”.*

*“It’s necessary for creation of single labour market, further European integration and improving competitive position with respect to other participants of global market”.*

*“I think there are both positive and negative aspects. Positive ones are the mobility, increased quality of education, other examination system. Negative are that subjects are compressed, improperly implemented 3-years course (instead of 4-years).”*

Participating in academic mobility programmes has a high appreciation rate (50%): still, it can be increased. One of the respondents stressed that they should embrace a wider geographical area and form groups according to the age criterion. Also there is a necessity *“to improve partnership with non-EU countries”.*

*“Awareness of the programmes should be improved in my opinion.”*

To sum up, the main reason for negative students’ response turned out to be inappropriate design of curricula while reducing them to 3-year-long studies and low awareness of mobility programmes.

### *1.7. Life Long Learning as one of the principles of European education*

Life Long Learning is one of the 10 action lines to establish a European higher education area.

After adopting the Lisbon Strategy (Lisbon Declaration 2009), education and training entered the centre stage of European policy making. Life Long Learning is a key driver of the Lisbon Strategy as expressed in the integrated guidelines for both employment and, as part of the knowledge triangle, for growth, affecting innovation, competitiveness and sustainable development.

Looking at the current structure of labour force participation, we can say that the ageing of the European population is likely to affect the total labour supply. Investment in human capital formation is supposed to be a key policy to retain the older in the labour market and to upgrade their productivity.

In spite of the potential importance of training, training incidence declines substantially with age. The older generations are typically less educated than the young. This problem is particularly severe in Southern Europe. If we consider the group aged 35 to 54 today – which will be aged 48 to 67 in 2020 – less than 60 percent of this age group has attained at least upper secondary education in Spain, Italy, Portugal, Greece and Ireland. In sharp contrast, this percentage is well above 80% in Germany, Denmark,

Sweden and Norway (Eurostat 2009).

The complementarity between education and training suggests that training incidence among the older can be raised if measures are taken to ensure that basic literacy and skills are acquired. An example in this direction is the Norwegian Competence Reform, which establishes a legal right for adults to the education required to attain upper secondary education. Oddly, these policies are more widespread in Northern Europe, where there is a relatively less need as compared with Southern Europe. (Eurostat 2009)

A good system for further education needs to be adapted to market needs and help people keep their skills up to date. There is dire need to understand better whether and how those who failed at school can be re-educated (at age 30 to 50).

### 1.8. Other opportunities for the stakeholders

We have outlined a number of challenges which the Bologna Process sets for the stakeholders. In addition to setting challenges, however, the Bologna Process offers many opportunities for promoting the image of a new Europe.

First of all, the increased academic mobility which is promoted by the Bologna Process can help both students and institutions to benefit from the merits of various educational systems. It also opens up many opportunities for contact with speakers of other languages and thus for an extension in formal and informal language learning. In addition, increased international cooperation, which is another stated goal of the Bologna Process, offers students, staff and researchers the possibility of initiating joint projects with colleagues in other countries and, in this way, of developing shared responses to shared challenges.

The Bologna Process is both an opportunity and a challenge. The correlation of opportunity and challenge is a complex one. On the one hand, the development of the European Higher Education Area opens up many possibilities for more extensive learning in both formal and informal contexts. On the other hand, the effective realization of the European higher education area depends crucially on the mutual understanding of practical realization details throughout Europe.

The main instrument for avoiding a mechanic homogenization of higher education in the integration process is autonomy at the level of universities.

To conclude we can quote Professor L. Armstrong, who wrote that “The Bologna Process is a very bold experiment that has the potential to change higher education in ways probably not envisaged by its creators. The very elements that enable and encourage movement about the European higher education area, if successful, are those that could open up globalization of higher education generally. One of the greatest obstacles to greater globalization at the moment is the inability to judge and validate the educational modules offered by potential partners around the world. Should Bologna be able to define workable ‘best practices’, they could easily become the *de facto* standards that enable quality control in a modularized approach to higher education” (Armstrong 2009).

## 2. The Importance of Adult Education on what concerns the creation of the European Excellence Space

“Tell me and I will forget,  
show me and maybe I will remember,  
get me involved and I will understand.”  
*Confucius*

### 2.1. Adult education at the European level

Education is a high priority objective of the governments at the international level starting with the *World Conference on Education for All*, that took place in Jomtien, Thailand (5-9 March 1990). In this occasion, delegates from 155 countries as well as representatives of 150 organizations agreed upon the universalization of the primary education and massive reduction of illiteracy. Afterwards, many of practitioners and researchers and social parties as well as economists did get involved into exploring this sector upon which it's been decided

that it should be reformed and that there are specific issues relating to education that brought several question mark, because of whom the parties involved are very concerned: issues such as the high rate of illiterate adult people in the world (960 million people), the condition of women and girls in the world, the lack of access to education of at least 6 billion children, issues related to competitiveness, social inclusion, social justice and the creation of a sustainable world for the next generations.

Education is a success key for development and innovation in the context of the globalization trends. A very effective educational policy would facilitate growth and competitiveness and would lead to job creation. These topics are being discussed now, in a particular difficulty period of financial crisis, where governments can not allow anymore having a reckless attitude toward education in general and concerning decisive impacts that education has at all levels of our lives.

While the European Enlargement and the integration process had a tumultuous development in the past few years in terms of the economic interests that candidate countries did express as incentive for adhesion to the European Union, and while these countries struggled to comply with the European Union Criteria in very different sectors, education was always a topic that has been left upon the national governments decision. Depending on this fact, taking into consideration the phenomenon that enlargement process is raising such migration, within the UE educational system a lot of problems emerged for the educational structure as well as for the students and graduates, in terms of diploma recognition, curricula convergence, quality assurance in education, addressing to a common qualification framework, problems related to the European/global and competitive labour force market, transition toward the labour market etc.

These issues underlined the need for cooperation and setting common policies in order to reach "...harmonization of ...European *higher* education system" (Sorbonne Declaration) and the way envisaged to reach this objective is the Bologna Process. Along with the changes that the Bologna Process is bringing in terms of institutional structure, degrees, governance, curricula, access to education, measures and ways to create bridges between social partners in the education field in order facilitate the transition to the labour market or - one maybe of the most important topics - in financing and supporting education, changes started to be made on a very concerning field: adult education.

There are actually many definitions of adult education that could actually vary from one country to another (PLATO 2008) but as a common definition the Commission of the European Community stated that adult education is: "...all forms of educational activities undertaken by adult individuals after having left initial education and training...", though adult education could include alphabetization activities for individuals that hadn't access to any kind of educational training courses or left school early and haven't yet acquired the skills and competencies in order to face the real life problems they are supposed to.

Adult education at the European level has actually encountered problems since the beginning in terms of infrastructure, staff – teaching and training personnel, funding, networks, results of initiatives, transparency, participation, support from governments, recognition of training activities and its results and so on. In the end, adult education has the same problems and needs the same support from the state as Higher Education system or Primary Education system in order to achieve the objective to "...make Europe the most competitive and dynamic economy in the world..." (Lisbon Strategy 2007). Education and training are critical factors to achieve the Lisbon goals on economic growth, competitiveness and social inclusion. The present work will refer to some of these issues and the concerns that practitioners and researchers express in these fields.

## 2.2. What do we mean by Adult Education?

“We know more about how animals (especially rodents and pigeons) learn than about how children learn: and we know much more about how children learn than about how adults learn”.

(Knowles M., *The Adult Learner: A Neglected Species*, p. 12)

As introductory note to this section, we decided to clarify a few concepts that will lead to a better understanding of the following issues emerging from the proposed topic. The concept *adult*, in the context

of the educational needs and programmes designed for it, is not an easy concept to frame. It is difficult to decide the meaning not because of the age; the only thing related to age in this context is that the adult is at that stage in life that should have been already concluded the compulsory education. Some countries prefer to call *adults* the young people who did not conclude the compulsory education and who are unemployed.

Anyway, a very important fact is to determine the situation of a person during the professional path between the moment of graduation of the compulsory education until it's exit from the Labour Force Market in order to determine if a person is or not a target person for activities designed for adult education. Another important clue in defining the concept is that connected to the moment of the primary education and that of the continuous education. Terrot Noël made a proposal concerning the paths for training and education intended for adult individuals: *for the training programmes an adult is that person that early left school in a stage of initial education and that is turning back to study in a moment of life.* We do think that adult is that person that is eager to fulfil it's studies, education, training for different reasons: did not graduate from any educational programme or did not fulfil the compulsory education even though it has the proper age; is that person that is willing to improve it's competencies, to change the professional sector or to spend the leisure time developing educational activities.

There are few categories that could be mentioned when speaking about adult learners:

- young adults (between 16 and 25 years old) who did not finish the compulsory education;
- persons working full time (35 or 42 hours per week) while enrolled into training courses due to the employee institution;
- unemployed individuals that are not developing any independent activity or those exploring for a job, having dependents, very often children, or taking care for the family elders and/or housewife;
- elder persons that already finished their active professional life;
- single parents, not married or divorcees/separated and having dependents.

The concept of adult education raises very often controversy because of different approaches at the international level that countries and educational institution give to the specific actions in territory; in several countries this concept is not even used anymore, being replaced with other concepts. For instance, in Romania and France, by adult education is intended very often the vocational training or the popular education that means any activity for leisure time, developed for adult individuals and youth such as dancing classes, painting, music, theatre and so on.

In other countries, such as Norway, adult education is the official term stated by the state authorities and includes educational activities designed by NGO's, legal authorities of Labour Market Force and School Inspectorates, activities that are provided with public financing. Denmark instead has adopted two other concepts: adult education and popular education, taking into consideration the level of institutionalization of the education provided. By 'popular education' is meant the most independent teaching/learning activities provided by associations and other players in the territory that are not financed and subordinated to the government; 'adult education' is that component related to vocational training that is under the decision of the government and benefits from public funding. In Germany is rather preferred to use the term 'adult education' only when a specific group of the population is concerned, that is going to benefit from the education activities like: youth education, women education. Education, the component that refers to alphabetization and basic education activities, is popular in Germany.

Another concept is that of andragogy, that is often used as a synonym for adult education, even though there is no much information about the dimensions and the type of activities that are developed under this concept and neither about the actors involved in designing programmes. Andragogy is a concept that defines the learning strategies focused on adults. It might be intended as a process for engaging adult learners into the structure of the learning experience. This concept was used for the first time by Alexander Kapp in 1833 and afterwards this concept was developed into a theory of adult education by Malcolm Knowles.

Even though it is very difficult nowadays to face so many definitions and concepts regarding adult education, there is a real need for framing the general sector of all types of institutions and activities designed for the adult individuals.

The most important programmes developed for this target group are those connected to the basic education and second chance education programmes, where literacy and functional literacy are included; then vocational training and popular education based on associative movements and programs organized



by institutions and organizations providing activities related, in general, to general education and leisure.

There are still so many theories on adult education that are based on researches on the learning of children, that in turn are based upon theories on animal learning. These theories and studies have proven their lack of information and can not be applied to adult human individuals.

As stated before, adults are very different from children, when we are speaking about the educational needs and about the methods, behaviours, results and aims. We actually underline education as a path that leads the adult to inclusion, health and care and social justice. There is a great connection between the education level and the social and economic status of the adult.

Malcolm Knowles in 1973 titled his book *The Adult Learner: a Neglected Species*. Adult learner's participation in the programmes of basic education is highly difficult to achieve because of the personal school experience and because of the lack of funding. The most affected group, from the educational point of view, is that of the illiterate adult persons. In the world there are more than 960 million illiterate persons, two-thirds of whom are women (550 millions), and functional illiteracy raises significant problems in all countries, industrialized and developing ones and it is certain that the initial education is not enough to ensure the cohesion and social inclusion (Mason 1999: 183). The quick informational era makes new victims by the appearance of "old jobs with new faces", and this requires an alignment in the adoption of educational policies related to high technologies.

### 2.3. Connections between Education and Social Cohesion

There are many words that are used these days in every single day but there is no sound in these words anymore, being used too often: 'social cohesion' is one of these words.

What we mean by social cohesion is "*the capacity of a society to ensure the well-being of all its members, minimizing disparities and avoiding marginalization* (Report of the High Level Task Force on Social Cohesion 2008)

Education is the first important thing that societies should emphasize, given the fact that all other achievements and satisfaction of human needs are dependent on the levels of education that individuals are able to acquire. Education is crucial for a person's social inclusion and its possibility to get along with other people, take own decisions and participate in the social life within a community.

Within the High Level Task Force meeting, four principles of social cohesion had been identified. The first is connected with the social rights, that are supposed to guarantee the human dignity and recognition in connection with human rights as a pillar for social cohesion. As priorities, the situations of disadvantaged groups are taken into consideration, such as those living in severe poverty, children, young illiterate people, immigrants or ethnic groups, people with disabilities, elder and illiterate individuals.

The second principle is related to the participation of vulnerable groups, that should act responsibly; in the process of increasing the active citizenship/participation (participation of adults being a fundamental principle in the adult education process), a larger civic and societal responsibility, the new concept of social cohesion and the policy needed at the global level, is necessary to take in consideration the diversity and to take the groups concerned as partners in changing the processes.

The third principle is about the social and civic dialogue that should be broadened and enriched within the partners involved. "The concern of civic dialogue is to foster consensus and resolve conflicts in an increasingly complex Europe. European societies need (more) non-violent consensual processes for resolving conflicts and miscommunication...there are different forms of civic dialogue. One, intercultural dialogue, is an important means of taking accounts of cultural factors which are increasing sources of misunderstanding and division" (Report of High-Level Task Force 2008:15). Another aspect emerging from the topic of participation and dialogue is that of the low representation of minorities and migrants as well as of ethnic or other types of minority groups.

The last principle is related to a sustainable strategy for the 21<sup>st</sup> century, topic considered in two main directions: demographic developments and changes to the composition and quality of life within European populations; multicultural competencies and tolerance at all levels.

Education is crucial in assuring social cohesion amongst the community members at large and the fair and equitable access is one basic principle in the process of designing and implementing any education and training policy. The principles itemized above relate to the sector of education very well as far as:

dialogue within all parties involved in the process should prove their commitment and take responsibilities for developing proper educational strategies; adult individuals should participate in a conscientious way to a more cohesive community and should involve themselves in controlled education programmes that are very different from those designed for children; both tutors and adult learners should get involved into intercultural dialogue in a voluntary basis and try to attract more benefits from differences encountered within nations and, last but not least, a proper education is going to ensure a high quality of life as long as education emphasizes on creating one's own way in life, searching happiness while being involved in educational process and creating bridges with other cultural backgrounds.

The openness of the education system could be more fragile than generally it might seem, because there are many hidden barriers, e.g., lack of capacity in parts of the system, financial requirements and resource allocations, or – as we have already clarified – because the most needing persons to benefit from educational programmes are those whose economic and social position is far from determining them to start or continue studying. Member States operate very different systems and levels of vocational training and education for people in the labour force. The fact that further education and training among adults in all countries is very unequally distributed – the better educated receive much more training and further education during their labour market career than the less educated – poses a major policy challenge in an era of globalisation and demographic challenge<sup>1</sup>. Given that the less educated have the greatest risk of job relocation and unemployment, one of the most important policy imperatives is to ensure better access to – and more extensive participation in – training and education by the less educated groups.

Adult education is a problem acknowledged and addressed systematically by the European countries, as an enormous resource for technical, economic, institutional and human development, as well as to ensure equity in terms of compliance with equal opportunities for all.

#### *2.4. Still...about inclusion and equality*

Social exclusion phenomena lead to the creation of barriers against best personal and capacity development and is a consequence of social limitations. The objective of the European Commission is to facilitate the active participation of all its citizens in the economic and cultural life. Living in an exclusion situation is considered an offense to the dignity of human beings. This aspect is foreseen by the European Social Charter, in the revised formula, at the chapter regarding the rights guaranteed in the field of social and legal protection. Social exclusion is considered as being one of the biggest disasters of our contemporary societies and its effects upon the social cohesion are so obvious as long as an individual is foreclosed and harnessed to the most elementary rights. As a consequence, social exclusion might be considered as a violation of human rights, even though this assumption is still a very controversial topic .

The right to housing is the first sector envisaged by the European Social Charter and is the topic of art. 31, where is stated that States should favour the access to adequate housing, following certain standards in terms of health. Another topic related to this is that States should assure legal protection to people against expulsion, and that measures should be designed in order to guarantee to disadvantaged individuals the access to housing or social housing.

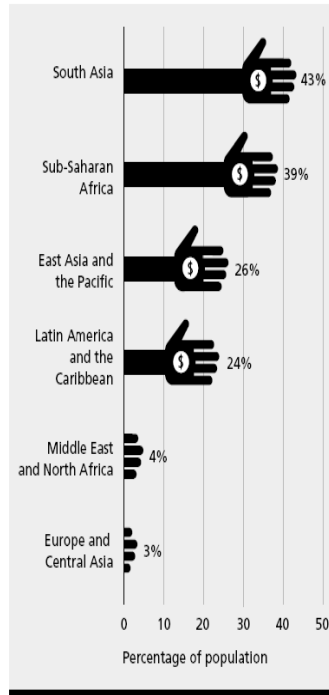
The most important priorities aimed to prevent social exclusion, established by the international forums, are intended to uproot the poverty by interrupting the vicious circle of poverty inheritance from a generation to another. One significant factor that is very likely to affect one's person inclusion in the society is poverty, as 1 out of 6 Europeans is living under the living index. This phenomenon is encountered mainly among children, homeless people and adult and illiterate people. The States should design integrated measures at the global level to facilitate the access to houses, work, training, education, culture, and welfare for the persons at high risk of social exclusion or at high level of poverty.

The other aim is intended to create inclusive labour markets and to encourage mutual exchanges in terms of labour market policies (Casey, Gold 2003). Countries should care about underemployed groups such as the unskilled, lone parents, older workers, immigrants and women; this topic has been discussed by OECD Employment within the meeting "Toward more and better jobs" with the Labour Ministers.

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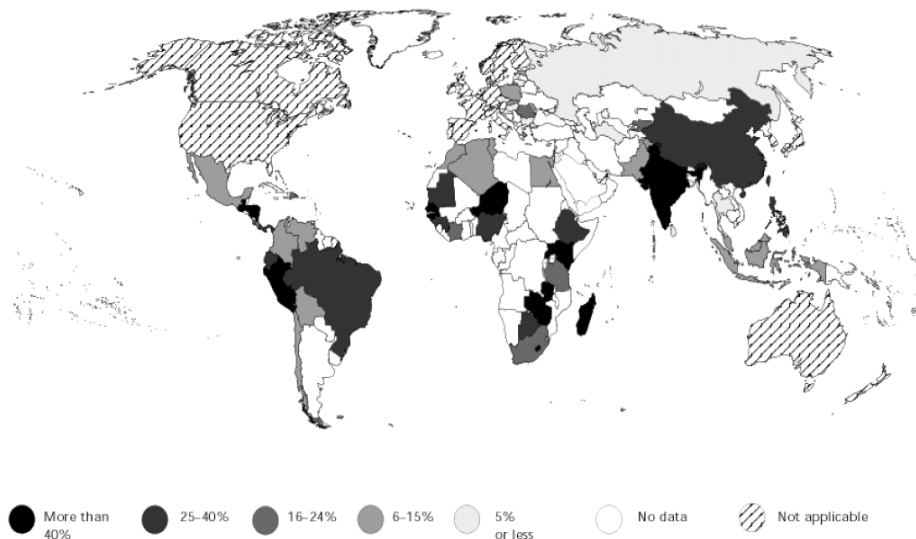
<sup>1</sup> Check [www.espon.eu](http://www.espon.eu) for more information on the up-to-date studies on demographic challenge at the global level.

Figure 2 - Population living on less than 1\$ a day, 1993.



Source: World Bank<sup>2</sup>

Figure 3 - Percentage of population living on less than US\$1 a day, 1981-95



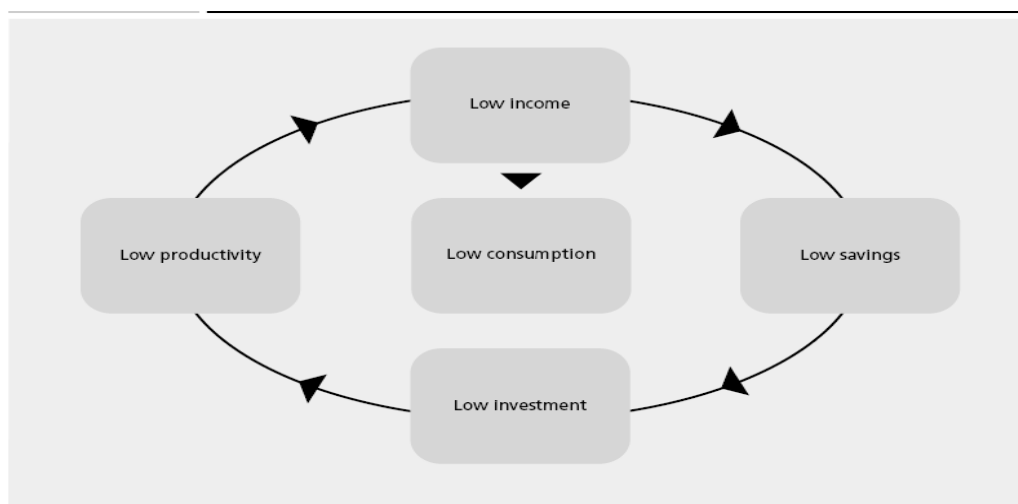
<sup>2</sup> World Development Indicators, [http://www.worldbank.org/depweb/beyond/beyondbw/begbw\\_06.pdf](http://www.worldbank.org/depweb/beyond/beyondbw/begbw_06.pdf); also check the topic “Reducing poverty and hunger”, [http://devdata.worldbank.org/wdi2005/Section1\\_1\\_1.htm](http://devdata.worldbank.org/wdi2005/Section1_1_1.htm)

**Source:** World Bank, 2004<sup>3</sup>

To assure, recognize and protect the right to decent houses for all is another objective of the international forums<sup>4</sup>. The EU MS legally recognized this right, the national constitutions and legislations their commitment in reaching the objective of this right and making it a reality<sup>5</sup> by improving the housing conditions for 100 million slum dwellers by 2020; the Lisbon Strategy also stipulates this right. Even though, the housing rights are continuously violated and this produces a real concern. And in the next future it is expected that this situation will become more worrisome. At global level, there are in fact over 1 billion people who are either homeless or living in inadequate housing conditions, a figure that is expected to reach 1.7 billion by the year 2020<sup>6</sup>.

Another major objective is fighting off discrimination of any kind (e.g. by gender) through the creation of differences or gender pedagogic modules, the adoption of effective policies for the integration of people with disabilities, of ethnic minorities and of immigrants.

Figure 4 - *The vicious circle of poverty*



**Source:** World Bank, 2004<sup>7</sup>

To reach these objectives, hopefully approachable, the role of education is vital on what concerns the situation of adult individuals and that of the entire society as a whole. Although the levers around the social dynamics at the European Union and the results around of these could not be simplified, we do think that through investments in education, training and measures aimed at improving the social conditions and quality of life for disadvantaged people could be important steps in addressing society issues at the international level.

<sup>3</sup> *Ibidem*

<sup>4</sup> Universal Declaration of Human Rights (Article 25), the International Covenant on Economic, Social and Cultural Rights (Article 11), the Convention on the Rights of the Child (Article 27), the Convention on the Elimination of All Forms of Discrimination against Women (Articles 14 and 15), the Convention for the Protection of Human Rights and Fundamental Freedoms (Article 8), the European Social Charter (Articles 15, 16, 19, 23, 30, 31) and the Charter of Fundamental Rights of the European Union (Article 2, clause 94)

<sup>5</sup> Millenium Development Goal 7, Target 11

<sup>6</sup> International Alliance of Inhabitants, <http://www.habitants.org> .

<sup>7</sup> [http://www.worldbank.org/depweb/beyond/beyondbw/begbw\\_06.pdf](http://www.worldbank.org/depweb/beyond/beyondbw/begbw_06.pdf).

### 2.5. Adult Education and Instruments for Financing

“Learning does not stop when you finish school or university. We live in a rapidly changing world in the Information Age, and our workforce must make sure it has the general skills required by our demanding globalism environment. Also, as our society ages, it is more important than ever before that adults continue to learn new skills or refresh old knowledge throughout their lives.”

*(Ján Figel, European Commissioner for Education, Training, Culture and Multilingualism)*

Until this point the importance of education for the society in order to ensure prosperity and avoid the exclusion situations has been underlined. Education at all stages of life is one priority that EU emphasizes on, in order to support a knowledge-based society and to face the modifications and challenges at the global level. In order to meet these objectives the EU has created the Lifelong Learning Programme to support people to pursue learning opportunities in cooperation with other institutions and structures within the EU borders. The Lifelong Learning Programme includes the following sub-programmes: Erasmus (student and teacher mobility abroad), Comenius (partnerships between schools in the EU), Leonardo da Vinci (meeting difficulties on labour force market), Grundtvig (formal and non-formal adult education, vocational training).

The Grundtvig programme focuses on the teaching and study needs of those in adult education and alternative education streams, as well as the institutions and organizations delivering these services. Supporting lifelong learning and mobility in this way also tackles Europe's ageing population problems. Launched in 2000 and now part of the overarching Lifelong Learning Programme, Grundtvig aims to provide adults with ways to improve their knowledge and skills, keeping them mentally fit and potentially more employable. It does not only cover learners in adult education, but also the teachers, trainers, educational staff and facilities that provide these services. These include relevant associations, counselling organizations, information services, policy-making bodies and others involved in lifelong learning and adult education at local, regional and national levels, such as NGOs, enterprises, voluntary groups and research centres. There are also actions supporting adult learner mobility, such as exchanges and, now in the 2007-2013 Programme, the so-called 'European Assistantships'.

The specific aims of the Grundtvig Programme are:

- increase the number of people in adult education to 25.000 by 2013 , and improve the quality of their experience, whether at home or abroad;
- improve conditions for mobility, so that at least 7.000 people per year by 2013 can benefit from adult education abroad;
- improve the quality and amount of co-operation between adult education organizations;
- develop innovative adult education and management practices, and encourage widespread application;
- ensure that people on the margins of society have access to adult education, especially older people and those who left education without basic qualifications;
- support innovative ICT-based educational content, services and practices.

Actions include support for:

- mobility, including visits, placements, 'assistantships', adult education exchanges (e.g. staff training and professional development) and the preparations needed to plan the exchanges;
- Grundtvig Learning Partnerships, focusing on themes of mutual interest to participating organizations;
- multilateral projects for improving adult education systems through the development and transfer of innovation and good practices;
- Grundtvig Networks of experts and organizations working on developing adult education, spreading good practices and supporting partnerships.

At least 55% of the total funding for Grundtvig should be engaged towards mobility and partnership activities.

The following stakeholders could benefit from financing (target groups and institutions):

- adult learners;
- teachers, trainers or other staff from institutions or organizations acting in adult education sector;
- individuals or institutions responsible for policy making, monitoring and educational systems for adults, at local, regional and national level;
- associations and representatives of organizations involved in adult education, including teacher associations or associations in the sector of adult education;
- institutions and organizations that offer different types of training for adult education;
- structures involved in initial and further training of personnel working in adult education;
- research centres in adult education;
- enterprises, firms and SME;
- non-profit organizations, associations and foundations working as volunteers, non-governmental organizations;
- higher education institutions.

Types of activities to be financed are:

- individual mobility: placements, probation periods, training or experience exchange between those involved in institutions or structures of adult education, formal and non-formal as well, training sessions or personal development of the personnel involved in adult education;
- partnerships: (Grundtvig Learning Partnerships);
- preparatory visits intended for those individuals involved in adult education with the aim to apply/design for a Grundtvig Partnership;
- multilateral projects whose scope is the improvement of the adult education systems through the development and the transfer of innovation and good practices;
- expert network and organizations, instrument intended to support the development of pedagogical paths for adult education, identifying, improvement and disseminate good practices and relevant innovative methods, design need analysis tools to ensure quality in the field of adult education, etc.

## 2.6. Grundtvig Learning Partnership 2007-2009 in Romania

“Member States can no longer afford not to have an efficient adult learning system, integrated into a lifelong learning strategy, which provides participants with increased labour market access, promotes social integration and prepares the participants for active ageing in the future”.

*(Communication from the Commission on adult learning:  
“It is never too late to learn” - 2006)*

The GRUNDTVIG Project in Arad - “Engaging in Intercultural Dialogue as a Basis for Developing Programmes in HEI”, Partnership developed by three HEI from United Kingdom (University of the West of England), Romania (Western University “Vasile Goldis” Arad); Hungary (Szent Istvan University) - aimed to identify disadvantaged group that could be involved in the project and to facilitate them a better integration within the local community and facilitate them cross-country mobility within European Union.

The Grundtvig Partnership aimed to share different perspectives on intercultural dialogue and to develop study programmes within each university in relation to the EQF (European Qualification Framework), including teaching and learning about intercultural dialogue. This process was to be achieved through the building of partnerships with local community groups involved in social enterprise, to enable each university to recognize ways in which it might be of service to communities and to share experiences across the Learning Partnership for widening access to learning for new groups of adult learners. The objectives of the Learning Partnership were meant to explore experiences of intercultural dialogue and to use these as a basis for study with adult learners in order to facilitate their better inclusion in the local community and to make them aware of their own potential; to explore ways in which participative and inquiry-based modes of learning can be employed to provoke new understandings of intercultural dialogue; to engage tutors and adult learners in the collaborative development, implementation and evaluation of new elements related to intercultural dialogue within Higher Education programs of study; to test the support offered by the EQF to develop relevant practices that can be shared

across the European Union; to develop innovative uses of ICT in order to contribute to the management, the implementation and the evaluation of the programme and to support the dissemination of the results.

The outcomes were meant to reach both local community members and academic staff in order to get them involved in the project activities during the partnership. Pedagogical materials were prepared for the meetings with the adult learners, including topics on the intercultural principles and competences.

Measures undertaken by tutors and volunteers on behalf of higher education institutions and community members to gain deeper understanding of intercultural dialogue (Bristol, Arad, Bekescsaba) were: new partnership initiatives between NGO's, social structures, local educational authorities and Higher Education Institutions; identifying disadvantaged groups from the economic and social point of view at the local level and creating communication bridges among them; settlement of new modules together with community members and the partnership representatives and validated to run as part of an undergraduate programme and the MA Education. The module entitled "Building Bridges between Supplementary and Mainstream Schools" attracted participants from several community groups – the Somali community, the African Caribbean community, the Pakistani community, Polish community, French community and several teachers from mainstream primary schools in the locality. As final result of the project at the local level, a working paper was submitted by adult learners and the outcomes of the module gave them the possibility to progress into MA Education and also a Foundation Degree for Teaching Assistants: such community members have begun to see themselves as adult learners. In Arad, Romania, the University "Vasile Goldis" agreed upon and prepared Professional Counselling and Personal Development open sessions with the participation of the community members involved in the partnership; a training course "Teaching English in a Communicative Way"; the "Basic information on European Construction" tackled the most important information concerning the causes and the objectives of the European Union, European Citizenship and European Identity (all these topics with respect for cultures and diversity) and, last, an English for Children of the Adult Learners training course in order to facilitate educational progress of their parents. As well, a "Social Worker Training Course" has been developed for adult learners within the partnership in Romania.

The International Conference that took place in Bristol in May 2009 resulted in a comprehensive set of attributes, skills and knowledge for effective intercultural dialogue which could be used to inform future programs development, to be included as learning outcomes and that could be used by all practitioners.

As for the dissemination plan, along with periodical articles in the local press and information provided through booklets and leaflets, a Paper has been presented at "ECER Vienna 2009" titled "Researching innovative social enterprises that support young people in transit into formal learning", meant to encourage the development of intercultural dialogue as an essential dimension of education for development throughout Europe. This paper draws on data gathered throughout the Grundtvig Lifelong Learning Partnership<sup>8</sup>.

### 2.6.1. Challenges to Face at the Local Community Level

Usually the local adult learners involved in this partnership were those whose participation to educational opportunities usually were considerably low because of their financial context, of the pressure within their own family as long as they are supposed to support financially their family and provide care for other members within the family and they could not follow a structured plan for learning.

One issue to be addressed constantly is the quality of the educational offer as long as in Romania the adult education facilities are quite unstructured and based mostly on professional training. There are still questions about who are the providers for adult education, their qualification, their employment status and so on. Nowadays it has been proven the imperative need to make the profile of adult teacher more attractive and more visible. A further challenge is the recognition and validation of the results of education activities: according to the measure, topics addressed within the adult activities are related to the Qualification Framework. In the two years partnership, it has been observed that 80% of the community members that could get involved in the partnership were below 45 years old. The Grundtvig Financial Tools is meant to support ageing population and immigrants to get involved into the community

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<sup>8</sup> For additional information: <http://www.szv.tsf.hu/Grundtvig>

as these are at a quite high risk of poverty and marginalization. Another point to consider is establishing indicators and benchmarking.

Along with these challenges, within this partnership several problems have been identified related to the adult education in Romania, such as: lack of researches in Romania showing the real level of literacy among the adult and elder population and referring to the methodology, target groups and results of the continuous training programmes; weak activity in the sector of participation to Lifelong Learning Programme in the Western Region of Romania; educational initiatives restricted to the academic sector without real involvement and effective consultation of social partners, fact that could harm the educational inputs; lack of experience in implementing educational projects that could come out with visible and long-lasting effects.

There is a deep lack of legislation concerning adult education, fact that shows the low interest towards developing activities for adult education.

With reference to the future perspectives in the area of the educational needs, it should be taken into consideration that the diminution of the birth rate will raise the interest in the sector, this aspect being a real challenge for the frail educational system in Romania, but also for labour force market as well.

As stated before, it has been noted a deep lack of interest from politics in supporting the educational system in Romania, not taking measure in assigning at least 4% of GDP to the education system. The European societies should take into consideration the fact that there are still policies to be designed in order to efficiently tackle the educational needs of the elder population and to create an inclusive practice throughout Europe.

#### 2.6.2. Why territorial networks? Learned lessons at the level of the local community

A stunning thing that has been discovered is that there was a general lack of trust of adults in the institutions of Higher Education. There has been identified a deep lack of access to printed materials, new skills and technologies that could help them to improve their own but also their families' quality of life and favour the cultural changes. It has been also observed that adult people are afraid to begin a training course or to participate into learning activities because of the responsibilities that they have within the family. There are a lot of constraints from the members of the adult learners' family as long as they are coming from disadvantaged backgrounds. Given these facts, is considered that in the process of learning in the case of adult learning is needed the engagement of professionals, volunteers, the participation of families, social care system and so on.

During the activities it has been observed an improved attitude in terms of openness toward cooperation and dialogue. An important aspect is connected to the awareness of cultural difference and similarity, by giving the adults the possibility to act in enlarged cultural context: all members had the opportunity to share their own cultural experience. An improved collaboration has been noted among institutions and bodies such as County School Inspectorate, Community Development and Assistance Directorate, as well as with NGO's: these connections brought together different competencies, interests and experiences on what concern intercultural, intra-cultural and cultural phenomenon.

#### 2.6.3. Impact of the Programme within the partners organizations

Improved linguistic competencies and active participation to an enlarged cultural environment that contains both interculturalism and multiculturalism had as result the enlargement of the cultural horizon, the improvement of communication competencies, awareness of the importance of the university cooperation with the social partners, strengthening of the cohesion between the institution members, creation of cooperation facilities between similar organization from abroad and involvement in international projects by enlarging the actual partnership. All these facts represent important opportunities for the personal development and appraisal and recognition in the interest area.

#### 2.6.4. Impact of initiatives addressed to adult education

There are several studies in Europe (OCSE 2005) designed in order to explore the impacts of



participation of the adult population both in education and voluntary activities. In Romania there are only few of these studies that could actually be taken into consideration and it is very likely that the studies and reports that National Agency for Community Programmes for Education and Vocational Training (ANPCDEFP) issues bear the most valuable information in the sector in Romania.

The applicants of the Grundtvig Programme in Romania measure the impact of the activities in terms of: acquiring life abilities in order to be self sufficient and to be able to face the challenges that they are supposed to meet throughout life; refreshment of the interest of the subjects they are already working in or for the new ones they discovered through the support of the financing from the UE; improved skills and improved attitude toward the learning process; better perception of their own personality; acquired confidence and self-esteem; improved linguistic competencies; active participation in enlarged cultural environment that contain both distinct concept of interculturality and multiculturalism that had as result the enlargement of the cultural horizon; improved communication competencies; improved perception about individuals with different backgrounds; better access to information and diffusion of it within the local community members.

The most of the European studies and researches are made available highlighting the lessons learned from the experiences that financing lines such as Grundtvig or Comenius Programmes have brought and the importance of adult education in terms of employment rates.

One of the most encountered advantages is that people actually increase their opportunities and the rate of employment and mobility throughout the European Union; they are prepared and concur to competition and the innovation.

Another aspect is that as long they keep being active on a modern labour market they concur to the reduction of social expenses such as pensions or social contributions, but enjoy also a wide range of social advantages in terms of major citizen participation in the social life. They also get more involved into the decision-making process. At the same time the active part of learning activities and social work and volunteer activities do give better health conditions with impact on reduction of health care expenses (Schuller et al. 2004).

### 2.7. Measurement of the Life Ability (Knowledge, capacity and competencies)

By a life skill we understand the controlled behaviour that leads to achieving goals, fulfilling obligations and dealing with a situation. It might refer to communication abilities, thinking abilities or emotional abilities. Some practitioners use the term competence (Turek 2003) referring to an ability developed at the level that allows acquiring outstanding performances.

Figure 4 - “Logical Diagram”

ABILITY			
BEHAVIOUR	KNOWLEDGE	ATTITUDE	PERFORMANCE
What does the adult do?	What does the adult know/is aware of?	Is the adult open (minded) toward learning? To have...manifested...	Does the adult get to the point were he does not find it difficult to use take advantage the results of learning? What does the adult show?
Ex. “...I attended to a participative democracy course and now I know ...”	Ex. “... I am aware of the importance of this topic...”	Ex. “...I manifest interest on ...”	Ex. “... I can prove my ability to...”

Source: “Training on Life Skills” Foundation for Civil Society Development, 2009<sup>9</sup>.

<sup>9</sup> Training Course organized within the Transition Programme 2007/19343.03.03 – “Integration in the society of young people from disadvantaged backgrounds”, financed by European Union, 7-9 August 2009.

Very often the idea of supporting the development of life ability has been related to child care and development as well as early education and literacy. Many European projects are actually financing this kind of topics for young children and disadvantaged children. Even though this information hasn't been confirmed by practitioners, less importance is given within these priorities to the role that parents do have upon their children. Even though the children are thought to face problems and acquire knowledge in order to facilitate integration, these measures should be seen in an integrated approach as long as parents are themselves illiterate and do have problems in facing common and usual tasks. As a result, it seems that young children educational path is in some way threatened by the atmosphere that they meet at home and by the lack of educational support.

Usually, children ability is checked through the diagram presented in Fig. 4, in order to have an idea about the progress that a child has/has not achieved, depending on the skill that is envisaged.

The description of life ability is made in terms of behaviour, knowledge, attitude and performance and these characteristics of ability are very helpful in evaluating the ability. This diagram could be one of the evaluation tools also to measure adult learner's ability.

## 2.8. What is learning about?

"Learning involves changes. It is concerned with the acquisition of habits, knowledge and attitudes. It enables the individuals to make both personal and social adjustments. Since the concept of change is inherent in the concept of learning, any change in behaviour implies that learning is taking place or has taken place. Learning that occurs during the process of change can be referred to as the learning process" (Crow and Crow 1963).

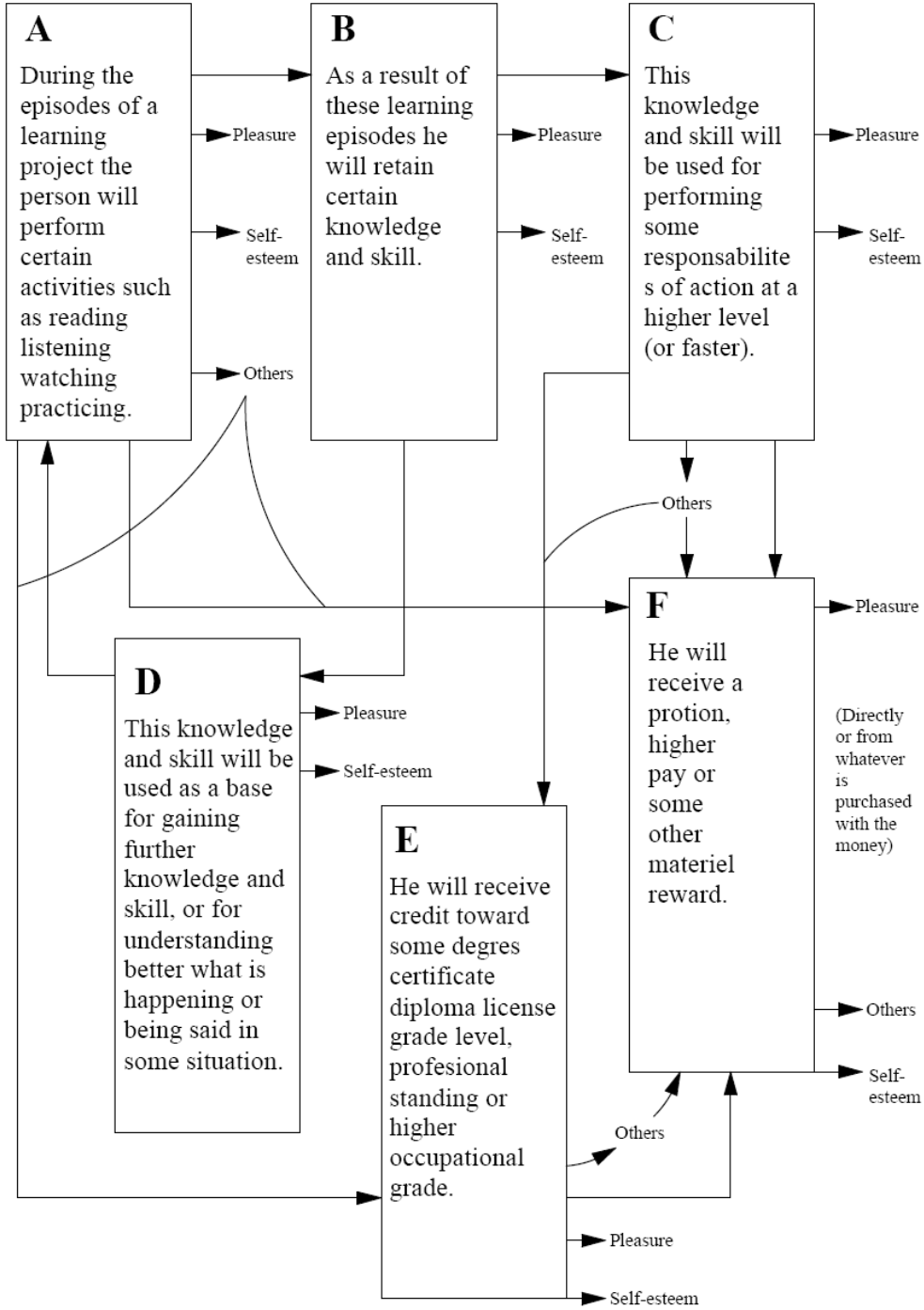
"Learning is a change in the individual, due to the interaction of that individual, and his environment, which fills a need and makes him more capable of dealing adequately with his environment" (Burton 1963: 7).

"Learning is a change in human disposition or capability, which can be retained, and which is not simply ascribable to the process of growth" (Gagne 1965: 5)

Many learning theorists see learning as a process by which behaviour is changed, shaped or controlled. Other theorists instead, prefer to define learning in terms of growth, development of competencies and the fulfilment of the individual potential. Jerome Bruner exposes a benchmarking concerning "the nature of the intellectual growth against which to measure one's efforts at explanation" (Bruner 1966: 4-6):

- growth is characterized by increasing independence of response from the immediate nature of the stimulus;
- growth depends upon internalizing events into a "storage system" that corresponds to the environment;
- intellectual growth involves an increasing capacity to say to oneself and others, by means of words or symbols, what one has done or what one will do;
- intellectual development depends upon a systematic and contingent interaction between a tutor and a learner;
- teaching is vastly facilitated by the medium of language, which ends by being not only the medium for exchange but the instrument that the learner can then use himself in bringing order into the environment;
- intellectual development is marked by an increasing capacity to deal with several alternatives simultaneously, to tend to several sequences during the same period of time, and to allocate time and attention in a manner appropriate to these multiple demands.

Figure 5 – The relationships among the benefits that a learner may expect from a learning project



Source: Tough 1971: 47

## Conclusions and future development

We have outlined a number of challenges which the Bologna Process sets for the stakeholders. In addition to setting challenges, however, the Bologna Process offers many opportunities for promoting the image of new Europe.

First of all, the increased academic mobility which is promoted by the Bologna Process can help both students and institutions benefit from the merits of various educational systems. It also opens up many opportunities for contact with speakers of other languages and thus for an extension in formal and informal language learning. In addition, increased international cooperation, which is another stated goal of the Bologna Process, offers students, staff and researchers the possibility of initiating joint projects with colleagues in other countries and, in this way, of developing shared responses to shared challenges.

The Bologna Process is both an opportunity and a challenge. The correlation of opportunity and challenge is a complex one. On the one hand, the development of the European higher education area opens up many possibilities for more extensive learning in both formal and informal contexts. On the other hand, the effective realization of the European higher education area depends crucially on the mutual understanding of practical realization details throughout Europe.

The main instrument for avoiding a mechanic homogenization of higher education in the integration process is autonomy at the level of universities.

To conclude we can quote Professor L. Armstrong, who wrote that "The Bologna Process is a very bold experiment that has the potential to change higher education in ways probably not envisaged by its creators. The very elements that enable and encourage movement about the European higher education area, if successful, are those that could open up globalization of higher education generally. One of the greatest obstacles to greater globalization at the moment is the inability to judge and validate the educational modules offered by potential partners around the world. Should Bologna be able to define workable "best practices", they could easily become the de facto standards that enable quality control in a modularized approach to higher education" (Armstrong 2009)

Education is a priority topic in our lives; there are plenty of aspects to be considered when we speak about qualifications, structures, infrastructure, etc. Still there are still not many people who know what adult education might mean, what the characteristics are or what the profiles of teachers and tutors facilitating adult education are. All practitioners in the sector nowadays agree with the fact that adults learn in a different way than children do, that they find their motivation within life and work, being preoccupied to reach a higher standard of life quality. At the same time they use their experience in the process of learning. There is need for an education assuring the adult access to education and appropriate measure centred on adults development in a given situation of their life. Our world is threatened by very large and new challenges and one of them is education. In the context of increased figures of illiteracy and poverty in the world there should be serious commitments at high level and some decisions should be made about integrated measures in order to face these difficulties that are not new whatsoever. The European continent is under an ageing condition and life and work is each day more difficult to face these two aspects.

Lifelong Learning Programme can respond to these challenges at the European level and enable individuals and teachers to improve their knowledge, their capacity in dealing with cultural differences and improve the conditions of adult population. More than that, education is a human right recognized by the international forums and conventions and therefore, populations should emphasize its importance for a proper societal development.

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# THE RETENTION OF ELECTRONIC DATA WITHIN THE EU. HUMAN RIGHTS INFRINGEMENTS

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**Abstract:** *The paper focuses on the challenges of the implementation of one of the most controversial legal documents within the European Union: Directive no. 24 of the European Parliament and of the European Council of 15<sup>th</sup> of March 2006 on the retention of data generated or processed in connection with the provisions of publicly available electronic communications services or of public communications networks. The aim of the Directive was making the European Union a safer place to reside in. However, as we shall see, the dangers posed by adopting such legal acts outweigh the benefits by far and by trying to increase cooperation among Member States and achieve an increased feeling of safety, the European Union turns into a Big Brother scenario, where every citizen is treated as a potential criminal.*

**Keywords:** electronic data storing, human rights infringements, security online, criminal law cooperation.

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## Overview

The Directive no. 24 of the European Parliament and of the European Council of 15 March 2006 - on the retention of data generated or processed in connection with the provisions of publicly available electronic communications services or of public communications networks - is a step forward following the implementation of the Directive on privacy and electronic communications, the Directive 2002/58/EC of the European Parliament and of the European Council concerning the processing of personal data and the protection of privacy in the electronic communications sector.

Thus, the new Directive is to be interpreted alongside the previous European legislation in the field: Directive 95/46/CE on the protection of individuals with regard to the processing of personal data and on the free movement of such data and Directive 2002/58/CE, the latter comprising the principles of Directive 95/46/CE, as applied to the field of electronic communications.

The aim of Directive 2006/24/EC was to store electronic data so it could be used for the investigation, detection and prosecution of serious crimes, as defined by each Member State through its national legislation. Nevertheless, the Directive does not regulate access to data, which is a task of national Governments. Also, it only pertains to traffic data, and not content.

In the 1990's, the European Union was an organization primarily concerned with the functioning of a common market and the laws on data protection were designed to prevent market actors' abuses. Since the terrorist attacks worldwide however, cooperation in law enforcement has accelerated and EU data protection legislation has taken a new turn. Traditional criminal procedure could not reportedly address the challenges of new technologies, as Governments claimed. They stress the need for national security and law enforcement, ignoring however basic human rights like Article 8 of the European Convention on Human Rights regarding the right to respect for the private and family life, home and correspondence of the individual.

Echelon, NSA and GCHQ had already envisaged the extension of surveillance in order to combat terrorism, before the September 11 events, but it was only after these tragedies that storing electronic data for criminal law purposes became a priority.

### 1. The type of data to be stored

The amount of data to be stored by national authorities is overwhelming. Traffic data include the information necessary to identify the originator and the recipient of phone calls (including Internet telephony) and e-mails, information on the time, date, and duration of these phone calls and e-mails, as well as data necessary to identify the type of communication and communication equipment, Telephony/Internet Service Providers, phone numbers of the calling party and of the called party, the International Mobile Subscriber Identity (IMSI) of the calling party and of the called party, the International Mobile Equipment Identity (IMEI) of the calling party and of the called party, the date and time of the initial activation of the pre-paid anonymous services, the location label (Cell ID) from which the service was activated, the location label (Cell ID) at the start of the communication, data identifying the geographic location of cells by reference to their location labels (Cell ID) during the period for which communications data are retained, to name but a few.

Hence, the notion of traffic data is not to be overlooked and only be on the lookout for the storing of data content. If storing traffic data for telephony didn't pose major problems to security and personal life in the past, when the only information available for storing was the calling telephone number and the dialled number, the amount of data available nowadays is considerably greater. Let us just take into account for instance the new services provided by operators: call forwarding, conference calls, call waiting etc.

The storing period may vary from six months to two years. Depending on circumstances however, this period may be extended by Member States, informing the Commission and notifying the other Member States in this respect as soon as possible. The Commission is to assess the need to extend the twenty-four months within a period of six months.

Those who support the Directive claim that the new provisions limit the amount of personal information available to investigators to traffic data, and not content, thus no oppressive government surveillance is possible. Nevertheless, although the Directive only deals with traffic data and not content, it is often impossible to make a clear-cut distinction between the two (for instance the address of a site may reveal that an official is looking up information on AIDS, or that he has made a phone call to an AIDS crisis line). Such information, if made public could affect a politician's image and the right to a private life and he could very well be blackmailed by persons who have access to such information.

The fine line between communication content and traffic data is also reflected by the amount of information available regarding a user who browses a certain site: IP address and consequently the domain name of the organization that registered a certain name, basic information regarding the browser, operating system and hardware platform, the time and duration of access, the *Uniform Resource Locator- URL* of the web page visited before accessing a page, searched information if the site was accessed through a search engine or the e-mail address when a user is logged in and has configured site preferences.

Moreover, the server has access to click-stream data such as: viewed pages, the time spent on each page, the type of information sent and received.

Traffic data is enough to tell if two people engaged in a conversation have arrived at a place at the same time, their whereabouts, their contacts, their political and religious views as reflected from the sites they visit etc. This technique is similar to hiring a private detective in order to trace an individual's every move.

What is worse is that such traffic data can lead to flawed assumptions. For instance, web searches involving child pornography may be due to academic research and not criminal behaviour.

As we can see, the Directive stands no comparison to any previous European Union provisions when it comes to infringements of human rights.

One should not be deluded however and think that communications were not kept under surveillance before the September 11 attacks. Even though this was not the tasks of crime investigating units, the intelligence agencies were the ones in charge of this. The National Security Agency (NSA-U.S.A.) and the Government Communications Headquarters (GCHQ, Great Britain) kept global communications under surveillance ever since 1947, based on an agreement between the U.S.A. and Great Britain. This agreement functioned throughout the Cold War for military and political purposes and later on, through Echelon, laying a stress on the political and economical system. NSA's online storage system (Petraplex) was to hold all the world's communications for 90 days.

Nowadays this task is supported by national Governments.

## 2. Legal disputes

Ireland and Slovakia brought a case before the Court of Justice of the European Communities regarding the Directive, but they only questioned the choice of Article 95 of the Treaty establishing the European Community ('TEC') as the legal basis for Directive 2006/24/EC ('the Directive'). They argued that neither Article 95 TEC, nor any other provision of the TEC could provide a proper legal basis for the Directive, as its main purpose was to facilitate the investigation, detection and prosecution of serious crimes, including terrorism. Therefore, the only permissible legal basis for the measures imposed by this Directive were the provisions of the Treaty on the European Union ('TEU'), regarding police and judicial cooperation between Member States.

The Court dismissed the action, ruling that Directive 24 was related predominantly to the functioning of the internal market. It followed that the Directive had to be adopted on the basis of art. 95 of the Treaty establishing the European Community, as it does not include access to data, nor the use of such data.

Moreover, the Court stated that the new Directive amended an existing Directive, which was part of the *acquis communautaire* and therefore could not place the EU Treaty as a legal basis without infringing article 47 of this Treaty.

Unfortunately, the case brought before the Court did not deal with human rights infringements, even though constitutional debates were present at a national level in countries such as: Ireland, Hungary or Germany.

## 3. Implementation within the European Union

The implementation of the Directive took place at a different pace throughout Europe, due to various factors:

- the Speed of implementation in EU countries
- the existence of normative acts in this field *ex-ante*
- the amount/type of data to be retained
- data retention period
- access to such data offered to authorities
- compliance with national constitutional law etc.

The Directive was particularly embraced by the most recent Member States, noticing the higher *speed of implementation* among them. Former Soviet countries also tended to opt for a longer storing period.

Another common characteristic of former communist countries is the *existence of legal provisions in this field ex ante* for instance in countries such as: the Czech Republic, Estonia, Lithuania and Poland which had already implemented a form of data retention. This is significant in terms of implementation and easing the task of service providers-ISPs.

The national legislation of the two neighbouring countries, the United Kingdom and Ireland also comprised provisions in this respect, the explanation in this case being the fact that the United Kingdom



shares the views of its ally- the United States, which often stressed the need to store electronic data. It is interesting to note however that the U.S.A. did not yet adopt similar provisions.

Some Member States not only adopted and implemented the Directive, but they *extended the scope of the legal act as well*- Denmark for instance includes provisions pertaining to session logging applied to commercial ISPs. Some Member States like the Czech Republic have not made it clear which data was to be stored by ISPs and telephony service providers. Other Member States, such as: Denmark, France, Italy, Lithuania and the UK provide an (exhaustive) list of data to be stored. Older members of the European Union did a better job at implementing the Directive, their experience in implementing legal acts being suggestive in this respect.

Providers of 'anonymous' services in Germany are also required to store traffic data.

The *storing period* varies significantly from one country to another from 6 months in Germany and Austria, 12 months in the Netherlands and 24 months in Poland or Slovenia. Consequently, costs will vary significantly as well.

Belgium's national legislation allows the extension of the two year period, under exceptional circumstances and no maximum limit for such situations is established.

Former Soviet countries such as Poland, where surveillance is not a thing of a too distant past, opted for longer periods. In 2005, Poland expressed the need to store telephony data for a period of 15 years. Slovenia opted for the longest period possible as well- 24 months.

Austria and Germany are thought to have opted for the shortest period possible due to previous human rights infringements and Government abuses, during the Nazi regime.

Most scholars agree that a longer data period is unnecessary, whereas a few stress the need for a longer storing period. They claim that most serious crimes take a longer time to investigate and when the case is finally brought before court, valuable evidence is forever lost. They argue that the same goes for appealed decisions for instance, the proof used by first instances not being available to subsequent judges, thus infringing the provisions of Article 6 of The European Convention on Human Rights- the right to a fair trial.

Nevertheless, these observations fail to take into account the fact that access to such data falls outside the scope of this Directive. If the need to use such data arises during investigations, stored data thus become legal proof and is to be regulated as such, according to national legal provisions in this respect. Thus, the data will *not* be deleted in this case, as it was not deleted either before the implementation of the Directive. The only thing that is changed is the development of a vast database that can be used for criminal law purposes.

Consequently, we feel that the maximum storing period of 24 months that the Directive imposes, only refers to the greatest amount of data which had been stored, but not used for criminal investigations.

The Directive is not to be applied *ad litteram*, each Member State is free to implement the Directive and make the necessary clarifications.

*Access to such data is conditioned by an authorisation obtained in Court* in countries such as Italy or Romania, whereas access to data is less strict in countries such as the United Kingdom and Ireland.

Regarding the *compliance with national constitutional law*, some countries had difficulty in implementing the Directive, which seemed to infringe constitutional rights. Therefore, Member States such as: Ireland, Lithuania, Hungary and Germany<sup>1</sup> were against the implementation of the new legal act.<sup>2</sup>

Bulgaria also noted the infringement of article 8 of the European Convention of Human Rights. Also, a major concern was related to the right to access such data on any computer belonging to the Ministry of Domestic Affairs without any restrictions whatsoever. Guarantees, the type of data to be stored and the authorities which had access to such data were also missing from the legal acts implementing the Directive. National legislation went so far as to impose storing the contacts lists on Instant Messaging programs, monitoring the use of such programs and the way in which they were used.

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1 [http://www.bundesverfassungsgericht.de/en/decisions/rs20080311\\_1bvr025608.html](http://www.bundesverfassungsgericht.de/en/decisions/rs20080311_1bvr025608.html).

2 For additional details, see: Riphagen, D. *Data Retention on the Internet. The Current State of Affairs: Implementation in Different EU Member States*, based on a Comparative Study for Delft University of Technology, The Netherlands. Available at : [http://www.cmcs.ceu.hu/files/u3/DR\\_Riphagen.pdf](http://www.cmcs.ceu.hu/files/u3/DR_Riphagen.pdf) [Accessed 7 May 2009].

## 4. Objections to implementation

### 4.1. Technical objections

ETNO<sup>3</sup> points out that given the fact that data stored under the new regulations could not be used for any other purpose than that of combating crime, operators would have to create a duplicate of the data for their use, billing for instance, which would incur additional costs.

It is also essential to establish harmonized criteria regarding reimbursement. Thus, most EU countries such as Holland allow no reimbursement of costs. United Kingdom or Finland however have a contrary practise.

Moreover, the exact costs that the implementation will amount to are still unclear, since the obligations themselves are unclear.

In addition to this, implementation costs are highly likely to be reflected in more expensive services offered to users.

Another issue is connected to the massive investments needed to implement the Directive, the adaptation of technical systems.

The cost of human capital should not be overlooked either, as storing data is not sufficient. The data must be organized so that information on a specific client is available relatively easy. Indeed, information should be arranged in alphabetical order, or by using a similar inventorial method, but this takes time, implies effort and additional costs.

One must also take into account the impact of these provisions on competition, small ISPs and transnational services.

Another problem involving high costs is that of unsuccessful login attempts (e.g. the line is busy), which according to ETNO statistics, range from 40% to 60%, depending on the country.

Another problem that could be faced by implementing the Directive is networks overload, which could interfere with normal functioning.

Another important issue arises while determining the location of a call on a cell phone. Currently most operators only process the location of a call (Cell-ID) from the beginning of a call (for answered calls). To process the Cell-ID at the end of (or during) the call requires costly investments.

As far as the IMEI (International Mobile Equipment Number) is concerned, it has a limited significance as proof of user identity, as it may be changed and manufacturers can use the same number.

VoIP (Voice over Internet Protocol) applications also pose problems. Although identification via a unique internet addresses (IP) used to connect a computer to the Internet has proved to be the most effective, due to the structure of certain Internet protocols, network infrastructure does not verify the authenticity of an IP address. Free public programs are offered so that a user can change the actual address, static or dynamic, designated by a service provider, a process known as *IP-spoofing*.

E-mail traffic data cannot affect major e-mail providers e.g.: Hotmail, Yahoo and Google, which are located outside the EU, and therefore are not subject to these provisions<sup>4</sup>.

Other controversies are related to the difference between webmail and e-mail, the Directive only dealing with the storing of e-mail traffic data.

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<sup>3</sup> The European Telecommunications Network Operators' Association. Available at : <http://www.etno.be/DesktopModules/Popup.DocumentsIndex/docs/EC075%20-%20DPR%20data%20reten tion.pdf> [Accessed 1 February 2009].

<sup>4</sup> Nevertheless, the FBI can have access to clients' transactions online, Google searches etc., without any judicial surveillance, by means of the so-called National Security Letters. It is estimated that the FBI uses this procedure as often as 30.000 times a year. Source: [http://www.washingtonpost.com/wp-dyn/content/article/2005/11/05/AR2005110501366.html?nav=rss\\_technology](http://www.washingtonpost.com/wp-dyn/content/article/2005/11/05/AR2005110501366.html?nav=rss_technology) [Accessed 25 March 2009].

More problems may arise in practise while identifying mobile users who use pre-paid services.

In addition to this, public services are used which enable anonymous calls.

The MAC address (Media Access Control) terminal equipment, assigned by the manufacturer may be changed (the process is technically known as *MAC spoofing*), using publicly available programs. Moreover, during the last years, producers did not resort to unique serial methods, the same numbering systems being reused for such devices.

The relevance of storing MAC numbers was also questioned. On top of this, storing MAC addresses, if it were technically possible, would imply appropriate network infrastructure, in addition to the fact that it would interfere with current performance.

Another issue to be discussed is the fact that registration can be avoided quite easily. Thus, there are some Internet protocols which can not be effectively monitored. Peer-to-Peer technology, anonymous proxies, or public Internet connections such as the ones in Internet cafés are also extensively used in this respect.

Similarly, mobile phone SIMS can be purchased from foreign suppliers, which do not require registration; they can be registered by another person than the one using them, or they can be changed often.

#### 4.2. Human rights violations

As we could see above, the Government was granted unprecedented power to monitor citizens' lives. This could easily lead to abuses, suppressing any group that might oppose the State's policy, including those involved in legitimate protests. Let us not forget for instance the measures taken by UK Police against groups opposing the war in Iraq, invoking anti-terrorism measures.

The enormous database, thoroughly organised, is also a hackers' heaven. Thus, by trying to increase security, the population is paradoxically exposed to much greater risks than before.

Knowing they are being watched will prevent people from freely expressing themselves. The lack of public confidence in the virtual domain is likely to significantly affect the Internet as a means of interaction and commerce. Limiting the Internet's potential for commerce would be a great loss for society, with direct consequences at an international level.

If people fear that information can be used against them, and suspicious behaviour is particularly monitored, they will try to avoid any suspicion possible, communicating less, the Directive infringing in this respect another fundamental right in democratic societies- the right to freely express oneself. The right will be indirectly affected as well by higher costs for services, and cancelling of free services, people not being able to afford communicating as much as before. The free exchange of information is therefore greatly affected as well.

Likewise, religious freedom and the freedom of association could be affected.

A single bit can make a huge difference in the virtual world, and there is no guarantee for the lack of errors.

In the past, innocent people had nothing to fear, nowadays they should expect their private information to be analysed and re-analysed.

If we are to take into account phished accounts and the fact that a registered user is not always the person using a certain service, things become even more complicated and we step on even shakier ground.

Traffic data is an extensive notion. The implementation of the Directive can lead the way to even more serious infringements of our right to a private life. Thus, there have been proposals in the past, coming from Europol, the Interpol and G8 regarding the storing of not only traffic data, but also mailheaders (including subjectline) and surfing data, MIRC behaviour (including nickname and joined channels), as well as USENET information (read information and posted items).

Infringing the right to private life can only take place under exceptional circumstances, where there is Real need (it is impossible to state that there is a real need to trace every persons' moves, unless we agree to treat any person as a suspect of a serious crime) for such measures. Such exceptions must be predictable and clear, and moreover proportional, which is certainly not the case of the new provisions.

Such measures are out of place in democratic societies. Telephony, the Internet and other communication services were created in order to bring people together, socialize or for business purposes. The new provisions however manage to have opposite effects.

#### *4.3. 'Privacy' online*

The Internet represents a giant dynamic network, without precise limits and no central control. Security was not a major concern when the Internet was created, hence nowadays *ad hoc* remedies are being applied.

The Internet is used everywhere- as a means of communication, doing business, learning etc. More and more parts of the world gain access to this global network and wireless technologies offer unprecedented access possibilities.

But global access has its flip side- criminality also becomes global, hence extended and dangerous.

The Internet represents a huge risk for personal data security, whether or not a person is using the Internet. Thus, databases, addresses, phone numbers are all available on the Internet.

Browsing online from the privacy of one's home may create the illusion of virtual privacy as well, but in reality, search engines such as AOL, Yahoo and Google follow a user's every step taken in cyberspace. In fact, even Internet Service Providers have begun to use technology in order to track the activity of their online subscribers.

As a result, users are being spammed by "pop-up" windows, advertising products and services available in the city where they live.

Analyzing behaviour online is an excellent marketing method designed to provide users with online content or products based on preferences of navigation, or purchase history. Search engines track recent activity online and create user profiles, which can be afterwards sold or shared with other advertisers.

In their defence, privacy invaders claim that data stored is anonymous, as most advertisers do not ask for names or other identifying information, and given the overwhelming amount of information in cyberspace, tailoring products to users' preferences is of real aid to them, offering information and products that are most likely to be relevant.

However users do not give their consent for such practices most of the time, or they do it embezzled by fancy privacy policy terms.

Identity fraud is also a major concern online. Online transactions are indeed safe, that is to say the Bank guarantees that data is transmitted securely to the user's computer, but things take a new turn when the user's computer is infected by malicious programs, such as keyloggers which may grant hackers access to passwords. But this is no longer the responsibility of the Bank.

The most likely victims of identity fraud are the elderly, especially when we deal with phished e-mails or phone pranks. Unfamiliar with new technologies, they usually fall for apparently official letters and respond.

The use of chat programs also represents a real threat, revealing an IP address, which entails many risks. In matters of seconds, a hacker could have access to a user's personal files.

## **5. Envisaged solutions**

Among the legal means used to elude the provisions of this Directive we can find the use of virtual private networks, anonymous proxy servers, webmail applications, dynamic IP addresses, using public connections as in net cafes or public libraries etc.

### *5.1. Virtual Private Networks Vpn`S*

The VPN (Virtual Private Network), technology offers a secure connection between different branches of an organization and mobile users (teleworkers), who can access information on the company network in a

secure manner: VPNs provide authentication and encryption for secure transfer of data across the Internet to a "VPN server" with remote access. This is the most widely used and the most profitable network connection technology. The Virtual Private Network prevents unauthorized access to data that is transmitted and received by the user via the Internet. Moreover, VPNs significantly reduce operating costs and minimize transfer duration.

The VPN technology, secures data by tunneling or encryption or by using both methods

*Advantages:*

- Integration, simplicity. The same connection can be used for several applications: data transfer, Voice over IP, Video conferencing etc.
- Mobility- teleworkers and business partners (distributors or suppliers) may connect to a corporate network in a secure manner, wherever they are
- Security- information transferred through VPNs is protected by different security technologies. Data submitted via VPNs cannot be compromised
- Opportunities, e-commerce- new business models can be implemented (business to business, business to consumer, e-commerce, e-banking etc.), which can bring additional gains for the company.

### 5.2. Anonimization Proxies

There are proxies that provide anonymous access to the Internet, based on standard encrypting technology (also used for e-commerce). As seen above, the only data stored are connections to the server.

The proxy server is an Internet server that acts as a gateway between a personal computer (connected to the Internet) and an Internet destination. A proxy server will receive a request to view a Web page from a specific user. It will then proceed to forwarding the request to the web server that contains the requested web page. The web server sends it back to the proxy website, which in turn will send the user the requested page. Therefore, anonymous proxies sites help hide the user's IP address. Such servers are used for anonymous surfing. Sites are tricked- they record the proxy server's IP address and the user stays anonymous. This can prove useful for example when visiting sites that collect personal information for advertising purposes or websites that distribute spyware / malware.

### 5.3. Webmail

More and more hosting companies provide a webmail interface to their systems. This means that anyone who pays for their services may use an e-mail service without any information being recorded by the host company, with the exception of a secure connection (similar to the one used for e-commerce).

### 5.4. Use of dynamic IP addresses

Unlike a static address, a dynamic IP is allocated to each Internet connection. It takes more effort to determine who uses a specific IP address at a certain time. These addresses are specific to particular dynamic dial-up connections using the phone line connection. The problem in this case is that there is a risk that more people use an account.

Other problems may occur in the case of Network Address Translation (NAT), which may include multiple computers and a single IP address.

It is also possible to use fake IPs also known as IP spoofing .The fake IP may be another valid Internet address, which may lead to other complications, or a generic address that was not assigned to any specific person.

### 5.5. Public connections

Public connections are found everywhere: cybercafés, hotels, public libraries etc. Most of the time they do not require authentication, so one only runs a risk of being actually recognized by the staff.

### 5.6. Other methods used to increase online privacy

By using applications such as Tor or Mixmaster and integrated cryptography options to e-mail, confidentiality of data transmitted via the Internet is increased.

## Conclusion

The virtual world and the information exchanged is forever expanding and it is inversely proportional with our right to privacy.

Even if we don't take into account the human rights infringements and we focus on economic issues only (the costs incurred), the Directive is a major setback for the European legislation and the European democracy, being a waste of time, money and energy at the same time.

The implementation of the Directive is an obligation for Member States, which can be brought before the Court of Justice of the European Communities if they do not comply with these provisions. The solution to such a problem would be in our opinion the minimal implementation of such a legal act, that is to say minimal amount of stored data, minimal access offered to authorities, access offered for serious crimes only and storing data in encrypted form.

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Convention for the Protection of Human Rights and Fundamental Freedoms

- Directive 2006/24/EC of the European Parliament and of the Council of 15 March 2006 on the retention of data generated or processed in connection with the provisions of publicly available electronic communications services or of public communications networks and amending
- Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data
- Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications)
- Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce)
- The Council of Europe's Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data, CETS No.: 108.

# FINANCIAL MARKET SUPERVISION REFORM IN THE EU

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Vytautas Plaečkaitis

**Abstract:** *The current financial crisis disclosed a big number of failures existing in economic policies, risk managing, regulations and other fields. Although the way in which the financial sector has been supervised in the EU has not been one of the primary causes of the crisis, there have been real and important failures, both of micro- and macro-prudential supervision. Their indication and elimination will significantly contribute to further development of European financial market and the entire economy as well. To reach this, there is a need to realize financial market supervision reform. Recently published Commission proposals on this issue are a good omen that necessary measures will be implemented.*

**Keywords:** Financial market, supervision, De Larosière Report, reform



## Introduction

The present financial crisis brings a lot of diverse troubles for the Community, separate Member States and their citizens. On the other hand, the crisis made to think and identify the problem drivers which caused it. Only pursuance of needed reforms, making proper changes in economic policies and consuming habits may help to fasten the recovery and avoid similar future crises. These changes may also lead to further European integration. This is exactly what it is supposed to happen with European financial markets supervision.

As the De Larosière Report stated, although the way in which the financial sector has been supervised in the EU has not been one of the primary causes of the crisis, there have been real and important failures, both of micro- and macro-prudential supervision<sup>1</sup>. The objective of this paper is to review current European financial market supervision approach and to identify its main drawbacks. A comprehensive analysis of financial markets supervision reform recently proposed by the European Commission and its ability to meet the problems existing in the present one is the second matter discussed in the paper.

To reach the indicated objectives, different scientific approaches are used; however, the most important are descriptive, comparative and systematic. The first one allows to introduce the current and prospective supervision systems, whereas the comparative approach enables to reveal the differences and similarities between them. Finally, the systematic approach helps to understand the functioning of both systems and notice their advantages and drawbacks.

Different laws and their projects as well as research papers focusing on European financial market

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<sup>1</sup> De Larosière Report, p. 39.

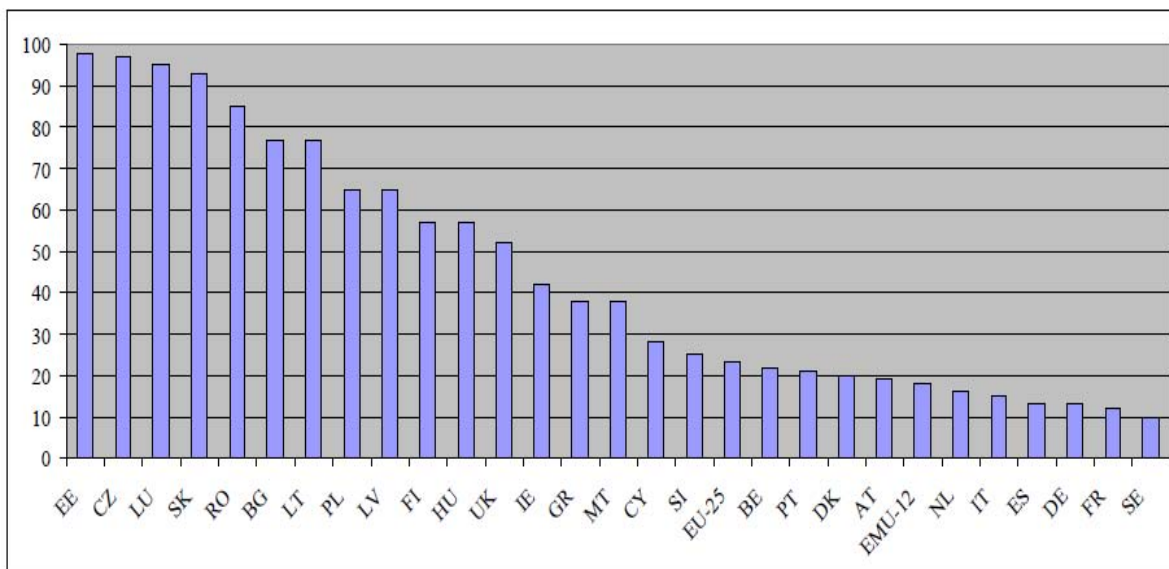
supervision reform are the main sources used while writing the paper. However, the De Larosière Report, the Impact Assessments of May, 2009 and September, 2009, proposals for regulations establishing the European Supervisory Authorities and European Systemic Risk Board, can be indicated as the most important.

## 1. European financial market

Willing to understand the functioning of the European financial markets supervision system, to highlight its drawbacks and to indicate advantages, there is a need for a short review of the financial market itself.

Financial markets are perhaps the best example showing success in creating the European Single Market. The banking and insurance markets are dominated by pan-European groups, whose risk management functions are centralised in the group's headquarters. There has been an increase in cross-border M&A transactions in terms of value since 2003. EU banks have become more international than ever, expanding into foreign markets both in Europe and beyond. Currently around 70% of EU banking assets is in the hands of 43 banking groups with substantial cross-border activities<sup>2</sup>. The same trend of increasing integration is observed in the securities sector as well.<sup>3</sup>

Figure 1 - Market share of foreign-owned banks in Member States



Source: European Commission, *European Financial Integration Report (2009)*

## 2. The present supervision system

Today's European financial market supervision system may be characterized as fragmented and largely based on national supervision. At the current juncture, cross border branches of firms are supervised by the home country's competent authorities. They, however, because of lack of needed information or simple

<sup>2</sup> European Financial Integration Report 2008, p. 10 – 12.

<sup>3</sup> De Larosière Report, p. 71.

because of absent interest, may be unable or unwilling to use these supervision powers, whereas host countries are losing the powers that they are able and willing to use.

Therefore, the cross-border nature of many financial institutions and the present distribution of supervisory powers between home and host countries require close co-operation in the supervision process. Only in this way the national supervisory authorities can be able to tackle the challenges arising because of market integration.

An appreciable co-operation between national supervisors at the European level started with the introduction of the Lamfalussy process in 2001. It was designed to improve the European decision-making procedure for the financial services legislation and consists of 4 levels. Level 1 involves Commission proposed framework legislation, voted on by the European Council and the European Parliament. At Level 2 additional implementation measures are provided for the Level 1 legislation adopted by the Commission and endorsed by a qualified majority of the Member States. Level 3 involves three supervisory committees (Level 3 Committees) – the Committee of European Banking Supervisors (CEBS), the Committee of European Insurance and Occupational Pensions Committee (CEIOPS) and the Committee of European Securities Regulators (CESR). They represent national supervisory authorities and facilitate the convergence of the regulatory outcomes by giving advices to the Commission after consultations with providers and users of financial services. Finally, Level 4 is designed to ensure the compliance of Member States with the applicable legislation. This task is committed to the Commission which pursues enforcement actions where required.<sup>4</sup>

Even though the Lamfalussy process is primarily designed to tackle regulatory issues, Level 3 Committees are given some tasks targeting the co-operation between national supervisors and the harmonization of supervisory rules. These tasks include ensuring convergence of supervisory practices, agreeing on common application of EU rules with non-binding guidelines and fostering greater mutual trust. Furthermore, Level 3 Committees also jointly run the supervision of financial conglomerates. For this purpose the Joint Committee on Financial Conglomerates is established.

Another tool, yet specially designed to improve the supervision of large cross-border financial institutions in the EU and functioning in the current system (however, introduced recently), is the “colleges of supervisors”. Within these colleges, co-operation and information exchange between home and host authorities is reinforced.<sup>5</sup>

Both Level 3 Committees and colleges of supervisors have to contribute to co-ordination encouragement in micro-prudential supervision, where the main objective is to supervise and limit the risk of distress in individual financial institutions.

Financial market macro-prudential supervision, whereas, focuses on limiting risks, threatening the financial system as a whole, that may arise from broad developments in the economy. As there is no single EU body entrusted with macro-prudential supervision, it is even more fragmented than micro-prudential supervision. At present, a great number of different authorities are in one way or another involved in macro-prudential analysis, including the Economic and Financial Committee (EFC), the Joint Committee on Financial Conglomerates, the European System of Central Banks (ESCB) and the European Central Bank (ECB)<sup>6</sup>. Still and all, financial market macro-prudential supervision is not the main function of neither of them.

2007 was the year of the Lamfalussy framework review. The Economic and Financial Affairs Council of the EU (ECOFIN) notified that the Level 3 Committees were broadly working well, however several improvements needed to be made. Recommendations included the encouragement to share best practices, to strengthen the national application of guidelines framed by committees, leaving them legally non-binding, as

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4 Financial Services Authority (FSA) webpage

5 Commission Decision of 23 January 2009 establishing the Committee of European Securities Regulators, Art.4; Commission Decision of 23 January 2009 establishing the Committee of European Banking Supervisors, Art. 4; Commission Decision of 23 January 2009 establishing the Committee of European Insurance and Occupational Pensions Supervisors, Art. 4;

6 Impact Assessment, May, 2009, p. 12.

well as to improve the voting system in the charters of the committees.<sup>7</sup>

The start of the financial crises and changes in financial markets clearly influenced the changes in common attitudes about the sufficiency and suitability of the European financial markets supervisory approach.

In November 2008, the Commission mandated a High Level Group chaired by Mr Jacques De Larosière to propose recommendations to the Commission on how to strengthen the European supervisory arrangements to better protect its citizens and rebuild trust in the financial system<sup>8</sup>. Already in February 2009 the De Larosière report was presented, wherein the current European financial market supervisory approach was analysed and a number of its drawbacks indicated. In the report a framework of European financial market supervisory reform was also proposed. In May, 2009 the Commission published the Impact Assessment, wherein all the problems of current system were analysed in a more precise way.

### 2.1. Common problems

The present financial crisis was a real challenge not only for the European financial market but also for its supervision system, which has to guarantee adequate protection for depositors, policy-holders and investors, as well as financial stability in the EU.

Financial stability is clearly a common good and leads to a social dilemma: decisions that have to be taken to protect the whole EU financial market may hurt separate Member States. As a result, some Member States took unilateral decisions which had the potential of undermining the soundness of other Member States' financial institutions (e.g. Fortis case). Besides, the reaction was often with strong delay and on an *ad hoc* basis. All this strengthened the already existing supervision fragmentation and reduced confidence among national supervisors.<sup>9</sup>

Another actual point highlighted by the crisis is too little emphasis within the present EU arrangements on risks to the stability of the financial system as a whole. Even if some of these risks were identified, there was no EU mechanism to ensure that the needed action was taken<sup>10</sup>.

To sum up, some general problems exposed by the crisis can be identified. They are caused by the interaction between the drawbacks of micro- and macro-prudential supervision and thus are common to both of them.

As the present supervisory system is not able to meet its objective of supervision of a highly integrated financial market, the risks of cross-border contagion for financial markets tend to increase. Failures in supervision also affect all the stakeholders of the financial market - including consumers, employees, pensioners, small business and retail investors - by undermining their confidence, what contributes to the problems of the whole economy. The high level of fragmentation in supervision increases costs for cross-border companies and thus reduces the global competitiveness of the European financial industry, compared with what would have been the case with better supervisory practices. Finally, the insufficient level of co-ordination and the domination of national above common interests has a negative impact on the Single market<sup>11</sup>.

To tackle these general problems there is a need to identify and eliminate the failures in micro and macro-prudential supervision.

### 2.2. Failures in micro-prudential supervision

The current financial crises disclosed a considerable number of drawbacks, problem drivers within the

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7 Financial Services Authority (FSA) webpage.

8 Commission Communication, p. 2.

9 Impact Assessment, May, 2009, p. 5.

10 De Larosière Report, p. 44.

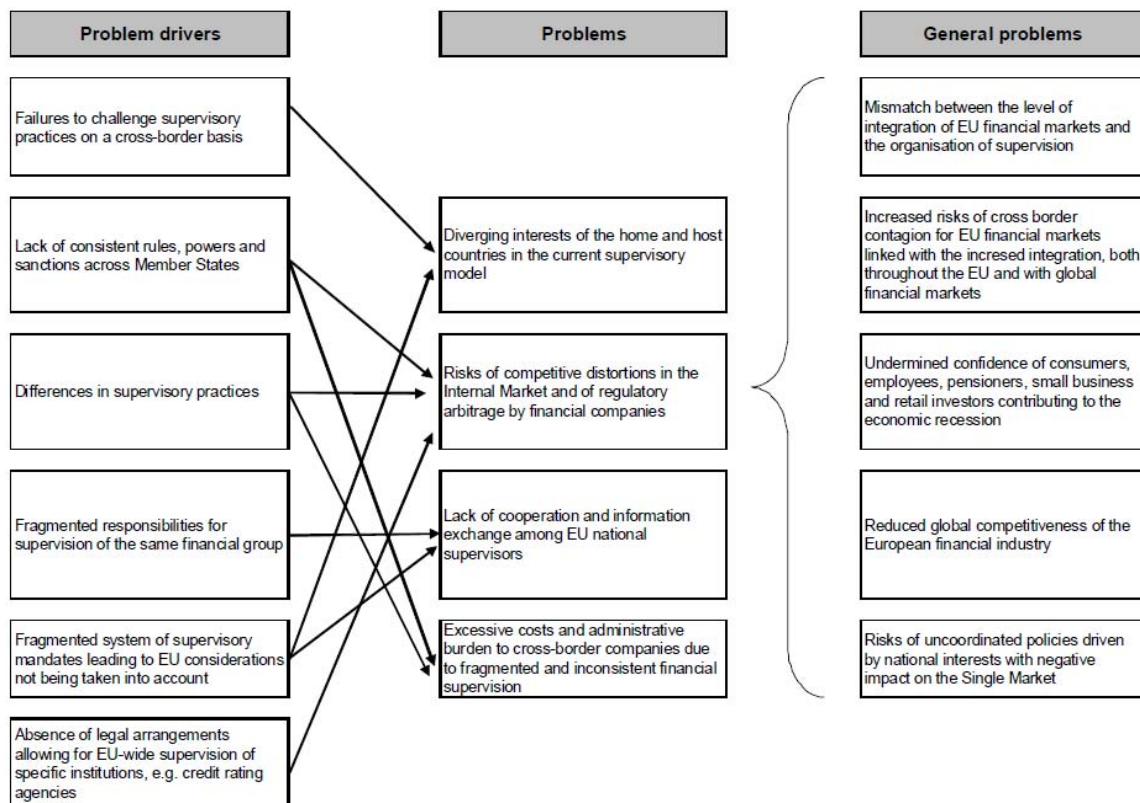
11 Impact Assessment, May, 2009, p. 7-8.



functioning of the micro-prudential supervision at the European level<sup>12</sup>.

Fast market integration and increasing importance of cross-border activities are the key elements of the today's financial market. Yet, the present supervision system fails to adapt to changing conditions within the European financial market and pays the too little attention given to challenge supervisory practices on a cross-border basis. At present, there is no single Rule Book regulating supervisory rules and practices within the EU. Guidelines and recommendations issued by Level 3 Committees are not sufficient measures, as they are not legally binding. Thus, the supervisory practices among national supervisors are different. Another feature of the present micro-prudential supervision is the fragmented responsibility for the supervision of the same financial group. There is no single entity which has the complete overview of the financial situation of a cross-border group or a market and which is in a position to make the often extremely urgent decisions which need to be made in potential crisis situations. There are substantial differences in the powers granted to national supervisors, both in respect of what they can do by way of supervision and in respect of the enforcement actions open to them when a firm is in breach of its duties. As a consequence, there is a lack of consistent rules, powers and sanctions across Member States. Finally, in the present micro-prudential supervision there is an absence of legal arrangements allowing for an EU-wide supervision of specific institutions (e.g. credit rating agencies).

Figure 2 - Problem tree: micro-prudential supervision



Source: *Impact Assessment, May, 2009*

<sup>12</sup> The problems in micro-prudential supervision are meticulously analysed in the Impact Assessment, May, 2009, p. 9-11, and in the De Larosière Report, p. 39-42.

All these problem drivers cause the following specific problems within the European micro-prudential supervision. First of all, there is an obvious interests imbalance between the home and host countries in the current supervisory model. Second, the supervision inconsistency across the Member States causes the risks of competitive distortions in the Internal Market and of regulatory arbitrage by financial companies. Third, because of the high fragmentation level of the supervisory mandates and their responsibilities, a sufficient level of co-operation and information exchange between national supervisors is not ensured. Finally, a fragmented and inconsistent supervision also increases costs and creates administrative burden to cross-border companies.

All the indicated drawbacks of the micro-prudential supervision are, in turn, the problem drivers of general supervisory problems.

### 2.3. Failures in macro-prudential supervision

As macro-prudential supervision aims at identifying systemic risks and contributes to the stability of the whole financial system, its great importance in the supervisory system should not raise any doubts. However, the present financial markets supervisory approach at the EU level does not pay appropriate attention to this issue<sup>13</sup>: it places too little emphasis on macro-prudential supervision while basically concentrates on supervision of individual firms (micro-prudential supervision).

Another feature of the present European supervision model is the ineffectiveness of the early warning systems. Even though certain systemic risks are indicated, there is no efficient follow-up mechanism. Finally, there is no single EU body entrusted with a macro-prudential supervision.

As a result of the indicated problem drivers, there is a lack of appropriate analysis of macro-prudential risks at EU level, including risks stemming from macro-economic imbalances; lack of interaction between micro- and macro-prudential analysis; lack of adequate corrective action, cooperation and co-ordination by the competent authorities during the building up and in the course of a financial crisis.

These points were indicated by the Commission as the main specific problems within the current European financial market macro-prudential supervision. They are also interconnected with general problems of the supervision system.

## 3. Toward the new European financial markets supervision approach

The solution of the indicated drawbacks clearly demands to shift the current EU financial markets supervision system from a nationally-based supervisory model to a more unified and centrally coordinated one. The Level 3 committees were established as bodies without legal personality; they lack power and cannot satisfy changed supervisory needs.

The problem of macro-prudential supervision is not less important: there is no single European body responsible for it.

Thus, supervisory reform also demands an institutional reform, the establishing of new European bodies assigned with specific competence.

### 3.1. European financial market supervision according to the De Larosière Report

A framework of a new European financial market supervision system was proposed in the De Larosière Report<sup>14</sup>. According to the proposal, for macro-prudential supervision the responsibility would be entrusted to an entirely new European body – the European System Risk Council. Its main tasks should include: deciding on macro-prudential policy, providing early risk warnings to EU supervisors, comparing observations on

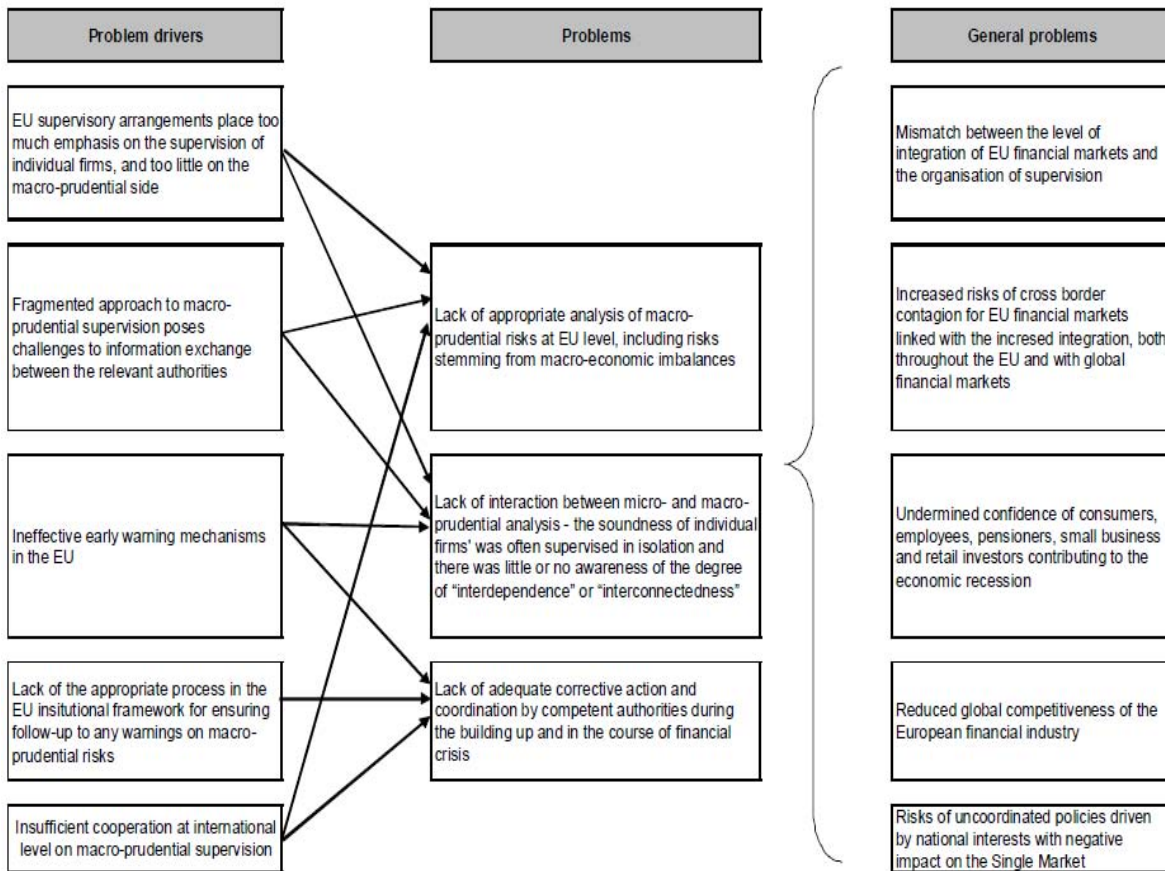
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<sup>13</sup> The problems in macro-prudential supervision are meticulously analysed in the Impact Assessment, May, 2009, p. 12-14, and in the De Larosière Report, p. 39-42.

<sup>14</sup> De Larosière Report, p. 42-58.

macro-economic and prudential developments and giving directions on these issues.

Figure 3 - Problem tree: macro-prudential supervision



Source: *Impact Assessment, May, 2009*

The European System of Financial Supervision would be responsible for the micro-prudential supervision and should consist of two elements: the European Supervisory Authorities (ESAs: a European Banking Authority, a European Insurance Authority and a European Securities Authority) and national supervisors.

The ESAs should be the new bodies with legal personality established on the basis of Level 3 Committees. In addition to the competences of the latter, the responsibilities of the ESAs would include: legally binding mediation between national supervisors, adoption of binding supervisory standards and binding technical decisions applicable to individual institutions; furthermore, such tasks as oversight and coordination of colleges of supervisors as well as licensing and supervision of specific EU-wide institutions (e.g., Credit Rating Agencies and post-trading infrastructures) would be entrusted to the new authorities.

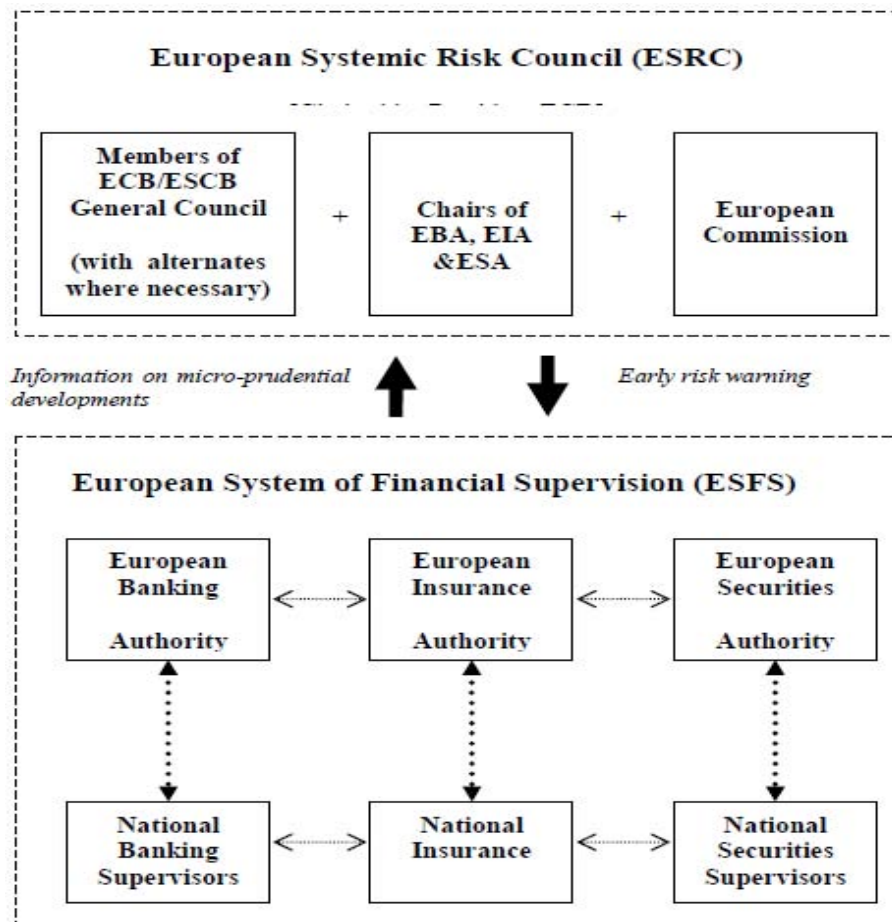
According to the framework of a new European financial market supervision system proposed in the De Larosière Report, national supervisors should continue to be fully responsible for the day-to-day supervision of firms.

To ensure the smooth functioning of the whole supervision mechanism, there is a need of close co-

operation between the bodies responsible for micro- and macro-prudential supervision. Therefore, the Authorities would have binding cooperation and information sharing procedures with the ESRC.

Other alternative scenarios of the new European financial market supervision architecture were carefully analysed in the Impact Assessment adopted by the Commission in May, 2009. However, it was decided to stay with the model proposed by the De Larosière group as the one which can ensure the most effective, efficient and coherent functioning of the new system.

Figure 4 - European financial market supervision architecture proposed in De Larosière Report



Source: De Larosière Report

Recently, on September 23, 2009, the European Commission proposed a package of regulations reforming the current European financial markets supervision system<sup>15</sup>. The new supervisory architecture includes the

15 The following proposals were issued: Proposal for a regulation establishing a European Securities and Markets Authority; Proposal for a regulation establishing a European Insurance and Occupational Pensions Authority; Proposal for a regulation establishing a European Banking Authority (designed for regulation of competence and composition of the ESAs); Proposal for a regulation on Community macro prudential oversight of the financial system and establishing a

European System of Financial Supervisors (ESFS) responsible for micro-prudential supervision and the European Systemic Risk Board (ESRB) (in the De Larosière it is the ESRC, however both have identical functions) responsible for macro-prudential oversight.

### 3.2. *Micro-prudential supervision*

In the new European financial market supervision approach, the micro-prudential supervision is entrusted to the ESFS. This system is composed of the ESAs national supervisors. However, the proposed reform is focused on providing institutional changes, increase in powers and responsibilities for the first, whereas national supervisors will stay responsible for the day-to-day supervision of firms and will be affected indirectly. For this reason, further on the European supervisory bodies will be only discussed.

#### 3.2.1. Optimal institutional structure

The issue of the institutional structure is one of the starting points in building a new supervisory framework. In micro-prudential supervision, generally four structural models are distinguished, which, together with other matters, may influence the functioning of the whole supervisory system.

The first one, called unified model, involves unified supervisory agencies, where a single authority, other than the central bank, supervises the entire financial system. According to some authors, this method is more efficient while may help to reach economies of scale and scope in supervision system; they also indicate other advantages such as accountability and transparency, regulatory flexibility or improved accountability and transparency. The opponents argue that the unified model may lead to regulatory rigidity, bureaucratic overpower or increase in regulatory rent costs.

In the second model – peaks model – the supervision of different financial sectors is run by different supervisory authorities. The third model is the mix of the previous two and is called hybrid model (e.g. merging two or three sectorial supervisors). Finally, in the fourth model – silos model – the supervisory responsibilities are concentrated in the hands of the central bank<sup>16</sup>.

Supervisory reforms in different countries show the global trend towards the unified model (e.g. Austria, 2002; Germany, 2002; Belgium, 2004; Poland, 2006; other countries have reformed their supervision structures according to this model)<sup>17</sup>. However, there are different pro and against arguments with regard to all models and none can be distinguished as having considerable advantages in achieving all the objectives of regulation. A choice of the supervisory architecture should be made with thorough analysis of every particular case.

Institutional alternatives of the new European micro-prudential supervision were discussed in the De Larosière Report as well as in the Impact Assessment adopted by the Commission in May, 2009<sup>18</sup>.

The idea of any form of participation of the ECB in micro-prudential supervision in the new European financial markets supervision approach was clearly refused in both investigations. The main obstacles to apply this model are legal restrictions – the Treaty establishing the European Community (Treaty) prohibits the ECB to deal with insurance undertakings<sup>19</sup>. Additional arguments were indicated, such as the possible impingement of new duties on the ECB's fundamental mandate – monetary stability, threat of political

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European Systemic Risk Board; Proposal for a decision entrusting the European Central Bank with specific tasks concerning the functioning of the European Systemic Risk Board s (committed to the regulation of the ESRB).

<sup>16</sup> Masciandro D. and Quintyn M. (2009), p. 4-5.

<sup>17</sup> *Ibid.*, p. 1.

<sup>18</sup> Impact Assessment, May, 2009, p. 31-32; De Larosière Report, p. 43-44.

<sup>19</sup> Article 105 (6) states that the Council may, acting unanimously on a proposal from the Commission and after consulting the ECB and after receiving the assent of the European Parliament, confer upon the ECB specific tasks concerning policies relating to the prudential supervision of credit institutions and other financial institutions with the exception of insurance undertakings.

pressure and thus jeopardising the ECB's independence, lack of competence in micro-prudential duties and restriction of current ECB activity (monetary policy) within the euro zone.

The remaining models were analysed according to the effectiveness, efficiency and coherence perspectives. In any of them, no remarkable superiorities in effectiveness were found, whereas lower duplication of administrative resources and expenses made the unified model superior with respect to others from the efficiency point of view. On the other hand, the coherence factor was in favour to the peaks model. As the EU financial regulation is organised on sectorial basis, this is best reflected when supervision is run by the authorities responsible for the different financial sectors.

Given the fact that no one option emerged as a clear leader, it was decided to retain the current model and so to avoid the switching costs. Thus, in the proposed institutional structure, the newly established European Banking Authority, European Insurance and Occupational Pensions Authority, and European Securities and Markets Authority, like the Level 3 Committees now, will be responsible for the supervision of different financial sectors.

Summing up, the chosen supervisory structure remains practically the same as today, with micro-prudential supervision run by national authorities and, for different financial sectors, by the responsible Level 3 Committees. The main differences between the present and the prospective approaches are the changed legal status and the increased competencies of the new ESAs.

### 3.2.2. Competence of the ESAs

The ESAs will be established as Community bodies with a legal personality on the basis of the Article 95 of the Treaty, which considers the adoption of measures to improve the conditions for the establishment and functioning of the internal market. The European Court of Justice has pointed out that these measures also include the establishment of a Community body. However, the tasks conferred on it must be closely linked to the subject-matter of the acts approximating the laws, regulations and administrative provisions of the Member States<sup>20</sup>.

Having the legal personality is a primary difference from Level 3 Committees, which are bodies without legal personality. This new feature allows the ESAs to enjoy the most extensive legal capacity and enables them to be a party to legal proceedings in each Member State. Having the legal personality is an essential condition for significantly increase powers (e.g. entitle to give binding decisions) of the new European supervisory bodies.

According to the proposed regulations, the ESAs will undertake the responsibilities of the Level 3 Committees and will be given an additional set of tasks designed to tackle the problems of the current micro-prudential supervision approach<sup>21</sup>.

One of these tasks is a greater contribution to the unification of the supervisory process. The ESAs are assigned to develop technical standards (Art. 7), which, after public consultations and analysis of potential related costs and benefits, have to be submitted to the EC for endorsement. The technical standards will be binding regulations applicable to all financial institutions in the Single Market and so will strengthen the Level 3 of the Lamfalussy structure. However, areas where the standards can be issued are tightly framed by the Community acts adopted at Level 1 and do not involve policy decisions. In those areas not covered by the technical standards, the ESAs will, like the existing Level 3 Committees, have a possibility to issue non-binding guidelines and recommendations (Art. 8) to national supervisory authorities and market participants.

For the purpose of consultation with stakeholders, the Banking Stakeholder Group, Insurance, Reinsurance and Occupational Pensions Stakeholder Group and Securities and Markets Stakeholder Group

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20 United Kingdom v Parliament and Council, Case C-217/04.

21 The competence of the each ESA is defined within the Chapters II of corresponding establishment proposal.

will be established. The members of the Stakeholder Groups will include the representatives of the industry, financial sector employees and users of financial services and will be appointed by the Board of Supervisors of the ESAs (Art 22).

The ESAs will also play an active role in building a common European supervisory culture (Art. 14). To reach this task, different tools will be involved – providing opinions to national supervisory authorities, promoting an effective bilateral and multilateral exchange of information between them, contributing to develop high quality supervisory standards and reviewing their application, establishing sectorial and cross-sectorial training programmes.

An improved supervisory culture should help to build trust and cooperation in the European financial markets supervision, creating opportunities for national supervisors to delegate certain tasks and responsibilities to one another. The ESAs shall facilitate this while identifying the tasks and responsibilities which can be delegated or jointly exercised, as well as promoting best practices (Art.13). Moreover, the ESAs shall periodically conduct peer review analysis of national supervisory authorities (Art. 15).

Another function of the ESAs is to ensure the consistent application of Community rules (Art. 9). To reach this, the first step is the investigation of the cases diverging from the existing Community legislation and, where necessary, the adoption of a recommendation for action addressed to the supervisory authority. If the recommendation is not complied with, the EC may take a decision requiring the national supervisory authority to either make a specific action or to refrain from an action. If the national authority does not comply with this, as a last resort the ESAs may adopt a decision addressed to financial institutions and directly applicable to them.

An active role in improvement of cross-border supervision is also designed for the ESAs. In cases of disagreement between national supervisory authorities where the relevant legislation requires cooperation, coordination or joint decision making, at the request of a concerned authority, the ESAs are entitled to provide assistance in reaching a common approach or settle the matter (Art. 11). The first measure is the mediation of the ESAs between the authorities while they are trying to reach agreement. If the conciliation is unsuccessful, the ESAs may settle the matter through a decision. If the supervisory authority does not comply with this decision, the ESAs may decide to adopt directly applicable decision addressed to financial institutions.

An important role in the efficient, effective and consistent supervision of financial institutions operating across borders is played by the Colleges of supervisors (Art 12). Existing also in the current supervisory system, they are permanent, although flexible, structures for cooperation and coordination among the authorities responsible for and involved in the supervision of the different components of cross-border groups, specifically large groups. The ESAs will contribute to promoting the efficient and consistent functioning of colleges of supervisors and monitor the coherence of the implementation of Community legislation across them. The ESAs will also establish and manage a central information system, where information relevant to facilitation to the work of colleges of supervisors will be collected and made accessible to the supervisory authorities in the colleges of supervisors. To care for this and other assigned duties, the ESAs will have a power to request the national supervisory and other public authorities to provide all the necessary information.

Being the central figures in the ESFS, the ESAs will undertake from Level 3 Committees the task to monitor potential risks and vulnerabilities in the banking, insurance and securities sector. However, this has to be done with a focus on bottom-up (micro-prudential) analysis. In emergency situations, determined by EC decision, when national supervisors alone lack the tools to respond rapidly to an emerging cross-border crisis, the ESAs are entitled to require national supervisors to jointly take specific action (Art. 10).

Yet, the ESAs decisions in emergency situations or in settlement of disagreements cannot impinge in any way on the fiscal responsibilities of the Member States (Art. 23). This is the so called safeguard clause. If a Member States considers that such a decision impinges on its fiscal responsibility, it may notify the Authority and the Commission clearly indicating the way of impingement and suspend its implementation.

Another tool designed to protect the rights of the subjects affected by the ESAs' decisions is an appeal system (Art. 46). It may be used when a decision is taken to ensure the consistent application of Community rule or in cases of emergency situations for the settlement of disagreements between national supervisory

authorities. Any natural or legal person may appeal in first instance to the Board of Appeal, which is a joint body of the three ESAs, yet independent from their administrative and regulatory structures. Such a pre-trial dispute resolution order ensures also procedural efficiency while allows to reach the settlement of cases in a more operative way and at lower costs. However, the decisions of the Board of Appeal are not final and may be subjects to appeal before the Court of First Instance and the Court of Justice of the European Communities.

To ensure a smoother interaction of supervision at the macro-prudential and micro-prudential levels, ESRB and ESFS will work in close cooperation (Art. 21). The role of ESAs here is to provide the ESRB with regular and up-to-date information necessary for the achievement of its tasks and to ensure a proper follow-up to ESRB warnings and recommendations.

In the context of global co-operation among financial markets supervisors, the ESAs are entitled to enter into administrative arrangements with international organisations and the administrations of third countries (Art. 18). Upon request or on their own initiative, the ESAs also may provide advice on all issues related to their area of competence to the European Parliament, the Council and the EC (Art. 19).

All discussed tasks and powers are the same to all ESAs. The solely exemption is the European Securities and Markets Authority, which in addition is responsible to register credit rating agencies and would run their supervision. The key difference between the activities of the three ESAs is the scope of action.

### 3.2.3. Organisational structure of the ESAs

To ensure the new ESAs to meet their objectives, the mere expansion of the tasks and powers is not enough. Smooth functioning, and thus the composition of the new Authorities, is not a less important factor. According to the proposed regulations, every ESA will have a Board of Supervisors, a Management Board, a Chairperson and an Executive Director. For the purpose of cross-sectorial co-operation the Joint Committee of European Supervisory Authorities will be established.

The organisational structure of all ESAs is identical and regulated within the proposed establishment regulations.

#### *Board of Supervisors (Art. 25-29)*

The main decision making body of every ESA is the Board of Supervisors. Its main responsibilities include the adoption of technical standards, guidelines and recommendations as well as taking decisions when there is a need to ensure the consistent application of Community rule, to require to take specific action in emergency situations or to settle disagreements. Besides these tasks, the Board of Supervisors appoints the Chairperson, adopts the annual work program for the ESA, approves the draft budget and exercises other functions.

The heads of the relevant competent authority in each Member State are the Board members with voting rights. The Chairperson, one representative of each – the Commission, the European Central Bank, the ESRB and other two European Supervisory Authorities - are non-voting members. The involvement of the latter in the composition of the Board of Supervisors is important for the development of co-operation between cross-sectorial as well as micro- and macro-prudential supervision. They will contribute to the decision making while participating in discussions, explaining the positions of their represented institutions on actual issues.

Concerning the voting procedures, decisions related to the adoption of technical standards, guidelines and recommendations as well as budgetary matters will be taken with the application of the qualified majority rule (Article 205 of the Treaty). Other decisions will be taken by simple majority.

To avoid the conflicts of interest, the Chairperson and the members having voting rights are obliged to act independently and objectively in the Community interest and do not represent the Member States.

#### *Management Board (Art. 30-32)*

The role of the Management Boards in the ESAs' structure is to ensure that the authorities carry out their mission and perform the tasks assigned to them. The bodies are assigned to propose the annual and multi-



annual work programmes, to exercise certain budgetary powers, to adopt the annual report, the staff policy plans as well as special provisions on the right to access to documents.

Every Management Board is composed of the Chairperson, a representative of the Commission, and four members elected by the Board of Supervisors from among its members. The decisions are taken on the basis of the majority of the members present. All the members of the Board are obliged act independently and objectively in the Community interest.

*Chairperson and Executive Director (Art. 33-38)*

According to the proposals, every ESA is represented by a full-time independent Chairperson, whose main functions include chairing the meetings of the Management Board and of the Board of Supervisors as well as preparing the work of the latter. The Executive Director is responsible for the management of an ESA. The implementation of the annual work programme and taking the necessary measures to ensure the functioning of an ESA are the main tasks of this officer. Both the Chairperson and the Executive Director will be elected by the Board of Supervisors through an open competition for the term of five years and may be extended once.

*Joint Committee of European Supervisory Authorities (Art. 40-43)*

To ensure efficient cooperation and consistency of outcomes between the ESAs, the Joint Committee of European Supervisory Authorities will be established. The Joint Committee will be a body without legal personality and thus without the right to issue legal binding decisions; so, the coordination will be informal. Nevertheless, the Joint Committee should ensure that common decisions are taken by the ESAs in parallel.

The new body will be composed of the Chairpersons of the ESAs and, where applicable, the Chairperson of the Sub-Committee on Financial Conglomerates. This sub-committee will specifically focus on cross-sectorial issues, including financial conglomerates, and ensuring a level playing field. It will be composed of the members of the Joint Committee of European Supervisory Authorities and one high-level representative from the current staff of the relevant competent authority from each Member State.

### 3.2.4. Meeting the problems of current micro-prudential supervision

The ability to tackle the problems in the current supervisory approach and to prevent future crises is the main purpose of the financial market supervision reform. To reach this goal, there is a need to eliminate the problem drivers, the factors which cause the problems.

The failure to challenge supervisory practices on a cross-border basis and the fragmented responsibilities for supervision of the same financial group are those factors which directly impede the development of cross-border activities and dwarf the further integration of the financial market. Giving powers to the ESAs to settle the disagreements arising between national supervisors is a tool designed to meet the first factor. The introduction of an efficient mechanism designed to help to solve the disagreements as well as announcement of the cases will also serve as a preventive measure. The efficient functioning of the colleges of supervisors should help to tackle the second factor.

Building a common European supervisory culture, conducting peer review analysis of national supervisory authorities, and delegating certain tasks and responsibilities between them are the tools designed to erase differences in supervisory practices. However, all these are soft measures, thus the desirable result may be reached in a medium or even long time period.

The lack of consistent rules, powers and sanctions across the Member States should be eliminated by the ESAs developed technical standards, guidelines and recommendations. The latter two are also provided in the present supervisory approach, thus an improvement in this field should be expected from the introduction of the binding regulations – the technical standards. The key factor rising doubts about the effectiveness of this measure is the obscurity of its content. As the areas where the standards can be issued are tightly framed, it is questionable, if they will be able to meet their objective. Some certainty here is brought by the “Preliminary

outline of possible sectorial legislation granting European Supervisory Authorities scope to develop draft technical standards” issued by the Commission in the Impact Assessment of September, 2009<sup>22</sup>.

Such newly introduced tools as the ESAs’ power to take decisions in emergency situations and their active role in ensuring the consistent application of Community rule, should improve the following EU rules and considerations as well. Empowering the Securities and Markets Authority to supervise credit rating agencies at the EU level will solve the problem of specific institutions supervision.

### 3.3. Macro-prudential supervision

The macro-prudential supervision of the financial system at the European level is a new challenge for the EU. Thus designing the prospective supervision system, an option in terms of institutional structure also had to be made.

In the Impact Assessment adopted by Commission in May, 2009, several alternatives were considered<sup>23</sup>. Building macro-prudential supervision on existing (the FCS or the ECB) or proposed (the ESAs) structures could, depending on the chosen institution, contain such drawbacks as insufficient level of expertise and independency, concentration of power or a problem of possible conflict of interest between financial and monetary stability. The pursuance of the proposals set in the De Larosière report and the establishment of a new body seems to be the best solution for the EU framework for macro-prudential supervision. It provides an appropriate level of flexibility and thus allows a composition which would create valuable synergies, ensure an appropriate level of representation, and have a mutually reinforcing impact on the stability of the financial system.

Consequently, according to the proposed European financial markets supervision architecture, the macro-prudential supervision of the financial system within the Community will be entrusted to the ESRB – an entirely new supervisory body established on the basis of Article 95 of the EC Treaty.

#### 3.3.1. Competence of the ESRB

The competence of the ESRB is provided in the Article 3 and elaborated in the Chapter III of the “Proposal for a regulation on Community macro prudential oversight of the financial system and establishing a European Systemic Risk Board”. The ESRB is assigned to prevent or to mitigate systemic risks within the financial system, so as to avoid episodes of widespread financial distress, contribute to a smooth functioning of the Internal Market and ensure a sustainable contribution of the financial sector to economic growth. To follow this, the ESRB is given the following set of tasks and powers:

##### *Collection and exchange of information (Art. 15)*

To pursue macro-prudential supervision and identify all the relevant systemic risks, the access to relevant information is crucial. For this reason, the ESRB will be able to rely on the broad set of data collected through the Eurosystem by the ECB on Monetary and Financial Institutions. Besides, the ESRB will be entitled to request relevant information from the ESAs in summary or collective form, such that individual financial institutions cannot be identified. If this data cannot be provided by the ESAs, the ESRB may ask for it national supervisory authorities, national central banks or other authorities of the Member States. Yet individual institutions can also present a systemic risk because of their size, their activities or their cross-border nature. Thus, to fulfil its tasks, upon a reasoned request to the ESAs, the ESRB shall have access to individual data. On another hand, the ESRB is obliged to provide the ESAs with the information on systemic risks necessary for the achievement of their tasks. This mechanism of information exchange is also a way of enhancing cooperation and contributes to the development of the necessary consistency between the macro- and the micro- European supervisor.

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22 De Larosière Report, Annex III.

23 Impact Assessment, May, 2009, p. 33-37;

*Warnings and recommendations* (Art. 16-18)

To prevent or mitigate the impact of identified systemic risks on the financial system within the EU, the ESRB is entitled to issue risk warnings and recommendations. Warnings should prompt early responses to avoid the build-up of wider problems, whereas recommendations involve specific actions to address any identified risks. Both warnings and recommendations may be either of a general or specific nature. They may be addressed to the Community as a whole, to one or more Member States, ESAs or national supervisory authorities.

Warnings and recommendations may be confidential or made public, depending on a case by case basis. On the one hand, publication may increase the pressure for the prompt corrective actions. On the other hand, it could trigger adverse financial-market reactions. Given the importance and sensibility of the decision, to make warning or recommendations public the approval of two thirds of the votes of the General Board is required.

According to the proposals, the ESRB will be a body without legal personality, thus it will not have the power to issue legally binding decisions. On the first sight such an option seems inefficient and reminds on the enforcement challenges existing with the decisions taken by Level 3 Committees. However, there are a number of arguments maintaining the non-binding nature of the ESRB decisions. First, as the ESRB is assigned to prevent or mitigate systemic risks within the whole financial system, it will have a broad scope of activity, not limited to a specific type of entity or market. Warnings and recommendations may address any aspect of the financial system which may generate a systemic risk and may involve sensible issues regulated within the constitutional law in different Member States. If these decisions are legally binding, this may cause legal problems. Second, the ESRB recommendations, as well as the responses of the addressees, are transmitted to the Council and, where relevant, to the ESAs. If the decisions are not properly addressed, the ESRB may inform the Council and, where appropriate, the ESAs to put pressure on the addressees and to help achieving effective follow-up to warnings and recommendations. Third, any warning or recommendation in the field of systemic risks is likely to contain some uncertainties and elements of subjectivity as there is no quantitative target. Therefore, the purpose of the ESRB is to initiate an early constructive dialogue with addressees on possible ways to react on indicated potentially unsound financial developments. In such cases there is a need for sufficient flexibility and legal binding decisions could not provide it<sup>24</sup>.

Thus, in the chosen model the ESRB has been conceived as a "reputational" body with a high level composition that should influence the actions of policy makers and supervisors by means of its moral authority. Still and all, the reputational factor is not the solely measure which should ensure compliance with the ESRB decisions. A "comply or explain" mechanism is also provided (addressees should act on decisions unless inaction can be adequately justified), which seems to be the best option in terms of effectiveness and flexibility.

## 3.3.2. The organisational structure of the ESRB

Chapter II of the "Proposal for a regulation on Community macro prudential oversight of the financial system and establishing a European Systemic Risk Board" is deemed to regulate the internal structure of the ESRB which includes a General Board, a Steering Committee, a Chairperson and a Secretariat<sup>25</sup>. The Advisory Technical Committee is intended as an external consultative body.

*The General Board* (Art. 6-10)

The decision making body of the ESRB, and thus responsible for the adoption of warnings and recommendations, is the General Board. In terms of the types of possible members, to ensure adequate representation of expertise and views on the one hand, and effective size on another hand, its composition has to be chosen very carefully.

For what refers to the involvement of the central banks representatives, there are some strong pro

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<sup>24</sup> Impact Assessment, September, 2009, p. 37.

<sup>25</sup> The functions of the Secretariat are elaborated in the "Proposal for a decision entrusting the European Central Bank with specific tasks concerning the functioning of the European Systemic Risk Board".

arguments. First, as the national central banks undertake the macro-prudential oversight at national level, the experience of their members will allow to take an overview of the linkages between developments in the financial sector and the macroeconomic performance at the European level. Furthermore, the independence of the national central banks, safeguarded by the Treaty, may significantly contribute to the objective of independence of the ESRB itself. For these reasons, a significant coverage of representatives of central banks within the General Board is sensible.

To ensure the link between macro- and micro-prudential issues, as well as to develop the system-wide cooperation between the macro- and the micro- European supervisors, the participation of the ESAs and national supervisors in the General Board is welcome. The representatives of the Commission and ECOFIN, because of their essential role in macroeconomic monitoring and legislative, also should be involved in the General Board.

Taking into account the given arguments, the General Board includes the Governors of national central banks, the President and the vice-President of the ECB, a Member of the European Commission and the Chairpersons of the three ESAs as members with voting rights, whereas the members without voting rights are one high level representative per Member State of the competent national supervisory authorities and the President of the Economic and Financial Committee.

As a general rule, the General Board shall act by a simple majority, each member with a voting right having one vote. Besides, all members are required to keep professional secrecy as well as to act impartially when participating in the activities of the General Board. Requirement not to disclose information covered by professional secrecy is linked to possible adverse financial-market reactions in the case of information leakage. Impartiality is particularly important to ensure that the ESRB's main objective - maintaining financial stability in the European Union as a whole - is reached, as the interests of an individual Member State may not always coincide with it.

#### *The Steering Committee (Art. 11)*

The Steering Committee shall assist in the decision-making process of the ESRB by supporting the preparation of the meetings of the General Board, reviewing the documents to be discussed and monitoring the progress of the ESRB's ongoing work. The Steering Committee will comprise the Chair and Vice-Chair of the General Board, the Chairpersons of the three ESAs, the President of the EFC, the Member of the Commission and five members of the General Board which are also members of the General Council of the ECB.

#### *Chairperson (Art. 5)*

The General Board and the Steering Committee will be presided by the Chair, who will be elected for 5 years from among the Members of the General Board of the ESRB which are also the Members of the General Council of the ECB. The functions of the Chair include representing the ESRB externally, giving directions to the Head of the Secretariat on behalf of the ESRB as well as convening extraordinary meetings of the General Board on its own initiative. The Chair will also have a casting vote in the event of a tie.

#### *The Secretariat*

The Secretariat will provide the ESRB with the analytical, statistical, administrative and logistical support. This in particular includes the preparation of the meetings, the collection and processing of information, the preparation of analysis, the support to the work of the Advisory Technical Committee and the support to the ESRB in its international cooperation at administrative level with other relevant bodies on macro-prudential issues.

Taking into account the functions of the Secretariat, it is reasonable that this body, according to the proposals, will be ensured by the ECB. This will allow the ESRB to benefit from in-depth macro-prudential expertise, infrastructure and networking with information sources already available within the ECB. From the cost-efficiency point of view, the establishment of the Secretariat in the ECB would allow for maximizing the synergies with the existing structures within the ECB and the ESRB.

*The Advisory Technical Committee (Art. 12)*

The ESRB is assigned to pursue macro-prudential supervision and to prevent the systemic risks within the whole European financial system. Such a wide competence requires to increase the potential sources of advice particularly for the most complex analysis. As public consultations would be not consistent with the need of preserving the confidentiality and might result in excessive delays for the ESRB initiatives, their use might be sensible only in single instances.

Considering the given arguments, a permanent stakeholders group will be established – the Advisory Technical Committee. On request from the General Board, it is assigned to provide advice and assistance on the issues that are within the scope of the ESRB. The composition of the Advisory Technical Committee involves 61 representatives – one of each national central bank, one from the ECB, one of the national supervisory authority per Member State, who may rotate depending on the matters that are being discussed, one of each ESA, two of the Commission and one of the Economic and Financial Committee.

### 3.3.3. Meeting the problems of current macro-prudential supervision

The introduced supervision reform is the primary attempt to organize a coordinated financial market macro-prudential supervision at the European level. Thus, there are a lot of expectations that establishing of the ESRB will remarkably contribute to the better functioning of the whole supervisory system and will help to tackle some problems existing in the present approach.

Establishing the ESRB as a European body responsible for macro-prudential supervision means the shift from quasi-exclusively micro-prudential supervision to a more balanced approach. Giving the ESRB access to all relevant information will eliminate the current legal and practical obstacles to information sharing between supervisors, central banks and finance ministers. Empowering the new authority to issue warnings and recommendations will help to react to arising risk in a more coordinated and operative way. The “comply or explain” mechanism should provide sufficient level of flexibility and ensure follow-up. However, being ESRB’s decisions non-binding, this cause some doubts about efficient follow-up results.

## Conclusion

The financial crisis disclosed the inability of the current European financial market supervision to meet its objective. The highlighted supervisory failures demand a fundamental reform at both institutional and competence level.

The proposed supervisory system introduces new European supervisory authorities and gives a clear shift from the national-based supervision model to a more unified and centralised one. Furthermore, the balance between micro- and macro prudential supervision at the EU level should also be reached. All this will decrease activity costs for cross-border firms and improve the competitive position of the European financial market. Giving prospective authorities more powers shall allow them to act as strong co-ordinators in critical situations.

However, as proposed changes are fundamental, they leave some dark side about the practical implementation. This for example includes technical standards developed by the ESAs or warnings and recommendations issued by the ESRBP, which are some of the central tools given to the prospective European supervisors: their real use, still, will emerge later, especially when new challenges in financial markets will have to be overcome.

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# ECONOMIC CRISIS AND INNOVATION: IMPACT ON THE FUTURE OF THE EUROPEAN INTEGRATION

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**Abstract:** *Nowadays we are often faced with the concept of «innovation», but it should be noted that innovation is not only new technologies and production, but also a new way of thinking in all the spheres of our life. The Russian economist N.D. Kondratyev developed the unified theory of cycles, crisis and innovations; his ideas were developed by Schumpeter, Kuchinsky, Braudel, Mensch and became the basis for the school of long waves of economic dynamics. The peculiarity of the global world crisis occurred in the XXI century is that the countries have an opportunity to find the way out of it by improving the efficiency of innovations, making new technological decisions, improving educational systems. But we also need innovative and visionary research plans to develop future technologies and their impact on society, and to lead the European Union into a prosperous future. It is mandatory for Europe to maintain and further develop human resources in research and technology, by supporting high quality education and lifelong learning and training and by developing centers of excellence that will stimulate and attract the best researchers and increase their visibility.*

**Keywords:** Economic crisis, innovation, European integration

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## Introduction

The recent enlargements of the European Union were a milestone in the process of unifying Europe and have brought benefits to citizens throughout the Union. Economically, enlargement has led to increased living standards in the new Member States, while creating export and investment opportunities for the old ones. It has also helped to consolidate democracy, stability and security on our continent. An enlarged European Union carries more weight when addressing issues of global importance, be it climate change or the world economy and its governance: the European Union is not only bigger, it is also stronger, more dynamic and culturally richer.

We have to remember what said the Economic and Monetary Affairs Commissioner Joaquin Almunia: "The 2004 and 2007 enlargements were a huge historic step. They put an end to the division of Europe, helped consolidate democracy and brought economic benefits for all European Union countries in terms of higher competitiveness, higher economic growth and higher job creation. We should not let the crisis overshadow this uncontested success. United, we can shape the solution to global issues such as climate change or a new international financial governance. Divided we will achieve nothing" and also what added Olli Rehn, Enlargement Commissioner: "Enlargement has served as an anchor of stability, and driver of democracy and the rule of law in Europe. Economically it has benefitted both new and old member states, as well as the European Union as a whole. It has extended the area of peace and prosperity to almost 500 million people and increased our weight in the world."

It has been five years since the European Union took in 10 new Members from Central and Eastern Europe, putting an end to several decades of division brought about by the Cold War. Two others, Bulgaria and Romania, joined in 2007.



The enlarged European Union is now the largest integrated economic area in the world, accounting for more than 30% of world GDP and more than 17% of world trade. This enables the European Union to be a decisive player in a global world. It can make its voice heard in shaping globalization for the benefit of citizens.

The current global crisis is creating difficulties for all countries, including the European Union, and unemployment is rising everywhere, but now the European Union is in good condition.

Therefore, what now? Has the European Union to try to change something? To think over about potential candidates? Or should further enlargement be delayed due to the crisis? What is the impact of the crisis in potentials candidates? And, crisis is indeed the main problem?

### 1. Innovation and economic crisis: research, innovation, education<sup>1</sup>

The financial and economic crisis is the kind of extreme development that calls for one essential quality when seeking solutions: creativity. We need creativity to find the best answers.

But creativity is not only useful in crisis situations, of course. Creativity and innovative capacity have crucial long-term benefits for the economy, society, enterprises, as well as individuals. Innovation and creativity are fundamental pillars for sustainable economic and societal growth.

Nowadays we are often faced with the concept of “innovation” but it should be noted that innovation is not only new technologies and production, but also a new way of thinking in all the spheres of our life.

As a matter of fact innovation is only for people who have developed creative thinking. But if we want people to come to innovative thinking, they must have a motive to push them to think so. What is this motive, and how to develop it in people? The motive is a certain goal, a strategy for human development, but unfortunately, many people do not have such a development strategy.

In my opinion, one of the main objectives of the EU should be to create an educational system that will help people in developing their own personal strategy.

Because of the crisis people have more opportunities to move to innovative thinking. The crisis is a new standard of living, and often only a new standard makes the people looking for new opportunities. Of course, the crisis is a cataclysm, a disaster, a revolution of things and wreck of habitual foundations of life. It is always a feeling of stress and trouble. But in all the times the crisis has forced people to seek answers to the fundamental questions: what to do and how to live on. The crisis moment always made people to seek for decisions and gave society a chance for renewal. The crisis in Greece means «solution», a «turning point». On the philosophical plan a crisis is a kind of catharsis, an opportunity and a way of self-perfection and purification. I mean that the crisis means the end of the old and at the same time the beginning of a new development cycle, end and beginning in the eternal life cycle.

My ideas are supported by the *unified theory of cycles, crisis and innovation*, founded by the world-recognized Russian scientist-economist N.D. Kondratyev (1892-1938), who linked the waves of invention and innovations with the transition to a new cycle. The theory revealed cyclic-genetic laws of society development, the role of crisis in the change of cycles, the role of landmark and benchmark innovations as the main way out of crisis and transition to a new cycle.

His ideas were developed by Joseph Schumpeter (in his theory of innovations), Jürgen Kuchinsky, Fernand Braudel, Gerhard Mensch and other foreign scientists. It also became the basis for the formation of the scientific school of long waves of economic dynamics.

Regarding the crisis, various scientists have confirmed the fact that the most important end result of the crisis is a qualitative leap, the transition to a new stage in the development of a system or to a new system: the crisis preceding the Revolution becomes its beginning.

It has been stated that before the beginning of the rising wave of high-cycle, and sometimes at the very beginning of it there is a significant change in the basic conditions of economic life. These changes are reflected in profound changes in technology of production and exchange (which in turn is preceded by significant technological inventions and discoveries).

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<sup>1</sup> The author of this section is Tatiana Shmakova

As a consequence, we can say that the peculiarity of the global world crisis in the XXI century is that the countries have an opportunity to find the way out of it by improving the efficiency of innovations, making new technological decisions, improving educational systems.

With reference to the EU, it will be more effective by launching the process of enlargement.

Of course, the main role is played by the government, its innovative activity and its role and responsibility in selecting and supporting the most effective basis for innovations in various spheres of society in situations of crisis transition. But the main point is that EU wants to have by 2010 a competitive and dynamic knowledge-based economy in the world.

But it is impossible without putting innovations into the educational systems.

Here the main point is collaboration in the educational systems. Now there is such a process. There are some partnerships between higher education institutions in some countries, for example between Belgium and Poland. This has enabled the development of a quality assurance process based on the involvement of industry.

But we also need innovative and visionary research plans to develop future technologies and their impact on society, and to lead the European Union into a prosperous future.

It is mandatory for Europe to maintain and further develop human resources in research and technology, by supporting high quality education and lifelong learning and training. It is essential for Europe to develop centers of excellence that will stimulate and attract the best researchers and increase their visibility.

The other important thing is that Europe needs collaborative research to optimize the innovations process. So with the enlargement, the EU will increase its human potential by several thousands of well qualified researchers. We need to fully mobilize the research potential of Europe.

The European academia has a similar point of view and it also proposes to invest in education and to support innovative companies.

- *To invest in education:* Europe spends too little on higher education - about half as much, as a percentage of GDP, as the U.S. and Japan. Just as there is a spending in physical infrastructure such as roads and railways to maintain economic activity, we should look closely at our "intellectual infrastructure", our universities.
- *To support innovative companies:* Technology start-ups in Europe face a cocktail of costs that can kill them at birth. First are the lab or engineering expenses for new products and services, but second is the burden of social charges, taxation and red tape that many European countries impose on all businesses. European governments need to lighten this burden for young, innovative companies. An example is a French initiative, begun in 2004, that has provided temporary tax and social-charge breaks to more than 2,000 new tech companies. Other countries could emulate and expand on this idea. On the EU level, research, financing and state-aid policies could give a special, favorable status to projects involving young, innovative companies.

Besides these points about the education and the research, while speaking about EU countries, candidate countries or perspective EU candidates, we can find some kind of a wall, because sometimes to collaborate in educational and research sphere is a real problem if some country does not belong to the EU.

Today, in the context of the global economic crisis, we need to make individuals and enterprises more mobile and to attract them by creating a favorable environment for the research work.

In general, if these processes are launched we can look forward to great advances in so many different life sectors.

Examining future is often a difficult and ungrateful work. But I am sure that the current economic crisis is an opportunity for the development of innovation and I think that these years will be the beginning of the time that will entail real breakthroughs in science and technology.

## 2. If not crisis, so what then?<sup>2</sup>

*Si quis prudens esse cupit, suus animus tribus temporibus dispensetur:  
Praesentia ordinet, futura praevideat, praeterita recordetur*<sup>3</sup>.

However, when thinking about the future of European integration we must consider three matters: integration of the European culture in the science, economy and politics.

### 2.1. Past – Present – Future

At this moment, a lot of people think that the crisis is most important problem. Maybe it is true, because the crisis has a great influence on every aspect of social life. But we have to remember that the new candidates to the European Union have biggest problems.

We do not know much, certainly not enough, about the impact of the current crisis on the official candidates to European Union. This impact will surely vary across Europe. What is important, is to take note of the fact that the crisis hit regional economies that had already been subject to subsequent shocks related to almost every part of our life. Crisis brings the risk aversion to stay with us for a while. The crisis cannot be disconnected from the long term development.

It hit the real economies that had already been hit by shocks related to even climate change, globalization pressure, energy security and efficiency, demographic troubles.

To understand the combined effects is essential if we want to avoid structural aftershocks once we get out of the crisis.

Now, we do not yet see the full impact of the crisis on the economic market in new candidates countries, but we can see their other problems and those are more important.

As we know, a candidate country must meet some requisites, the so-called "Copenhagen criteria":

- stable institutions that guarantee democracy, the rule of law, human rights and respect for and protection of minorities,
- a functioning market economy, as well as the ability to cope with the pressure of competition and the market forces at work inside the Union,
- the ability to assume the obligations of membership, in particular, adherence to the objectives of the political, economic and monetary union.

A candidate country must also be able to put the European Union rules and procedures into effect. Accession also requires the candidate country to have created the conditions for its integration by adapting its administrative structures, while it is important that the European Union legislation be transposed into the national legislation for good judicial structures (Barcz 2003).

Apart from official candidates - Turkey (candidate status received in 1999), Croatia (2004) and FYROM (2005) - the other potential candidates are: Albania, Montenegro, Serbia, Bosnia–Herzegovina, Kosovo. And here comes the first problem in membership negotiations, not for potential candidates only, but also for official candidates<sup>4</sup>.

<sup>2</sup> The author of this section is Malwina Kolodziejczak

<sup>3</sup> [Whoever wants to be known as responsible, ought to stay away from the passing matters: remembering about the past, putting the present in order and foreseeing the future] - *Stanisław from Skarbimierz (1360-1431)*.

<sup>4</sup> We do not discuss Iceland here, but it is worth to say that Icelanders are for the integration with the European Union and only politicians are determined to protect Iceland's fish market and to protect their small country from dependence on European Union. However, in the last months this attitude has changed because of the effects of the world crisis.

## 2.2. European integration and Turkey

The problem with Turkey is constantly human rights, but also religion, citizenship and the contrast between the European and Asian mentality. These are the main negotiation problems, and the undecided position of the European Union makes it difficult to move toward a solution.

Table 1 - Potential enlargement of the European Union

Countries	Candidates			Potential candidates					Reference states
	Event	Turkey	Croatia	FYROM	Albania	Montenegro	Serbia	BiH	
SAA/AA negotiations start	1959	2000	2000	2003	2005	2005	2005	?	1990
SAA/AA signature	1963/1995	2001	2001	2006	2007	2008	2008	?	1993
SAA entry into force	1996	2005	2004	(2008)	(2010)	(2010)	(2010)	?	1995
Membership application submitted	1987	2003	2004	(2008)	(2010)	(2010)	(2010)	?	1996
Candidate status received	1999	2004	2005	(2009)	(2011)	(2011)	(2011)	?	1998
Membership negotiations start	2005	2005	(2009)	(2010)	(2012)	(2012)	(2012)	?	1998
Membership negotiations end	?	(2009)	(2012)	(2014)	(2016)	(2016)	(2016)	?	2002
EU joining date	?	(2011)	(2014)	(2016)	(2018)	(2018)	(2018)	?	2004

Source: Materials from Academy of Young Diplomats

One can say that relations between Turkey and the European Union are unique.

Firstly, Turkey is the country for which negotiations with the European Union are the longest one. Secondly, we may wonder if Turkey lays in Asia or Europe. Moreover, the population of this country is more than 70 million, where almost 100% of them are Muslim.

Turkey was waiting 42 years for the negotiations with the European Union, that finally started in 2005. But now, only one title is open - about scientific-technological cooperation.

However, integration is indeed a difficult problem, because Turkey has great problems with human rights and national minorities. Tortures still exist and death sentences are executed without any legal proceedings.

Other important aspects are connected with geopolitics, economy, religion, culture, demographic etc.

Providing all these arguments, we should not forget that Turkey is a quite poor, less-developed country. Turkish GDP rate *per capita* comes to barely 26 % of the European Union's average. After entrance into the European Union, Turkey will be the poorest member and ipso facto the biggest beneficiary of European Union regional funds. Huge amounts of money would have to be transferred for borders protection: Turkey lays not only in an unstable region, but also on the narcotic and weapon route and in neighborhood of countries with terrorist threat.

Despite of these negative arguments, there are countries which supports Turkey on its route to the European Union. They point to the position of Turkey in NATO, cooperation in fighting with terrorism, its role in the transit of energetic resources or even to good relations with another Muslim country (Tonge 2005)<sup>5</sup>.

Turkey has also problems with its own history. The long conflict about Cyprus between Turkey and Greece has become one of the biggest problem to make the relations Turkey-European Union closer. Turkey also did not accept to recognize the massacre of Armenians as a genocide and this became an international problem. Finally, over 50% of European Union citizens would vote against the entrance of Turkey into the European Union and we should remember that objection from just one country will cause the block of accession.

### 2.3. *European integration and Croatia*

The most important problems of Balkans are: unfinished peace-keeping process, economic and political transformation, absence of effective borders control, corruption, organized crime, mafia, energy and some attendance of Russia.

Croatia has become an official European Union's candidate in June 2004. The end of the negotiations was planned till the end of 2009, to let Croatia enter the organization in 2010. Now we know that it will not be possible, although lots of arguments say something different.

Supporters of the integration of Zagreb into European Union structures point to the accession contribute to stabilization and development of Balkans, which were a region of conflicts and wars. Croatia, in contrast with Turkey, lays in Europe and - what is more important - shows a closeness to the European Union culture. When Bulgaria and Romania were entering the European Union, Croatian GDP rate *per capita* in 2007 was even higher than that of the two republics. Croatia is a member of a lot of international organizations, e.g. NATO, Council of Europe, OSCE, WTO and CEFTA<sup>6</sup>.

Lack of tolerance for Serbian and other ethnic minorities by the government is an hindrance against the membership of this country into the European Union. Moreover, Croatia faintly tries to sentence war criminals.

A really important problem are the relations between Croatia and Slovenia, the EU member that is blocking the Croatian entrance. The source of this conflict is a border dispute started after the collapse of the Yugoslav Republic; the conflict covers the maritime border in the Gulf of Piran and the land terrains located along the Mura river in the South East of Slovenia.

However, the Regions Committee appreciate the Croatian efforts. The Committee takes notice of the speed of country reforms; it also adds that Croatia needs to reform the judicial structure, to make efforts with fighting corruption, organized crime and to guarantee laws for minorities. This can be done by increasing financial means and administration support for integration operations at the local and regional level. The Committee recommend also to support returning refugees and to continue the cooperation with the International Criminal Tribunal for the former Yugoslavia.

### 2.4. *European integration and FYROM*

Macedonia is an official candidate to European Union since December 2005. The end of negotiations is expected for 2012 and the entrance into European Union in 2015. There are quite similar arguments supporting both Macedonian and Croatian entrance. The main advantages of this enlargement are stabilization in the Balkans and integration of the region with the rest of Europe.

Greece is the country which hinders entrance of Macedonia into the European Union. In the past, the southern neighbor blocked Macedonia's efforts on the route to NATO. The biggest problem between these two countries is the name of the country. Greece doesn't want to recognize the name 'Republic of

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5 From the moment when Turkey has started its negotiations, support for the entrance into the European Union decreased among Turkish people from 71% to 59%.

6 [www.cafebabel.com](http://www.cafebabel.com)

Macedonia'. The Greek government is afraid about the reaction of people living in regions like Middle Macedonia, Western or Eastern Macedonia in Northern Greece and tries to protect the country from some separatist movements. Greece tries to force the name for Macedonia as the Former Yugoslav Republic of Macedonia<sup>7</sup>.

Moreover, there is another issue, which can be standing in the way of Macedonia toward entrance into the European Union: the Albanian minority. United Nations warns that, because of a very low population growth rate, Macedonian people might be a minority in their own country. This situation may be dangerous for the unity of the country.

There are also other problems touching Macedonia, such as lack of reforms in police, administration and judicial system. Integration with the European Union is also hampered by common crime and corruption. The Regions Committee is really sceptical when talking about Former Yugoslav Republic of Macedonia's entrance. The Committee sees some deficiencies, connected with lack of progress in making laws for Romani's minority and with constant discrimination against this ethnic group. The Committee appeals to take actions against corruption, sexual and family violence, discrimination and to implement actions ensuring equality of rights in elections.

## 2.5. *So, what now?*

Besides, in my opinion there are some more dilemmas:

- the future of the European integration
- development
- globalization

Indeed, all is about the future of the European integration, Because we cannot consider development without an enlargement and broad reforms, so internal processes are just necessary. As well as future global development and regional development must be achieved through innovation. We have to remember: a creative and innovative Europe can become the new vision of a European Renaissance (Kukliński, Lusiński, Pawłowski 2006).

The lack of a common vision among the European Union's leaders about the future of organization and the further European integration is one of the biggest problems of the European Union. Without an agreement on these aspects, inner difficulties will still exist and the European Union will remain a weak, divided geopolitical formation. That is why, before the next enlargement, Europe must be changed. The European Union's leaders must initiate a strategy which will change the negative attitudes of people toward the next enlargements of the European Union. The appropriate moment to do it is right now. Innovation means to be where nobody was before. "It is about giving an idea a chance"<sup>8</sup>.

To sum up, the most probably enlargement of the European Union will cover the Balkans: firstly Croatia, secondly Macedonia and later such countries like Serbia, Montenegro and Bosnia-Herzegovina. The Turkish entrance can also expected, which will finally close all the negotiation processes.

We should remember the words of Carl Bildt, a former prime minister of Sweden which says that if Europe chooses the way of closing the door, this will be connected with opening it for other forces from non-EU member countries and it will risk to create around its borders dangerous, unstable areas (Zielonka 2007).

A still important question is the political identity in the European Union. A strong Europe is the capital which let us see the future with optimism. The obvious necessity and the vision of mutual Europe is cohesive. The citizens of Europe should have a chance to acquaint themselves with that vision. They ought to understand and accept it as their own. However, the condition of reaching the success is Europe acting in solidarity. Will the next enlargement integrate or divide Europe? Or maybe the new quality of future of European Union will be, according to the opinion of many analysts, that European Union bites off more than she can chew?

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<sup>7</sup> *Ibidem*

<sup>8</sup> <http://www.danuta-hubner.pl>

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# GLOBAL FINANCIAL CRISIS AND ITS IMPACTS ON THE EUROPEAN INTEGRATION PROCESS

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Abdulla Alikhanov

**Abstract:** *The purpose of this paper is to analyze the various challenges facing European integration and the EU institutional architecture as result of the global financial crisis. The European integration process is not yet complete both in terms of its content and geographical coverage. It can be viewed as a kind of intermediate hybrid between an international organization and a federation, subject to further evolution. This is also true of the Single European Market and the Economic and Monetary Union (EMU), which form the core of the EU economic architecture. Certain policy prerogatives (such as external trade, competition, and the Common Agriculture Policy) are delegated to the supranational level while others (such as financial supervision or fiscal policy) remain largely in the hands of national authorities. EMU placing pressure on those countries which are considered financially fragile or potentially insolvent. They face surging risk premium, capital outflow, depreciating currencies, and sovereign borrowing constraints. The EU does not have enough fiscal resources to provide rescue packages, and an increasing number of member-states must apply for IMF assistance. The best solution would be to increase, at least temporarily, the EU fiscal potential. This would allow providing rescue packages to both troubled financial institutions and member states in a coordinated way. In addition, the EU must act to complete the lacking elements of the Single European market architecture (such as European financial supervision) and help in strengthening global policy and regulatory coordination.*

**Keywords:** Global crisis, European Union integration, globalization, discourse, global financial architecture, fiscal policy European market. Economic and Monetary Union

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## Introduction

When the US subprime mortgage crisis erupted in summer 2007, few people expected that it could affect the entire world economy so quickly and so drastically. One year later, there was no doubt that we were facing a financial crisis on a global scale with dramatic macroeconomic and social consequences for many regions and countries. This includes the entire European Union, its main trade and financial partners (the US, Japan, China, India and other Asian economies) and the countries in its closest neighborhood (CIS, Middle East and Africa). The global financial crisis has also brought new challenges to European integration and the EU institutional architecture. The EU integration project, which has been progressing successfully for more than half of century, is now facing what is likely to be the most serious sustainability test in its history. In particular, this relates to such crucial components as the Single European Market and the Economic and Monetary Union (EMU). The roots of the tensions that have appeared since the late summer of 2008 can be attributed to the incomplete nature of the EU project and its various asymmetries. Generally speaking, economic integration has advanced much faster than political integration. More specifically, fiscal capacity at



the Union level, which is crucial for responding to the crisis, is very limited, and the coordination of national fiscal policies and policy interventions involving national budgets has met numerous obstacles.

This paper's main objective is to provide an early attempt to analyze the challenges mentioned above in various policy spheres, with special attention given to fiscal constraints in conducting effective joint crisis management at the EU level<sup>1</sup>. Where possible, I suggest policy responses or at least the direction they should take. Before describing the potential repercussions and lessons for European integration from the crisis, I will provide a short analysis of the nature of the crisis and its causes (Section 2) as well as a short historical retrospective of the European integration process in order to understand its institutional asymmetries and limitations (Section 3). This will be followed by

Section 4, which contains an overview of the potential challenges and policy traps which the crisis' development and its management has revealed so far in Europe. Section 5 discusses challenges in the fiscal policy sphere and the role of the EU budget, which seem to be crucial for the EU's ability to address various, often unpredictable, crisis challenges. Section 6 focuses on questions related to the future architecture of financial supervision, especially in its European dimension. Section 7 discusses the external policy coordination with other major partners under the existing and (perhaps) newly created global institutions and Section 8 focuses on challenges facing the EU periphery. Section 9 offers a summary of conclusions and policy recommendations, including comments related to the EU's general institutional setting.

This paper is policy-oriented (with some normative analysis) and uses the analytic-narrative method rather than the rigid theoretical modeling or empirical analysis of past trends. I believe it is still too early for the former while the relevance of past trends, especially those illustrating macroeconomic variables and market behavior in the last decade, may be misleading in trying to understand current developments and forecasting for the near and more distant future. For the same reason, the diagnosis, conclusions and potential recommendations offered in this paper have a very preliminary character, and are subject to future verification when we learn more about the crisis and its potential impact on the global and European economy.

## 1. Characteristics of the crisis

Statements are currently showing up on the headlines of the world news about the crisis coming to an end all over the world. Any tiny growth glimmer in the global economy is construed as being a sign of hope for the end of the crisis. However, given the currently observed downward economic patterns, it is too early to speak about the ending of the crisis. Quite conversely, economists are warning about the potential second wave of the crisis in the United States that later spilt over the whole global economy, to different extents in different countries. Countries have responded to the unfavorable consequences of the crisis in different ways, with various bailout arrangements. The degree of susceptibility of individual countries to the crisis is linked with their degree of exposure to the global economy, with more integrated economies suffering more from the crisis in negative terms.

The crisis erupted at the core of the world economy, i.e. in the US-based transnational financial institutions (in the summer of 2007) and spread quickly beyond the US, first to other developed economies (in the first half of 2008), and then to emerging markets (in the second half of 2008 and early 2009). This makes its dynamics and the direction of spillover similar to the Great Depression of 1929-1933 and the 1972 US dollar crisis (which moved from the center to periphery). The movement is the opposite of the 1997-1999 series of emerging market crises, which started at the periphery but then moved to the center, affecting some global financial institutions, which were excessively exposed to the crisis-affected economies.

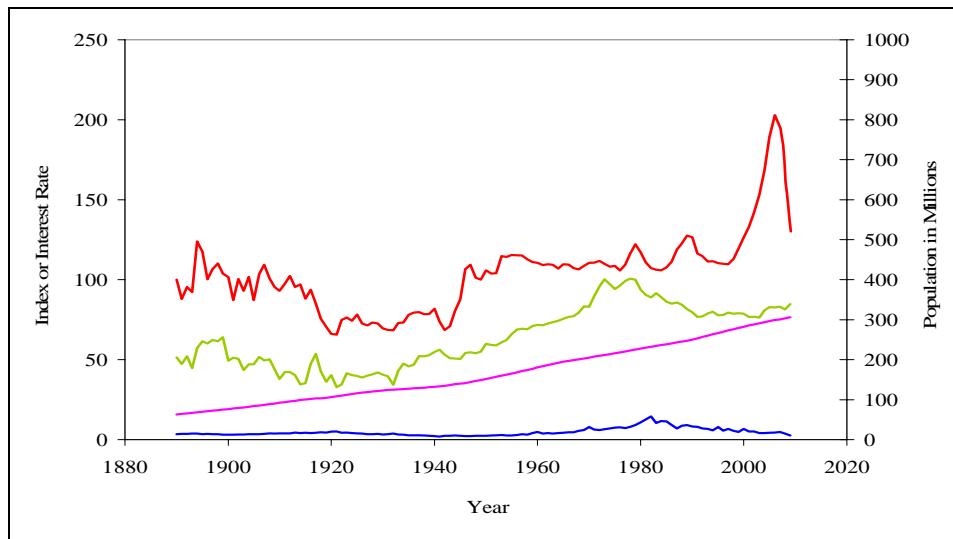
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<sup>1</sup> This is revised and extended version of the paper presented at the 67th International Atlantic Economic Conference, Rome, March 12-14, 2009. While I would like to thank Dr. Hubert Gabrisch from the Halle Institute for Economic Research for his critical and constructive comments to the earlier draft I take a sole responsibility for paper's content and quality.

The current global financial crisis was preceded and caused by an overheating of the world economy, which led, among other things, to the build up and subsequent burst of several assets bubbles (see e.g. Roach, 2009). Figures 1-3 illustrate the three most important assets bubbles which resulted from a buildup in:

1. The housing and commercial property market in the US and several European countries such as Ireland, UK, Iceland, Spain, Greece and Baltic countries
2. The stock market in the US and over the world
3. The global commodity markets starting with oil, followed by metals, agriculture commodities and food products.

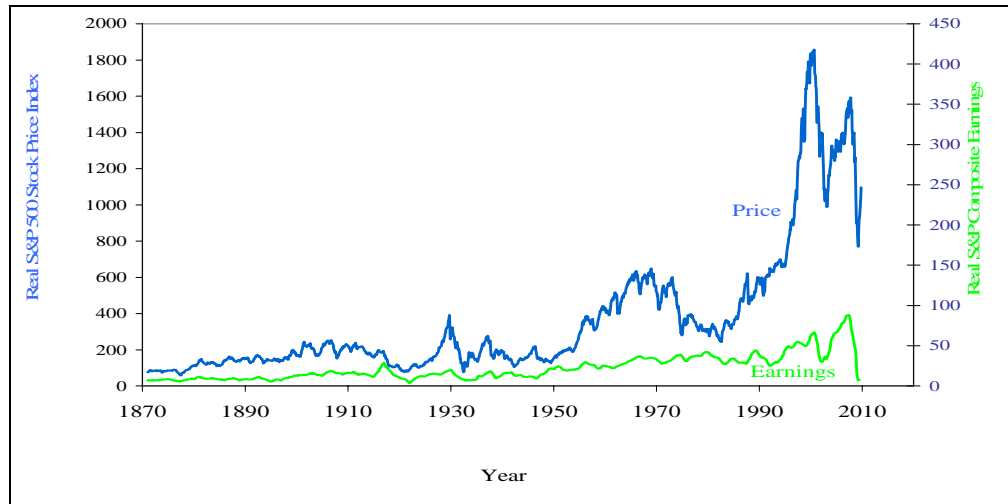
Figure 1 - Case-Schiller House Price Index in the US (in real terms)



Source: Schiller (2000) and subsequent updates<sup>2</sup>

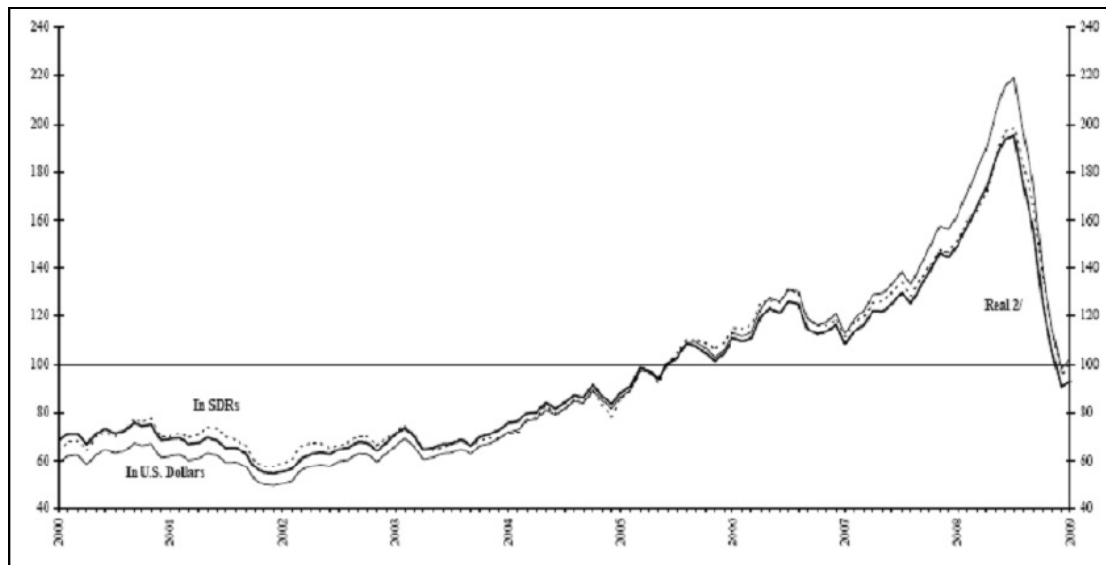
<sup>2</sup> <http://www.econ.yale.edu/~shiller/data/fig2-1.xls>

Figure 2 - Real S&amp;P Stock Price and Composite Earnings Indexes in the US



Source: Schiller (2000) and subsequent updates, [http://www.econ.yale.edu/~shiller/data/ie\\_data.xls](http://www.econ.yale.edu/~shiller/data/ie_data.xls)

Figure 3 - Primary commodity prices, including oil (deflated by US CPI), 2005=100

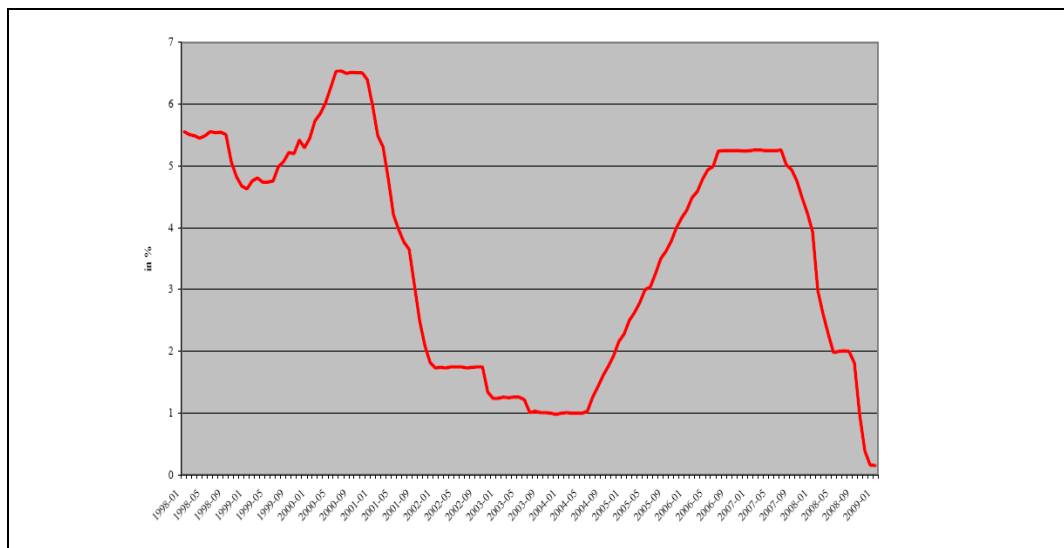


Source: IMF Primary Commodity Prices, <http://www.imf.org/external/np/res/commod/chart1.pdf>

The exact timing and dynamics of the building up and then bursting of each individual bubble were not the same. For example, when the housing and stock market bubbles had already burst in 2007, the commodity bubble continued to be built up until the summer of 2008, as it absorbed liquidity which fled from the former. This led Orlowski (2008) to suggest a phenomenon of the “wandering asset bubble”. Eventually, however, all of the bubbles burst. When one takes a step back and tries to identify the factors responsible for the global overheating in the mid-2000s (and therefore for the subsequent crisis), the highly accommodative monetary policy of the US Fed and other major central banks (especially the Bank of Japan) comes to mind as a major scapegoat. Starting in the mid 1990s, most central banks in the developed world, which were enjoying record-low inflation and low inflationary expectations, reverted to a more intensive fine-tuning in order to avoid the smallest risk of recession.

As a result, the Fed aggressively reduced its interest rate three times over the last 10 years (see Figure 4), starting with the series of crises in emerging markets (Mexico, South-East Asia, Asia, Russia, and Brazil) which caused the Long Term Capital Management troubles in the US at the end of 1998. This was followed by the 2001-2002 drastic interest rate cuts (which were lowered to 1%) which followed the bursting of the dotcom bubble and the 9/11 terrorist attacks. On both occasions, the Fed provided relief to troubled financial institutions, helping to circumvent (1998) and reduce (2001) the danger of a US recession, while at the same time, fueling global economic growth. The third intervention occurred in the wake of the current crisis (at the end of 2007 and the beginning of 2008): the federal funding rate was reduced from 5.25% to 2% within a few months span and then further reduced to a record low of 0.15% in December 2008.

Figure 4 - Fed Federal Funds Effective Rate, in %, 1998-2009



Source: <http://www.federalreserve.gov/datadownload/>

Fearing recession and deflation (in the early 2000s)<sup>2</sup>, the subsequent tightening of monetary policy always came too late. Such an excessively lax Fed attitude contributed to a systematic build up of excess liquidity in both the US and around the world. The additional contribution came from of the somewhat mercantilist policies of several emerging-market exporters, who preferred to keep their exchange rates undervalued and continued to accumulate large international reserves, finally reaching record-high levels (as in the examples of

China and India). The sources of such policies can be traced to both a tradition of export-led growth strategies conducted by the earlier generation of “Asian tigers” (from 1960s to 1980s) and lessons drawn from a series of emerging market currency crises in the 1990s. The IMF recommendations to build large precautionary foreign-exchange reserves worked in the same manner. At a later stage, the rapidly growing trade and fiscal surpluses of the oil-exporting economies such as the Gulf States or Russia added to this trend.

The growing volume of international reserves reflected a growing global liquidity<sup>3</sup>, on the one hand, and allowed for the balancing of the massive current account deficit of the US, on the other. This means that the controversy of whether the “global savings glut” (Bernanke, 2005) or “global liquidity glut” (see Gros et al., 2006) was responsible for the growing international imbalances was probably incorrectly formulated because these were, in fact, two sides of the same phenomenon<sup>3</sup>.

One of the most interesting questions is why the inflationary consequences of such super expansionary policies came so late and in such a relatively moderate scale? Several hypotheses are worth further analytical exploration.

First, the positive supply-side shocks triggered by market transformation in many developing and post-communist countries and the global trade liberalization of the 1990s (with some effects delayed to the first half of 2000s<sup>4</sup>),<sup>4</sup> placed downward price pressure on the global manufacturing market. Second, rapidly growing international trade and financial transactions meant increased demand for USD and EUR as global transaction currencies. Third, many emerging-market economies enjoyed a rapid post-inflationary re-monetization backed by increasing international reserves. Finally, the above mentioned asset bubbles absorbed part of the excess liquidity while the increase in asset prices was not usually reflected by the standard inflation indicators such as CPI or PPI. In comparison with the Fed, the monetary policy of the European Central Bank was less expansionary, which is reflected, for example, in less dramatic interest changes in times of distress (see Figure 5). At the beginning of the current financial crisis, the ECB even tried to “lean against the wind”, increasing its basic interest rate in June 2008, against the concern of growing global inflationary pressure. However, its room of maneuver was always quite limited and determined, to a large extent, by US monetary policy decisions. And only very recently was the ECB able to bring the Eurozone’s inflation below the statutory ceiling of 2%.

## 2. The European integration process and its limitations

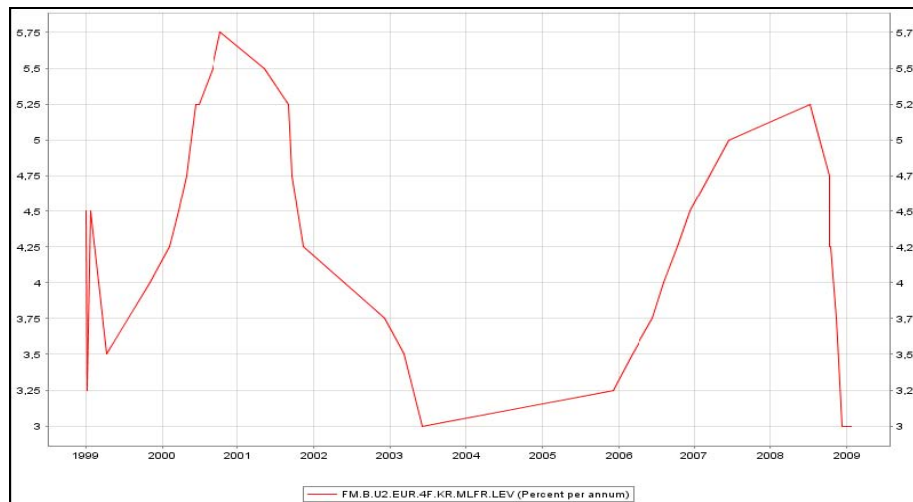
The European integration process started with the Rome Treaty in 1957, which created the European Economic Community of six Western European countries. This process does not have any historical precedents in contemporary history. Its political aim was to put a stop, once and for all, to the dramatic experience of many centuries of bloody conflicts in Europe which culminated in two world wars, and to build the economic foundations for peace and prosperity on the continent. It is based on the principle of voluntarily delegating a level of national sovereignty to the Community/Union level. This meant that each Treaty revision aiming to either delegate new prerogatives to the Community/Union level or bring new countries to the “club” required the unanimous agreement of all member states. This was often difficult to achieve. So the integration process progressed step-by-step, depending on the consensus on particular issues and available cross-country compromises. To be able to move forward and secure unanimity, each time a majority had to grant outsiders/Euro skeptics concessions, including many exemptions and opt-outs from common rules in almost

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<sup>3</sup> This is perhaps the only available measure of “global liquidity” or “global money supply”. Nevertheless, both categories require further theoretical and statistical conceptualization before they can be used for analyzing global macroeconomic and financial developments

<sup>4</sup> For example, the Agreement on Textiles and Clothing, which was an important part of the 1994 GATT/WTO global trade liberalization agreement, entered into force only on January 1, 2005.

Figure 5 - ECB marginal lending facility, in %, 1999-2009



Source: <http://sdw.ecb.europa.eu/browse>

each area of EU integration. The EMU and Schengen zone, which do not cover all EU members, are the best examples of such opt-outs. As result, the EU represents a hybrid construction with many institutional asymmetries. It does not fall under any simple definition such as a federation, confederation or international organization. Integration went relatively far in the common trade policy area, and in various areas of regulation related to the Single European Market, Schengen area, and common currency (although in all these spheres, regulatory harmonization is not yet complete). On the contrary, in the political arena, the integration process has not advanced very far. This is reflected in the reluctance of member states to transfer more financial resources to the Union level, even in case of emergency, as is being experienced under the current crisis.

Asymmetries in the integration architecture did not create serious tensions in “tranquil” times. This changed, however, when the European economy became exposed to the unprecedented series of shocks generated by the global financial crisis.

### 3. Europe’s response to the crisis and building the single European financial market

Europe’s response to the crisis came quite late and not always in a well coordinated way. In its first phase (until the late summer of 2008), the danger of systemic financial crisis was downplayed by most policymakers. The periodic liquidity squeezes on the inter-bank market were considered a temporary contagion effect imported from the US. The main policy concerns were the appreciation pressure on the Euro (generated by a depreciating US dollar), the weakening US demand for EU export, the continuing inflationary pressure and the decline of the housing market in some EU countries. The breaking point came with the Lehman Brothers bankruptcy in mid-September 2008. This dramatic event triggered a far-reaching contagion effect on world financial markets and global financial disintermediation. It also revealed the many systemic weaknesses of the European financial institutions, whose situation did not differ so much from their US partners and competitors. It became apparent that European banks and other financial institutions were also heavily exposed to various “toxic” assets, which originated both domestically and were acquired in the US, and generally overleveraged.

The policy responses were quite chaotic and mostly on the national level, in spite of their cross-border consequences. Because most of them involved either explicit or implicit fiscal consequences, they had to be taken by national authorities, due to the limited, in fact almost non-existent, fiscal capacity at the EU level. The attempt to coordinate national anti-crisis policies came late and was not always efficient or successful. The main factors which greatly complicated policy coordination were the various speeds and strengths of cross-country financial contagion, the uneven exposure of individual economies to shocks, the uneven capacity and resources to provide rescue, the sometimes hasty and nervous reactions on a national level and the temptation to free ride. These led to many beggar-thy-neighbor policy decisions and, more generally, to economic nationalism. This challenged the basic principles of the Single European Market, the core of the EU economic and institutional architecture. Examples of beggar-thy-neighbor policies, economic nationalism and free riding included, among others, cross-border competition in providing emergency deposit guarantees (initiated by Ireland), the Iceland-UK “war” on rescuing troubled Iceland banks and their international depositors (see Vives, 2009), poorly coordinated rescue packages for some transnational banks which led to their break up along national lines (the Fortis example)<sup>5</sup>, emergency aid packages to some great manufacturing companies limited to national borders (the example of French support to car producers; see EurActive, 2009, Feb. 10), measures discouraging cross-border movements of labor, various regulatory actions of financial supervision focusing on the liquidity and safety of individual national markets rather than the cross-border impact of their decisions, etc. If this trend continues, it could lead to serious disruption on the Single European Market in its many important segments. An even greater challenge is posed by the anti-crisis fiscal policies per se which are the subject of the next section.

Monetary, or more broadly, macroeconomic policy, is not the sole scapegoat when one analyzes the roots of the current crisis. Regulations and regulatory institutions that remained well behind rapid financial market developments also played a role. Two major inconsistencies are particularly apparent when looking at institutional issues:

- ◆ The global character of financial markets and the transnational character of major financial institutions as opposed to the national mandate of financial supervisions. This inconsistency can be observed at the European level as well: the Single European Market of financial services does not have any kind of financial supervision authority at the EU level (see analysis of Veron, 2007; Vives, 2009).
- ◆ The increasing role of financial conglomerates operating in various sectors of the finance industry and the innovative, cross-sectoral financial instruments versus the sectoral segmentation of financial supervision; only a few countries can allege consolidated financial supervision. The US presents additional institutional peculiarities with two levels of responsibilities (federal and state) for financial supervision.

Some blame should also be borne by the rating agencies and supervisory authorities that failed to understand the nature of the innovative financial instruments which provided excessively short-sighted risk assessment by not sufficiently taking the actual risk distribution in the long intermediation chain between the final borrower and creditor into account, thus underestimating the actual risk. The same rating agencies which gave financial institutions and individual financial instruments excessively positive grades during the boom started to hastily downgrade their ratings in times of distress, which added to market panic. Precautionary regulations, usually meant to enhance the safety and credibility of financial institutions such as capital-adequacy ratios (especially when assets are risk-weighted and liabilities mark-to market priced) or tight accounting standards related to reserve provisions against expected losses, also unveiled their perverse effect as they led to sudden credit stops and massive fire selling of assets. They proved to be strongly pro-cyclical (with Basel-2 being even more pro-cyclical than Basel-1), especially after the crisis had already erupted.

Finally, the incentive systems under which many financial institutions and their management operated led to shortening their analytical and decision-making horizons and serious distortions in adopted business strategies. Some popular topics discussed recently in the media such as the aggressive system of bonuses linked to short-term paper profits, the large redundancy packages for top management (even if they are evidently failing) or the remuneration of rating agencies by clients whom they evaluate are only the tip of the

iceberg. In the thematic context of this paper, the most important question relates to potential EU institutional and policy responses to the systemic inconsistencies mentioned above.

As previously noted, the EU does not have the fiscal capacity to conduct rescue operations for the troubled transnational financial institutions. This forces the institutions to seek support at the national level with the risk of refocusing their business back to individual national markets. This dilemma is unlikely to be resolved without far-reaching changes to the Treaty. The situation is a bit simpler with European financial market regulations and supervision, at least in terms of the Treaty. These competencies are potentially within the Single European Market mandate delegated to the level of authority of the Union and can be regulated by the Council through a qualified majority voting. However, there is a lot of resistance to pan-European supervision on a national level, especially in countries where the financial industry plays a substantial role (such as the UK). Some of the arguments sound legitimate: as long as national budgets are responsible for providing rescue operations, supervisory power cannot be delegated to a supra-national body (see Goodhart, 2009).

The recently released report of the High-Level Group on Financial Supervision appointed by the President of the European Commission (De Larosière et al., 2009) attempts to address many of the regulatory and systemic flaws in a comprehensive manner, both at the European and global levels. It offers several recommendations aimed at harmonizing and strengthening the European regulatory standards, not only in respect to “mainstream” financial institutions such as banks or insurance companies, but also to investment and hedge funds. It also calls for setting up a new body called the European Systemic Risk Council (ESRC), which “...should be composed of the members of the General Council of the ECB, the chairpersons of CEBS, CEIOPS and CESR as well as one representative of the European Commission” and chaired by the ECB President. The role of ESRC would be to pool and analyze macroeconomic information related to financial stability. When appropriate, the ESRC would issue macro-prudential risk warnings to respective decision-making and supervisory bodies.

In respect to an institutional architecture of financial supervision, the Larosière Report seems to offer a half-way solution in comparison to the earlier expert-type proposals (see e.g. Lanoo, 2008). The report suggests creating a set of coordinating bodies at the EU level while retaining most of the prerogatives of national authorities in the day-to-day operational supervision. More specifically, it recommends setting up a European System of Financial Supervisors (ESFS) involving three European supervisory bodies (in the banking sector, the insurance industry and the securities market) which would coordinate national supervisors. In addition, colleges of supervisors would be set up for all major cross-border financial institutions. It also suggests a four-year transition period to make the proposed reform operational. The Larosière Report is justly criticized for the slow proposed pace of creating the ESFS, the limited powers this body would have, keeping the three sectoral supervisions separate, separating macro (ESRC) and micro supervision (ESFS) and the lack of bail out facilities at the EU level (see Lanoo, 2009; Vives, 2009).

However, it remains to be seen whether even a modified version of the Larosière recommendations will receive sufficient support from member states in order to be translated into concrete decisions and binding regulations. The stakes are very high: if the EU member states fail to agree on building a pan-European financial supervisory authority, there will have to be greater control over transnational corporations in each host country (as predicted by Goodhart, 2009) which could translate to more beggar-thy-neighbor policies in the future.

#### **4. How regional conflicts affect the GDP and the integration process as well? (Trans Caucasian case)**

Regional conflicts play a significant role in the GDP formation process from negative point of view. It is obvious that all of these countries-Georgia, Azerbaijan, Armenia and also some European countries are suffering from undesirable influences of regional conflicts. We do not tend to discuss regional conflicts profoundly or politically, our main goal attempted to show GDP loss based on them and how it will be suitable if governments can eliminate these conflicts. These conflicts bring about some undesirable



disruptions such as strikes; security checks, blockades, shutdowns, and extortion have increased the costs of economic activity and contributed to an economic slowdown. The conflicts affect governments not only in an economic point of view, but also influence people psychologically and therefore most of people prefer to leave country during these conflicts. We are going to clarify some economic indicators in terms of regional conflicts especially, Nagorno-Karabakh and Abkhazia and South Ossetia. These conflicts have caused some of the lags of countries' GDP. For instance, according to statistics, the GDP of Nagorno-Karabakh would be approximately 148.75 million in US dollar in 2006, which consists 0.7% the GDP of Azerbaijan in the same year. Nagorno-Karabakh is a very suitable place to produce gold mining, diamond polishing, jewelry and agriculture. In the Soviet Union, Nagorno-Karabakh was the biggest per capita producer of grapes. These numbers may consist of GDP in very low percent, however if we take into account that ``these numbers`` are lost every year then it is clear that how the solution of this problem will boost the development of Azerbaijan. If Azerbaijan gets its territorial integrity back, all these sharply will evolve the country and its economy as well. The war between Georgia and Russia over South Ossetia has taken a considerable toll on the Georgian economy. According to Thea Kentchadze of the Georgian Foundation for Strategic and International Studies, the August conflict cost Georgia \$1.2 billion. Her estimate included investors' pullouts of bank deposits, as well as the environmental damage sustained through oil spills in the Black Sea and forest fires. These are catastrophic losses in an economy whose GDP totaled \$9.8 billion in 2007. Another interesting macroeconomic indicator is FDI. It also plays a crucial role in GDP formation process. Every country which has any conflicts is considered much riskier from investment viewpoint. Both Georgia and Azerbaijan seem to be unstable for large investors. Regional conflicts diminish the volume of investments dramatically. According to the Joint Needs Assessment conducted by the World Bank and the United Nations, economic growth has shrunk from 9 percent (pre-conflict) to 3.5 percent. FDI has contracted from \$2.1 billion to \$1.2 billion and investor's confidence has declined sharply. The World Bank predicted an economic downturn lasting through the first quarter of 2009, with a recovery beginning in the second quarter of that year.<sup>5</sup> All these demonstrate that conflicts decline the interaction and any negotiation among the countries and all the negative impacts of these process and distortion directly contradicted with integration process.

Armenia also was exposed to danger in terms of the regional conflicts. Plenty of the economic projects were implemented with ignoring Armenia in this region. BTC pipeline is a vivid example of these projects. Substantial transit fees accrued to Georgia and Turkey. For Georgia the transit fees are expected to produce an average of US\$62.5 million per year. Turkey is expected to receive approximately US\$200 million in transit fees per year in the initial years of operation. However, due to the regional conflicts Armenia was not able to participate in this 9 project, otherwise BTC also influenced GDP growth in Armenia as well as Georgia and Turkey, at least in terms of transit fees. Needless to say that oil and gas transportation has increased meaningfully as a result of the commissioning of the BTC oil pipeline in 2005 and the SCP gas pipeline in 2006, which runs from Baku to Erzurum. It should be noted that the railway linking Russia with Georgia does not operate today, due to the Abkhaz conflict. However, a new railway serving Georgia, Turkey and Azerbaijan will be completed by 2010.<sup>6</sup>

Eventually, if we try to compare two different scenarios such as, no-conflict and conflict, we can easily reach the conclusion that regional conflicts cause huge amount of loss in total GDP and eventually in whole economy. On the other hand, if countries can achieve a peace in the region,

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5 [www.IMF.org](http://www.IMF.org)

6 [www.statitics.ge](http://www.statitics.ge)

Figure 6 – Trends of some financial indicators for Georgia, Azerbaijan and Armenia

		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Georgia	National Currency (lari), mlns	5022,2	5668,6	6043,1	6674,0	7456,0	8564,1	9824,3	11620,9	13783,9	15493,1	15834,0
	Exchange rate (USD)	1,4	2,0	2,0	2,1	2,2	2,2	1,9	1,8	1,8	1,6	1,5
	GDP in US dollar	3613,1	2806,2	3052,1	3224,2	3404,6	3983,3	5116,8	6420,4	7743,8	9418,3	10626,8
Azerbaijan	National currency (AZN) mlns	3311,7	3775,1	4718,1	5315,6	6062,5	7146,5	8530,2	12522,5	18746,4	25228,0	38000,0
	Exchange rate (USD)	0,8	0,8	0,9	0,9	1,0	1,0	1,0	1,0	0,9	0,9	0,8
	GDP in USD	4038,6	4603,7	5301,2	5715,7	6250,0	7292,3	8704,3	13181,6	21063,4	29680,0	46341,5
Armenia	National currency (dram), mlns	733315	757514	802965	880050	996217	1136093	1255018	1430886	1621194	1837970	1981261
	Exchange rate (USD)	504,9	535,1	539,5	555,1	573,4	578,8	533,5	457,7	416,0	345,3	310,2
	GDP in USD	1452,3	1415,8	1488,3	1585,4	1737,5	1963,0	2352,6	3126,3	3896,7	5322,7	6387,9

Source: [www.cia.gov](http://www.cia.gov)

they will probably become more powerful than they actually are today. Nowadays, to ensure peace in this region means to maintain further economic progress for all of three countries. All in all we come to such conclusion the low GDP and lower GDP per capita make a ban for integration process. Therefore, in order to make integration process better and speedy, such type of conflict should be solved.

## 5. The EU role in global macroeconomic and fiscal issues

As mentioned earlier, the crisis is truly global in character, so the policy response should also be global. Even the most comprehensive and adequate decisions within the EU (which is, unfortunately, not always the case as argued in the previous sections) would remain ineffective without broader policy coordination with the other major players. Furthermore, as one of the economic superpowers, the EU bears a special responsibility for global crisis management.

In the thematic context of this paper, I will concentrate on highlighting key issues and policy dilemmas facing the EU as a global player:

1. The urgent task of overhauling financial regulations and financial supervision discussed in the previous section cannot be limited to EU jurisdiction. Many important questions such as revising the Basel prudential regulations (reducing their procyclicality) and accounting standards, imposing a regulatory corset on hedge and investment funds, correcting the role of credit rating agencies, fighting tax and regulatory havens, regulating and supervising global financial conglomerates, and monitoring macroeconomic and macro-prudential risks require close cooperation at least within the OECD “club.” Bringing key emerging market players on board would also be highly recommended. The De Larosière report highlights the importance of global coordination on these issues and actively offers several interesting ideas in respect to both the content of global financial regulations and their institutional setting.
2. The same concerns the global coordination of macroeconomic policies. While political realism prevents us from considering a global economic government, a global currency or a global central bank,<sup>13</sup> increasing dialogue, consultation and policy coordination on a global level is both possible and desirable. The EU can take the lead in pursuing such a process, drawing on its own integration experience as a reference. One can also imagine authorizing the IMF to issue additional liquidity in the form of SDR to provide emergency support to countries in distress (see Soros, 2009b). This could disentangle, to a certain extent, the management of global liquidity from the monetary policies of the largest central banks such as the Fed or the ECB. The question remains regarding what would be the market acceptance of SDR, if it were issued in large amounts.
3. In the context of the two previous paragraphs, strengthening the IMF’s role seems to be extremely important. The “gold” era of economic growth in the early and mid 2000s and the unique calm on global financial markets (which in retrospect was probably indicative of the silence before the storm) drastically decreased the demand for IMF lending and led to its institutional downsizing. This unfortunate trend must be now rapidly reversed and the IMF mandate should be amended and strengthened. Apart from country-targeted macroeconomic rescue programs and macroeconomic and financial surveillance, this institution should play a much greater role in monitoring global risks and providing a technical platform for global policy dialogue and coordination. However, this brings back the issue of the IMF’s institutional structure, and especially the redistribution of voting power between developed and developing countries (in favor of the latter) to enhance its legitimacy. The EU could play a crucial role here in many respects. First, it could give up part of its voting power in favor of developing nations and reduce its number of seats on the Executive Board. This could be done by consolidating the EU country quotas and EU countries’ representation into a single constituency, a move which was already suggested a long time ago (e.g. Fischer, 2006). Second, it could give up its informal “monopoly” on nominating the IMF Managing Director, again in favor of one of the developing nations. Third, it could actively contribute to the recapitalization of the IMF and to

increasing its lending capacity. The decisions taken by the European Council on March 19-20, 2009 seem to be moving in this direction, at least in relation to the first and third proposal (Council of the European Union, 2009, Annex 1, paragraphs (viii) and (ix), p. 15).

4. The EU could also play a leading role in bringing the stalled global trade negotiations (the so-called Doha round) to a successful outcome (as declared at the G-20 meeting in Washington DC in November 2008). This would be an important anti-protectionist message to the entire world economy and a bold policy measure which would help stop the global recession. Such a mission would probably require more flexibility on the EU side in respect to agriculture trade.
5. The EU must also continue its role as the largest provider of development assistance to lower-income countries. This is even more important now than a few years ago because the global economic downturn and the sudden stop in private capital flows have severely strained developing economies.

## **6. Challenges to the EU periphery**

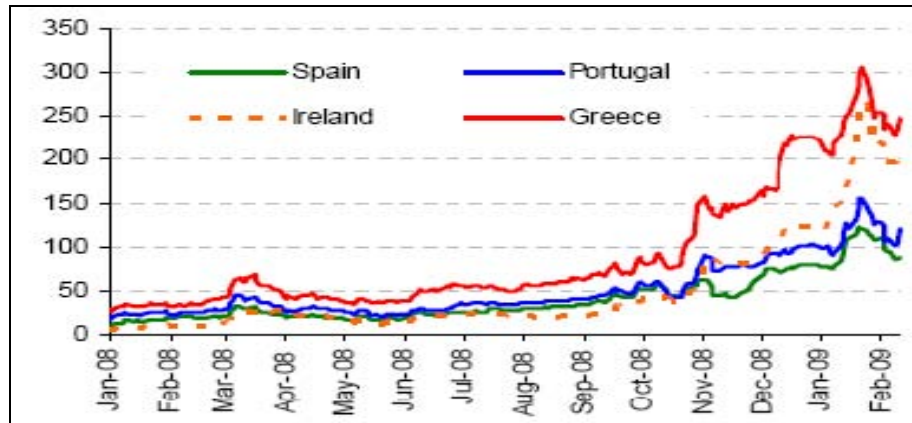
The crisis developments have made clear that financial markets are not going to continue to consider the EU as a homogenous area which is immune to adverse and country-specific macroeconomic and financial shocks. On the contrary, despite its origins in the US and the richest EU countries, the financial crisis affected the EU periphery more adversely than its core. The rapidly declining stock markets, increasing risk premia for both sovereign and private borrowing, declining currencies (especially in countries which run flexible exchange rate regimes) and sometimes also banking sector troubles (in the cases of Hungary and Latvia) are the phenomena which the governments and monetary authorities of the EU NMS, EU candidates and EU neighboring countries have been facing since the summer of 2008. To provide a correct diagnosis, a broad notion of EU “periphery” requires certain disaggregation. One could say there are three tiers of EU peripheries:

1. Certain EMU countries (especially in the Northern Mediterranean region) with weaker macroeconomic fundamentals, especially in the public finance sphere
2. Those NMS which do not belong to the EMU yet
3. EU actual and potential candidates, members of the EEA, and key EU European neighbors

The main problem of the first group is their high risk premia and, therefore, high spreads for government bonds (when compared with yields on bonds issued by Germany and other countries considered to be the EMU “core” – see Figure 6), a phenomenon which was not observed in the first ten years of the Eurozone’s existence. This signals a possibility that financial markets can further test fiscal solidarity within the EMU, i.e. the readiness of the core to provide a bailout to the troubled periphery, in order to avoid the precedent of sovereign default within the Euro zone. Looking ahead, however, higher spreads in respect to poor fiscal performers can offer an additional disciplining mechanism on top of a rather soft and partly diluted SGP (see Dabrowski, Antczak & Gorzelak, 2006).

The variety of potential risks is much broader in the second and third groups. The risks include exchange rate and other financial and macroeconomic risks related to exchange rate volatility, i.e. the risk of currency mismatches in the corporate and financial sectors and general government finances, which may result in their insolvency. With shrinking global liquidity and increasing risk aversion (especially after the Lehman Brothers’ bankruptcy), these two groups of countries have become the subject of intense market pressure (see Figures 7-8) and resulting capital outflow.

Figure 7 - Government Bond Spreads over German Bund in some EMU countries



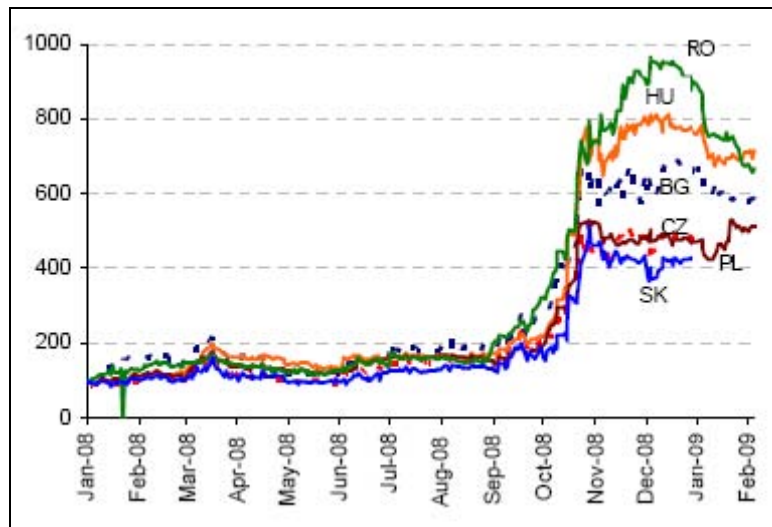
Source: EU10 (2009), p.6

Figure 8 - NMS Exchange Rates against the Euro (Jan. 2008 = 100)



Source: EU10 (2009), p. 8

Figure 9 - Euro Emerging Market Bond Index Global (EMBIG) Spreads



Source: *EU10* (2009), p. 8<sup>7</sup>

This proved to be a drastic change in comparison with the previous 7-8 years when this part of the world enjoyed the reputation of being a safe “haven”. In particular, this related to the EU NMS (the second group), where risk premium were below those of other emerging markets (Luengnaruemitchai & Schadler, 2007). However, starting in the second half of 2008, the situation changed dramatically. Three NMS (Hungary, Latvia and Romania) have already had to resort to using IMF-led international rescue packages. The remaining countries are struggling to avoid a similar scenario, which would be considered a serious blow to their reputations. It appears that financial markets have revised their previous overly optimistic assessment of this region and they are not ready to continue considering EU membership itself (without joining the EMU) as a firm insurance against a financial crisis. Also, the unilateral peg to the Euro, even in the form of long- and well-functioning currency boards as in the cases of Estonia, Bulgaria and Lithuania is not considered as a fully credible mechanism by financial markets any longer.

The analysis of macroeconomic developments in the NMS after their accession to the EU is beyond the agenda of this paper. However, one should mention the widespread “reform fatigue” experienced by these countries after a decade of intensive transition- and EU accession- related modernization efforts, their reluctance to correct deep fiscal imbalances (Hungary and Poland) and their inability to contain excessive private credit expansion (the case of the Baltic states). In a sense, the NMS became the victims of their own success and the post-Enlargement euphoria (both global and regional) of private investors, researchers and analysts, national authorities and EU governing bodies, who had greatly underestimated the magnitude of the potential risks. Part of the above story relates to the slow pace of EMU enlargement, a process which encountered several obstacles on both the incumbent and candidate sides. Politically, the incumbents are in no hurry to admit the new member states to the “inner” club, as this allows the incumbents to maintain a “carrot” which can be given or withheld from the NMS depending on their behavior. The incumbents’ economic fears were mostly related to the controversial hypothesis that the accession of rapidly-growing countries would result in an increase in inflationary pressure and interest rates in the Euro zone, which would have an

<sup>7</sup> Note: The difference between the yield on each bond and a Euro government yield of the same maturity, duration weighted.

additional contractionary impact on the slower-growing economies of some of the incumbents (see Rostowski, 2006; Zoubanov, 2006).

To address these fears, priority was given to those NMS with higher GDP per-capita levels, even if some of them (such as Cyprus and Malta) did not meet the public debt criterion. On the other hand, the two best performing and fiscally prudent economies (Estonia and Lithuania) which *de facto* already belonged to the Euro zone (by running Euro-denominated currency boards) were rejected in 2006 because they did not meet the inflation criterion (by 0.1 percentage point in case of Lithuania). The crisis management in these two countries could have been made easier, if they had been admitted to the EMU in 2006. Blocking Bulgaria's application to enter the ERM2 mechanism for the last two years is another example of the same policy, which was meant to discourage NMS from rapidly entering into the EMU. This means that the EMU enlargement policy on the incumbent side was guided by "real convergence" criteria rather than the nominal convergence criteria as defined by the Treaty. The largest NMS (the Czech Republic, Hungary, Poland and Romania) were also in no hurry for various reasons, including the lack of political determination to conduct fiscal adjustment, the euro-skeptical ideologies of major political forces and the discouraging signals from the incumbents. The post-enlargement euphoria and the low risk premia made the potential economic benefits of early Euro adoption less apparent.

As a result of this double skepticism (both on the incumbent and candidate side), most of the NMS are now experiencing financial crises, which was the worse-case scenario predicted a few years ago by those who warned against the "no rush" policy (Dabrowski, 2007). Some of the crisis victims (such as Poland and the Baltic countries) are trying to seek a way out of the current turmoil by setting a realistic EMU accession date and aiming for immediate ERM2 accession (Poland). The third ring of periphery countries (i.e. EU actual and prospective candidates, members of the European Economic Area and EU neighbors in the CIS) are also experiencing a difficult time, with some of them (Iceland, Ukraine, Belarus, Armenia, Georgia, Kyrgyzstan and Serbia) being forced to ask for IMF rescue and others continuing to struggle based on their own means (like Russia and Turkey). The potential importance of each country case depends on its economic potential and economic relations with the EU, on the one hand, and on its formal status in respect to potential EU accession, on the other. Obviously, the EU obligations and political interest to provide help and rescue to the actual and potential EU candidates are greater in comparison with other neighbors. So far, in spite of many alarming public comments (like that of the World Bank President Robert Zoellick on February 27, 2009<sup>14</sup>) there is no coherent action plan at the Union level on how to stop financial contagion from spreading across the EU periphery. Several ad hoc measures have been taken since October 2008, when the crisis started to hit emerging markets (see Darvas & Pisani-Ferry, 2008 who analyze some of these measures in respect to NMS). However, as in other policy areas, the shortage of fiscal resources at the EU level has limited the scale and effectiveness of anti-crisis measures. Formally, the EU cosponsored some country-specific rescue programs (in the cases of Hungary, Iceland and Latvia; the same will probably happen in respect to Romania) but most of resources came from either multilateral institutions such as the IMF and World Bank, or directly from the EU member states.

One of the key questions which the core Eurozone members must answer is whether offering a fast-track EMU accession opportunity to countries that remain outside the common currency area (which could help revive market confidence and incentivize them to adjust policies) is a better solution than allowing them to continue sinking into market turmoil. The same question concerns increasing the speed of the EU accession process in the Western Balkan countries and Turkey. This which could potentially help the Western Balkans and Turkey in way that is similar a clearly defined EMU accession perspective encourages the current NMS to act.<sup>8</sup>

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8 <http://www.ft.com/cms/3cf2381c-c064-11dd-9559-000077b07658.html>

### 7. How to make future crisis management more effective?

The European integration is not a completed project, both in terms of its content and geographical coverage. Actually, the EU represents a kind of institutional hybrid (subject to further evolution) based on asymmetric foundations, which cannot be easily attributed to a single institutional model such as a federation, confederation or international organization. Generally it has more prerogatives in the economic sphere than in the political one. The above mentioned asymmetry (or hybrid character) concerns even the Single European Market and Economic and Monetary Union, which constitute the main pillars of the EU economic architecture. Some prerogatives such as the external trade policy, the Common Agriculture Policy, and the competition policy are delegated to the supranational level while others (like financial supervision or fiscal policy) remain largely in the hands of national authorities.

Although the financial services represent one of the most integrated parts of the European and global markets, they are supervised by national authorities and financial regulations are not fully harmonized across the EU. While a substantial part of the EU uses the common currency, the Union budget is limited to 1% of its GDP and finances only specific policies. So there is very limited room for a joint fiscal policy at the Union level. The list of institutional inconsistencies, and sometimes even contradictions, is a long one. Such an adverse shock as the current global financial crisis will serve as an important test which will measure the consistency and sustainability of the EU institutional architecture and common policies. It may either strengthen them and trigger further integration (by eliminating asymmetries and adding the lacking integration segments) or put the entire European project in reverse, by renationalizing certain policies. Without assuming which scenario is more likely to occur, the following dangers and challenges should be pointed out at this early stage of crisis development:

1. The greatest danger is related to counter-cyclical fiscal policy conducted at the national level. This involves a great potential for protectionism or economic nationalism, which would easily destroy several segments of the Single European Market. It could also destroy the SGP and the fragile culture of budgetary constraints at the national level. Due to the crowding-out effect, it would further decrease the available financing for both private sector and sovereign borrowing at the EU periphery.
2. The same kind of danger comes from national rather than EU-wide rescue packages offered to the troubled financial institutions.
3. The entire system of financial regulation and financial supervision requires a general overhaul both at the global and EU levels. The available blueprints, including the Larosière Report, are moving in the right direction, but it remains unclear whether their recommendations will receive sufficient political support from national governments as they touch upon areas which are considered sensitive from the point of view of individual countries' sovereignty.
4. The crisis renewed the sharp divide between the "core" Western European economies and the Central, East and South European "periphery". The latter have been particularly affected by the crisis. The response to this quite unexpected challenge will verify earlier, optimistic market perceptions of the potential cross country solidarity within the EU. It could either speed up horizontal/geographical integration in Europe by bringing more countries to the EMU and EU enlargement processes, or draw new dividing lines between the "core" and the "periphery" and "multi-speed Europe".

On the other hand, a global financial meltdown will affect the livelihoods of almost everyone in an increasingly inter-connected world. In my opinion, the main anti-measures should be following:

- Establishing an early-warning system to help detect systemic risk
- Banks should have a stronger capital cushion, with graduated regulatory capital requirements (i.e., capital ratios that increase with bank size), to "discourage them from becoming too big and to offset their competitive advantage."
- Establish resolution procedures for closing troubled financial institutions in the shadow banking system, such as investment banks and hedge funds.



- Ensure any financial institution has the necessary capital to support its financial commitments. Regulate credit derivatives and ensure they are traded on well-capitalized exchanges to limit counterparty risk
- Restrict the leverage that financial institutions can assume. Require executive compensation to be more related to long-term performance.
- Break-up institutions that are "too big to fail" to limit systemic risk
- Regulate institutions that "act like banks " similarly to banks..
- Require financial institutions to maintain sufficient "contingent capital" (i.e., pay insurance premiums to the government during boom periods, in exchange for payments during a downturn.)
- To evaluate carefully the borrowers` abilities to pay back the lent amount and evaluate borrowers` properties. Then to identify and assess the risks. Only after assessment decide if it is worth to lend money or not.
- Nowadays the companies and financial organization try to increase borrowing in order to attract consumers. This issue increases leverage which is as we indicated above is the main source of the crisis. In order to eliminate such increase in borrowing it would be reasonable to increase the competition among them instead of increasing the crediting in order to attract consumers.

## **Conclusion**

One of the first lessons offered by the crisis is the necessity to increase, at least temporarily, the EU's fiscal potential, which would allow providing rescue packages to both troubled financial institutions and member states in a coordinated way. This may be done by authorizing the European Commission to borrow on behalf of member states for the above mentioned purposes and create a kind of emergency fund. In addition, the EU must work to complete the lacking elements of the Single European Market architecture such as the European System of Financial Supervision.

The recent crisis has also revealed several other institutional dilemmas, for example, whether the system of a rotating EU Presidency guarantees an effective response to unexpected shocks, taking into consideration its short-term horizon (half year), the unequal capacities of individual member states to address global and pan-European issues, and the various national interests and policies of member states. Going beyond the EU borders, both the Union itself and its member states must be ready to coordinate their policies in many important areas (financial regulation and supervision, monetary policy, fiscal policy, trade policy, etc.) with other major partners in both the developed and developing world, and transfer some of their sovereignty to the global institutions if needed.

Moreover, all the issues are contemplated in paper draw such conclusion that global financial crisis make a great ban on the integration process. Especially, South European countries and other countries which joined European Neighbourhood Policy suffer from this crisis.

As the Global Financial Crisis continues and forecasts about when the crisis will lose its pressure seem to be a little bit optimistic now , the countries should take some preventative steps in order to defend economies from global threats. We strongly believe that countries could achieve this goal by attracting experts and giving more chances to civil society for participation in decision making process. Moreover, not only governmental and global institutions but also initiatives from civil society should be considered as key instruments for fighting against crisis.

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# SIGNIFICANCE AND ROLE OF RENEWABLE ENERGY TECHNOLOGIES IN ENERGY PRODUCTION AND CONSUMPTION IN EUROPEAN UNION

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**Abstract:** *European Union definitely can be considered as global leading actor in the development of renewable energy technologies, but at the same time there are appropriate shortcomings and issues in this process.*

*This paper outlining the general situation with the progress of renewable energy technologies development in European Union will also aim to highlight those main issues and barriers that prevent renewable energy from more comprehensive application and penetration in EU.*

*In the outcome of the work, it will be argued that the main barriers preventing EU from comprehensive promotion of this type energy are generally associated rather with the lack of management, economic incentives, than any technological aspects.*

**Keywords:** Renewable technologies, research, economic barriers, EU, energy

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## Introduction

Technological dimension of the production play very important role, while identifying characteristics of economy, its competitiveness and capabilities to be innovative.

Contemporary developments in technological innovation policies, Research and Investments, R&D, patents sectors within European Union (EU) can be characterized as of high dynamics. EU implements and finances different research programs, studies and projects in order to progress further with the technological research, building therefore innovative, knowledge based economy, for example through the promotion of so called Lisbon Strategy or Lisbon Agenda, a set of goals accepted by the EU leaders at EU Summit in Portugal's capital, realization of which was planned to build the most dynamic knowledge based economy in the world by 2010<sup>1</sup>.

Implementation of Framework Programs (EU financial instruments) is also supposed to improve and support technological and research developments in Europe<sup>2</sup>.

Technologies are particularly very important in case with energy production due to decisive importance of energy in ensuring of functioning of comprehensive system and chains of the production that includes all key

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1 see for example Europe Glossary web site: [http://europa.eu/scadplus/glossary/lisbon\\_strategy\\_en.htm](http://europa.eu/scadplus/glossary/lisbon_strategy_en.htm)

2 see for example Seventh Framework Programme [http://ec.europa.eu/research/fp7/pdf/fp7-brochure\\_en.pdf](http://ec.europa.eu/research/fp7/pdf/fp7-brochure_en.pdf)

economic fields: industry, agriculture, infrastructure systems, transport, communications and many other dimensions.

This paper concentrates on the research of renewable energy technologies role in the production and consumption of energy within European Union. Besides analysis of this role, it will be also within the scope of research paper to accentuate those current issues and barriers of different character and origin that still prevent European Union and its members from more effective and comprehensive application and introduction of renewable energy into European energy market. As it will be possible to find, these issues bear a multidimensional character.

The term of renewable energy is also very important to provide and as this term is one of the key elements of the paper. The definition of the renewable energy is explained as energy “derived from resources that are naturally regenerative or are practically inexhaustible, such as biomass, heat (geothermal, solar, thermal gradient), moving water (hydro, tidal, and wave power), and wind energy<sup>3</sup>.”

The work starts with overall analysis of energy production and consumption within European Union in terms of energy production within European Union as well as estimating the degree of EU energy dependency on third countries. At the same time, taking into account the focus of given paper put on role of renewable technologies, an attempt will be undertaken to highlight and trace the share and contribution of renewable energy made to overall EU energy production.

The second chapter will concentrate on the issues of energy research in Europe in terms of highlighting disadvantages that are characteristic for the conditions of contemporary energy research developments (of which the renewable energy is an essential component and part) within European Union and its comparisons with the other global actors’ performances in the energy research.

And finally, the last chapter will be dedicated to the very analysis of the current issues and barriers of renewable energy application and its introduction EU to energy market.

For the research of this theme a range of different resources will be used to cover legal, statistical, historical and economic dimensions. Very detailed statistical data regarding technological development of European Union is provided by Eurostat in such publications as Eurostat Yearbook 2008 and 2009 editions of “Europe in Figures”. Additionally different documents prepared by European Commission, including Communications, Assessment studies and Reports were also used. Moreover, it was also very helpful to refer to the publications prepared by the Organization of Petroleum Exporting Countries (OPEC) as it was possible to trace back contemporary developments at international oil markets as well as to refer to several studies prepared by European Wind Energy Association and by some other organizations and authors.

Taking into account that at the moment, Europe faces different challenges of political character with the maintenance of the secure supplies of oil and gas, experiences the increasing prices on these types of energy resources and at the same time European countries do not possess any large reserves of natural resources (as it will be possible to see in next chapters), the issue of maintenance of some level of energy independence is of great interest and importance for EU. In this dimension, technologies represented by renewable energy sources and nuclear power industry should play decisive role in overcoming established conjuncture (see for example The Sustainable Nuclear Energy Technology Platform , A Vision Report , 2007, p.9-10 and Eurostat Yearbook 2008 “Europe In Figures”, p.442,454). Simultaneously, in order to combat climate change and decrease CO<sub>2</sub> emissions, increase of renewable and nuclear energy share in energy production can be considered as very grounded and in turn this challenge (issue) is also one of those drivers, pushing European Union to launch different programs and strategies aimed to achieve goals on decreasing of the emissions to atmosphere through the development of low carbon technological productions and innovations (that are again mostly represented by nuclear and renewable sources) (The Sustainable Nuclear Energy Technology Platform, A Vision Report , 2007, p. 10).

For this case it was necessary to evaluate overall current conditions in terms of own energy production within Europe and identify level of EU dependency on foreign supplies. Simultaneously, it was also very

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<sup>3</sup> Business Dictionary web site, <http://www.businessdictionary.com/definition/renewable-energy.html>

important to outline overall success of EU countries' performance regarding the development of new technologies in energy production sector. And on the basis of the development and contribution of technologically driven productions that are represented mostly by renewable energy technologies and nuclear energy power (that also requires the availability of high technologies) represented themselves as new and alternative type of energy generation requiring new approaches to technological capabilities of any country to produce them. Partly, some specific features of EU energy sector are covered too, concerning for example, EU dependency on oil and gas supplies, strategies being worked out to overcome this dependency and some other dimensions.

Main and key goal while estimating all these provisions was to identify whether EU production (although there were not high growth rates) of energy was ensured through the application of renewable energy technologies (comparing for this the share of contribution by this type of technology to the overall production of energy in periods) or still based on traditional means of energy production (oil, gas).

Research methods comprised content analysis of the documents, communications prepared by European Commission, comparative analysis of different figures and databases prepared by Eurostat. The given work is also based on the content analysis of different legal documents prepared by European Commission that particularly included EU Communications, reports and assessments.

## **1. The role of renewable energy technologies in EU energy production**

This chapter will provide with comprehensive insight into current conditions and role of renewable energy technologies in overall energy sector of production and operating with different tables and figures, main conclusion will be drawn that significance of renewable energy is still limited. Simultaneously, some specific conditions of political, economic and environmental character that stimulate European Union to develop intensively renewable energy technologies will be considered. It was mentioned in the introduction that EU is particularly dependent on external energy supplies, the prices for which have been very volatile.

Firstly, it is necessary to provide with some statistical date, outlining the scales of consumption, availability of own energy resources in Europe. According to the information on the most recent estimates of world proved reserves of oil and natural gas presented by different sources such as BP Statistical Review and Oil and Gas Journal, available on the site of the Energy Information Administration, the reserves of oil and gas in European region are very limited, accounting between 15 800 (2007) and 15 980 (2005) billions barrels of oil (compared to the estimate of 123 223 billions barrels of oil reserves of the countries of former USSR and 742 711 billions in the Middle East) and ranging from 234 421 (2006) to 180 301 (2007) Trillion Cubic Feet of natural gas reserves<sup>4</sup>.

The following graph (figure 1) containing some official statistics provided by the OPEC Annual Report 2007 is also quite demonstrative and interesting, while considering the ratio of the level of demand and production of oil in Europe. Generally it demonstrates that Europe lacks sufficient availability of oil resources. According to the table below, the demand for oil in the countries of Western Europe stayed at quite high and stable level, reaching its peak in the fourth quarter of 2007 (15.64 millions barrel per day). Simultaneously, it is also clear that own oil production in Western Europe does not cover the demand, averaging only 5.50 millions barrels per day. The percentage of supply by other European countries has been very insignificant and the demand strongly overpasses actual own supply. Such deficiencies make EU countries very dependent on the imports of energy resources from abroad.

Figure 2, extracted from Eurostat Yearbook 2009 "Europe in figures", shows the percentage of imports of crude oil, natural gas and hard coal to the countries of European Union in the period from 1996 to 2006. From the table, it is possible to find that there was steady, significant increase of European Union dependency on the external sources of energy supplies within the period given. In 2006 the percentage of EU dependency on

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4 Official site of Energy Information Administration, <http://www.eia.doe.gov/emeu/international/reserves.html>

natural gas was 60.8% in comparison to the year of 1996, when the figure was only 43.5%. The same tendency towards higher energy dependency was experienced in the crude oil component. In 2006, 83.6% of all oil consumed by EU amounted was of foreign origin, when in 1996 the percentage for this index was also quite high, but still in the decreased volume and averaged 75.6%. Therefore, the outcome can be drawn out that by today European Union depends in the significant way on the external energy supplies.

Figure 1 - World supply and demand balance, 2004-2007

	2004	2005	2006	1Q07	2Q07	3Q07	4Q07	2007
<b>World demand (mb/d)</b>								
OECD	49.36	49.67	49.34	49.71	48.19	48.71	49.93	49.13
North America	25.37	25.50	25.31	25.67	25.43	25.49	25.59	25.54
Western Europe	15.49	15.61	15.63	15.22	14.96	15.40	15.64	15.30
Pacific	8.50	8.57	8.40	8.83	7.80	7.81	8.71	8.29
DCs	21.76	22.52	23.28	23.81	24.06	24.19	24.48	24.14
FSU	3.82	3.86	3.89	3.87	3.71	4.00	4.32	3.97
Other Europe	0.87	0.89	0.91	1.01	0.92	0.91	0.91	0.93
China	6.53	6.71	7.16	7.48	7.77	7.72	7.38	7.59
<b>(a) Total world demand</b>	<b>82.34</b>	<b>83.65</b>	<b>84.58</b>	<b>85.87</b>	<b>84.65</b>	<b>85.53</b>	<b>87.02</b>	<b>85.77</b>
<b>Non-OPEC supply (mb/d)</b>								
OECD	21.33	20.48	20.19	20.47	20.23	19.80	20.09	20.15
North America	14.56	14.14	14.24	14.38	14.41	14.22	14.25	14.31
Western Europe	6.20	5.76	5.39	5.52	5.21	4.96	5.22	5.23
Pacific	0.57	0.58	0.56	0.57	0.61	0.63	0.63	0.61
DCs	10.52	10.83	10.94	10.99	10.91	10.90	11.03	10.96
FSU	11.14	11.55	12.02	12.51	12.44	12.50	12.59	12.51
Other Europe	0.17	0.16	0.15	0.15	0.15	0.15	0.15	0.15
China	3.50	3.64	3.69	3.78	3.82	3.73	3.75	3.77
Processing gains	1.83	1.86	1.90	1.92	1.92	1.92	1.93	1.92
<b>Total non-OPEC supply</b>	<b>48.50</b>	<b>48.51</b>	<b>48.89</b>	<b>49.82</b>	<b>49.48</b>	<b>49.00</b>	<b>49.53</b>	<b>49.46</b>
OPEC NGLs+NCF oil	4.03	4.08	4.06	4.22	4.35	4.40	4.62	4.40
<b>(b) Total non-OPEC supply and OPEC NGLs + NCF oil (mb/d)</b>	<b>52.52</b>	<b>52.60</b>	<b>52.95</b>	<b>54.03</b>	<b>53.83</b>	<b>53.40</b>	<b>54.15</b>	<b>53.85</b>
<b>OPEC crude oil production<sup>1</sup></b>	<b>30.55</b>	<b>31.64</b>	<b>31.43</b>	<b>30.48</b>	<b>30.61</b>	<b>31.04</b>	<b>31.73</b>	<b>30.97</b>
<b>Total supply (mb/d)</b>	<b>83.07</b>	<b>84.23</b>	<b>84.38</b>	<b>84.51</b>	<b>84.44</b>	<b>84.45</b>	<b>85.88</b>	<b>84.82</b>

Source: OPEC Annual Report 2007, [www.opec.org/library/Annual%20Reports/pdf/AR2007.pdf](http://www.opec.org/library/Annual%20Reports/pdf/AR2007.pdf)

All the provisions outlined caused quite many concerns regarding sustainability of EU growth that is put into the direct dependency on foreign supply of oil and gas. This in turn determines working out of new sets of goals and guidelines of EU energy policy.

Figure 2 - Energy dependency rate, EU – 27

(% of net imports in gross inland consumption and bunkers, based on tonnes of oil equivalent)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>All products</b>	44.1	45.0	46.1	45.2	46.8	47.5	47.6	48.9	50.3	52.6	53.8
Hard coal	31.8	34.8	36.3	38.4	42.7	47.2	47.3	49.0	53.8	55.8	58.5
Crude oil and petroleum	75.6	75.9	77.2	73.1	76.0	77.4	76.1	78.4	79.9	82.4	83.6
Natural gas	43.5	45.2	45.7	47.9	48.9	47.3	51.2	52.5	54.0	57.7	60.8

Source: Eurostat 2009

In terms of highlighting the issues associated with EU energy dependency and finding adequate responses and strategies, EU Commission prepared different Communications, Green Papers, of which two EU Commission's Communications dated January 10, 2007 titled "An Energy Policy for Europe" COM (2007)1 and "Limiting global climate change to 2 degrees Celsius" COM (2007) 2 need to be specially mentioned.

The main points outlined in the Communication “An Energy Policy for Europe” concentrated around the issue of EU dependency on outer energy sources and special attention was put on using of renewable energy as alternative way to penetrate the dependency and reduce CO<sub>2</sub> emissions in Europe that also will contribute to innovations and intensified promotion of knowledge based EU economy. Having recognized that European Union is becoming more dependent on imported hydrocarbons and import dependency is expected to rise to 65 % of EU energy consumption by 2030, EU Commission concluded that the current situation was not acceptable in terms that it was making EU very exposed to the volatility of prices on international energy markets and forecasted possible outcomes and impacts of price increases as leading to the higher EU import bill and additional financial burden on EU budget and citizens (“An Energy Policy for Europe” EU Communication , 2007,p.4). The EU Communication had a very strong environmental dimension too and one of its main goals was to reduce EU greenhouse emission by 20% by 2020 (Ibid: p.5).

An important role in the achieving of these two main goals (reduction of gas emissions and dependency on foreign energy supplies) should play high and alternative technologically driven sources of energy represented by the renewable energy. As following graphs and tables were provided by Eurostat and contain the term of primary energy, this definition means “any kind of extraction of energy products from natural sources to a usable form is called *primary production*. Primary production takes place when the natural sources are exploited, for example, in coal mines, crude oil fields, hydro power plants or fabrication of biofuels. It is the sum of energy extraction, heat produced in reactors as a result of nuclear fission, and the use of renewable energy sources” (see Europe in Figures, Eurostat Yearbook 2009, p. 450).

Before considering specific features of renewable energy, it is to define what the dynamics in overall energy production in EU countries and how significant contribution of this type of energy was.

According to Eurostat, it was a visible tendency for the renewable and nuclear energy production to grow up and acquire higher significance, reaching almost 150 millions of tonnes of oil equivalent in 2005. Eurostat noted too that source for around 80 mln. of toe was biomass and waste when hydropower energy production amounted 26 mln. of toe and wind energy 6 mln. of toe accordingly (Eurostat Yearbook: 2008, p.436). Despite quite intensive growth of renewable energy production last years, nevertheless traditional sources of energy (oil, gas and coal) still dominated in the production of primary energy within EU. As it is possible to see from the graph below, renewable energy sources amounted only 13.5 % of the overall production and around 65-70% of produced renewable energy comprised the production of biomass and waste. Simultaneously, natural gas (21.2%) and oil (14.4%) and solid fuels (22 %) still are in quite significant proportion (Figure 3). Nuclear power ensures the highest share of energy production in EU (29.0%). Thus, there is no evidence that the renewable energy replaces at high rate traditional sources of energy and as the result it would be relevant to mention that high technologies associated with the production of renewable energy are not the drivers of growth in energy sector at the moment yet as the biggest share or part of production (as well as increasing energy imports) is still dominated by the production based on oil, natural gas processing.

In comparison to the year 2005, situation in 2006 did bring some changes, but in general not significant ones. Renewable energy sector demonstrated some tendency to growth, increasing from 13.5 % of share to 14.7% in European production of primary energy.

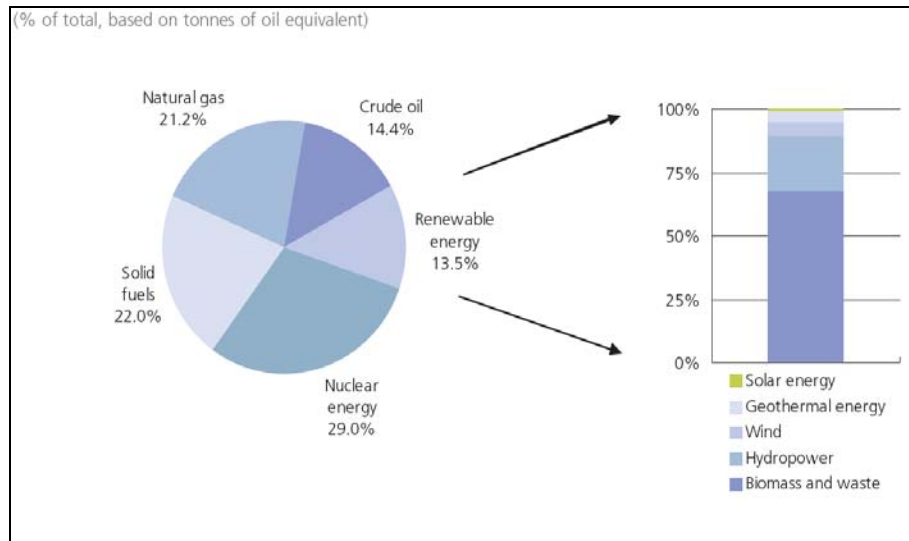
Figure 4, indicating the final energy consumption within European Union from 1995 to 2005 does also outline the current trends and components of key energy sources in consumption. Particularly, the oil and gas represent to be the key component in the overall energy consumption in Europe, when the share of renewable energy is still quite limited and though did not demonstrate quick growth. On the contrary, the consumption of oil and gas has had the tendency towards the growth, especially in case with oil for the year of 2005 (about 500 mln. of toe).

After the submission of EU Communication “An Energy Policy for Europe” COM (2007)1, it was agreed by the European Union Council in March 2007 and EU Commission was charged to undertake special assessment study to identify those steps and measures to be taken in order to attain the goals mentioned in EU Communication (see for example, A European Strategic Energy Technology Plan (SET-Plan) Full Impact



Assessment, 2007, p.3-4). A European Strategic Energy Technology Plan (SET-Plan) Full Impact Assessment was prepared by the EU Commission as accompanying document to the EU Communication dated November 11, 2007 and titled A European Strategic Energy Technology Plan “Towards a low carbon future”.

Figure 3 - Production of primary energy, EU- 27, 2005



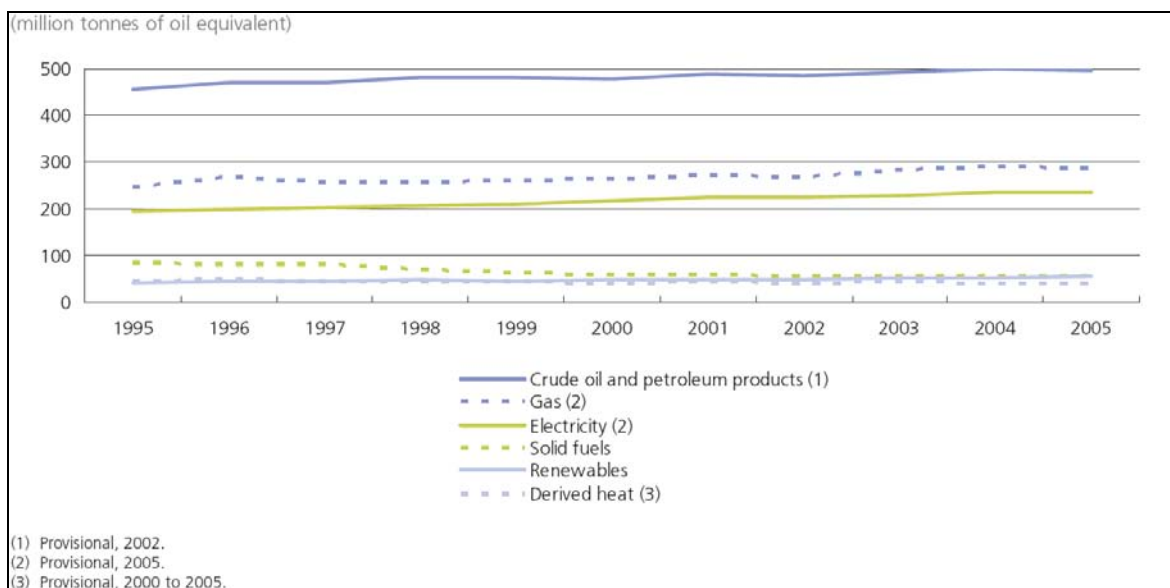
Source: Eurostat 2008

Throughout Full Impact Assessment, authors argued that current situation in EU energy field was not sustainable and referring to the goals set by EU Council in March 2007 on the basis of the EU Commission Communications “An Energy Policy for Europe” COM (2007)1 and “Limiting global climate change to 2 degrees Celsius” COM (2007) 2 (they include a number of strategic energy policy objectives for 2020: (i) reduction in greenhouse gas emissions by 20% compared to 1990 levels (30% if in the context of a global agreement); (ii) reducing primary energy use by 20% (through energy efficiency); (iii) increasing the level of renewable energy in the EU’s overall mix to 20%; (iv) minimum target for biofuels of 10% of vehicle fuel), noted that the achievement of these goals is to be undertaken only through highly efficient and low carbon economy, emphasized the necessity to develop and advance a clean, efficient and low emission energy and the role of Research and Development R&D as a key driving force to create environmentally friendly economy (Ibid :p. 3).

The very strategy 20/20/20 is ambitious in its goals put. While emphasizing the high importance of the development of renewable energy technologies, EU Communication “20 20 by 2020. Europe’s climate change opportunity” specifies and at the same time highlights definite issues being experienced in regard to further promotion of the renewable energy. Namely, it stated that the options between the Member states regarding the choice of which type of the renewable energy it is to develop were strongly ranging because some countries have different potential in different types of renewable energy extraction (EU Commission Communication, “20 20 by 2020 Europe’s climate change opportunity”, p. 7). What the Commission accentuated was that the countries should decide and have clear vision regarding the clear concentration in which field they intended to act (Ibid). EU Commission did also come up with some other interesting proposals. It stated particularly that one Member state could help the other one in the development of renewable energy and through this to reduce its own compliance costs (Ibid; p. 8).

It is especially necessary to emphasize that the development of clean renewable energy technologies, their intensive introduction and application in energy production and in general transformation of EU into low carbon economy are considered as very important and decisive steps to combat and mitigate global climate change and its challenges (see for example, EU Commission Communication COM 723, 2007). Renewable energy based on the wind power, water, solar power and other applications is considered as clean alternative to carbon based energy productions, although is recognized sometimes as more expensive.

Figure 4 - Final energy consumption, EU – 27



Source: Eurostat 2008

To sum up, the renewable energy development has very interrelated and interdependent character and dimension, when its promotion can serve as appropriate and relevant response to many global challenges that Europe faces today: dependency on external energy supplies, climate change challenges, high requirements to innovation in global economic competition process.

## 2. Issues of energy research in European Union

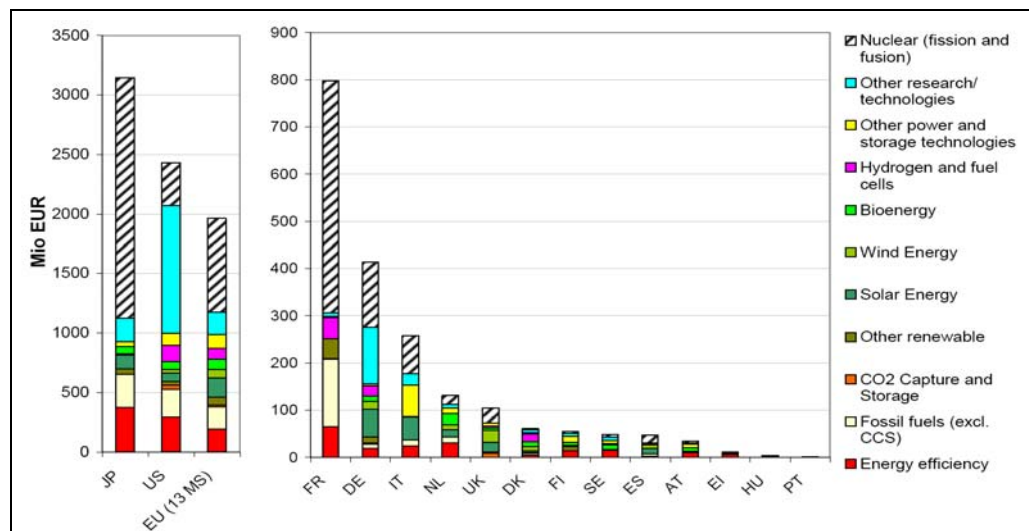
Full Impact Assessment recognized and identified several types of problems experienced by EU in the process of transition and more extensive using of low carbon (renewable) energy technologies, while pursuing the goals to reduce the greenhouse emissions and one of the main arguments explaining quite slow development and application of renewable technologies is referring to the gaps in the financing between the main technologically developed powers, where at the moment two other powers, namely US and Japan overpass EU countries in the overall expenditures on public energy R&D (Figure 5). One of the most important definitions to be given here is the definition of *Research and Development*, R&D and the web site Business Dictionary proposes the following definition for this term: “Research and Development, R&D is systematic activity combining both basic and applied research, and aimed at discovering solutions to problems or creating new goods and knowledge. R&D may result in ownership of intellectual property such as

patents. In accounting for R&D costs, the development costs may be carried forward but the basic and applied research costs are often written off as incurred<sup>5</sup>.

Japan holds the leadership in the overall investments into the public Research and Development expenditures in the overall energy field (more than 3 billions EUR) compared to EU (13 countries) (almost 2 billions EUR).

Although, EU is more advanced in terms of expenditures to the renewable energy technologies than Japan or United States, but in terms of the financial means channeled and invested for the R&D, EU is visibly worse off than its counterparts. Moreover, quite large proportion of funds is being invested to the nuclear power. And at the same time, it is also clear how strongly differ and range the volumes of investments into energy between the EU member countries themselves, when for example, France has been the leader in nuclear power research,

Figure 5 - Public energy R&D expenditure in selected EU Member States, Japan and USA by thematic area in 2005



Source: IEA

Germany was more dedicated to financing of solar energy research. In general, the R&D investments are very different in their scopes and volumes of investments. Some countries are better off than the others. Some invest into the research of renewable energy more than the others. Therefore, there is no single, common European approach to the financing of energy R&D as the countries are mostly themselves in the position to decide on which type of energy to concentrate and finance in the priority.

It would be also in some degree relevant to mention, basing on the outcomes made by the Full Impact Assessment that Europe, enjoying for quite long time period in the past lower prices for the traditional energy supplies did not concentrate on the innovation and investments into the new technology that made EU strongly dependent on the external energy supplies (Ibid; p.6). It is expected that the dependence degree on the external oil supplies can increase from 82% to 93% and for gas from 57% to 84 by 2030 (Ibid; p.7). In general, energy innovation is weak, concludes the EU Communication (Ibid). The term of *innovation* is understood as the process of developing, industrialising and profitably selling those products or services,

<sup>5</sup> Business Dictionary web site, <http://www.businessdictionary.com/definition/research-and-development-R-D.html>

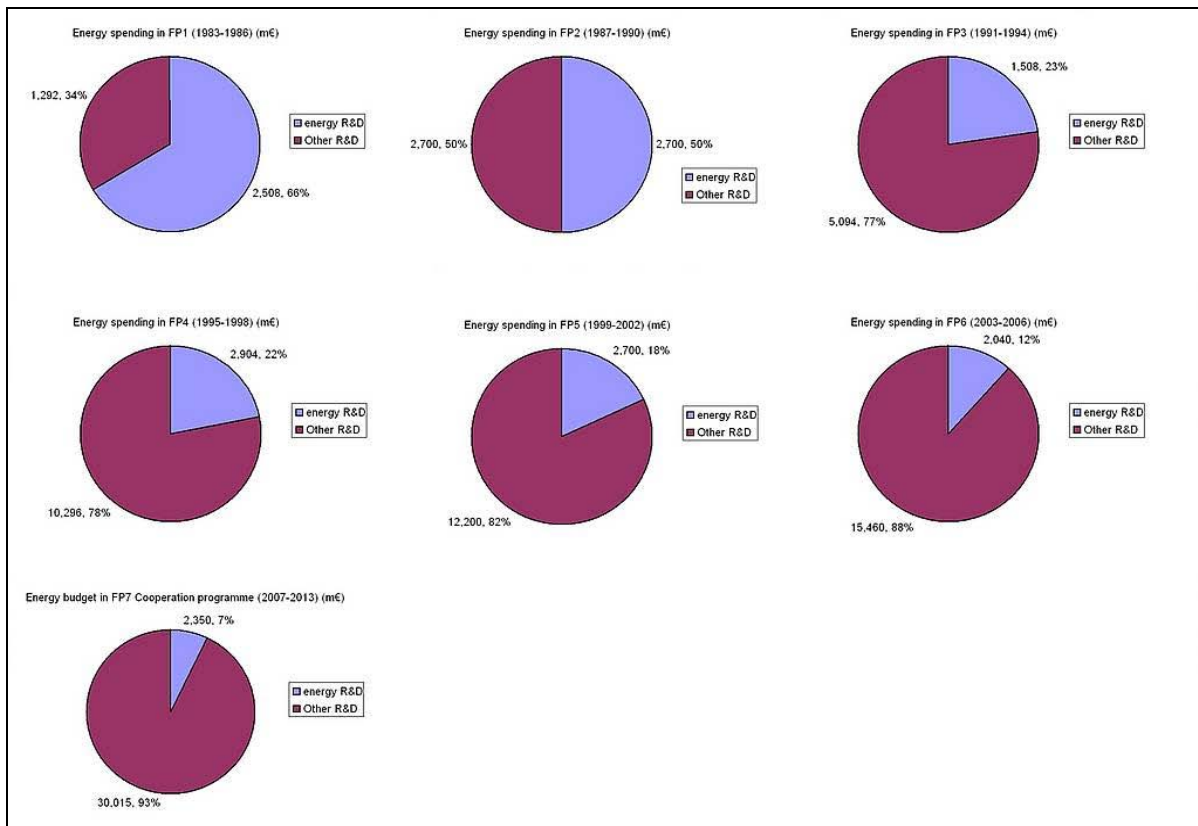
which may have benefited from scientific and technology research. Generally, knowledge (or technology) transfer processes are embedded in innovation processes (EU Commission; “Innovation and Transfer of Results of Energy RTD in National and European Community Programmes, 2008, p.6).

Many aspects do in fact show that some further research regarding the advantages and disadvantages of using the biofuels and other types of the renewable energy is required, but as EWEA correctly mentions overall investments rate for the R&D had the tendency towards decline that perhaps does not effect the perspectives of renewable energy in EU in the positive way. From figure 6 the decrease of the spending for the energy research in EU is accentuated. There was decline in energy spending within EU Framework Programmes (FP) 1 to the 7 FP, key financial EU instrument for promotion of innovation and research in Europe. Only 7 % of the total R&D investments were dedicated for energy research within 7th Framework Programme, when in comparison to the first one, the figure was much higher.

Moreover, the Full Impact Assessment also noted that there was steady decline in the rate of financing in terms of public expenditures for the R&D (mainly it was due to acceptable prices for oil before the 70s years) (EU Commission Communication, Full Impact Assessment; 2007, p.9). In terms of business expenditures for R&D in Europe, it is mentioned that it concentrates mostly in the few developed European countries, where France, Germany, Sweden and Italy account for three quarters of the EU total (Ibid). EU Communication also refers to the fact that the investments into the energy research budgets did fall significantly since the 1980s and this in turn led to the situation when the underinvestment was strongly felt in energy research infrastructure (Ibid. p.7). The rate of the technological innovation of the nuclear reactors in Europe is also characterized by definite issues of their renovation and development.

One of the main technological issues regarding the nuclear reactors in Europe is concentrated around their time of exploitation and ageing of the nuclear power plants. Most of the 152 nuclear reactors operating at the moment in Europe are pressurized and boiling water reactors (the second generation reactors) and they were in the operation already for 20 years in the average (The Sustainable Nuclear Energy Technology Platform, A Vision Report, 2007, p.20). Simultaneously, the next evolutionary level of the third generation of nuclear reactors is represented by the light water reactors that are devised to balance the safety of their operation and economic performance and at the moment only France and Finland are in the process of the preparation of the deployment of the third generation nuclear reactors by 2010-2012 (The Sustainable Nuclear Energy Technology Platform, A Vision Report, 2007, p.20). The most other EU members are planning only to limit with the modernizing on case by case basis of the second generation reactors to extend their functionality beyond 40 or even 50 years (Ibid).EU Commission in its Communication did outline as well the barriers and issues that are faced while trying to introduce the new types of the energy because it had to do with the higher costs, market imperfections such as monopolies, inertia character of the existing energy systems and particularly in regard to the low carbon energy technologies (that could be associated with the renewable energy technologies) there is no “market appetite” for this type of energy (EU Communication, “A European Strategic Energy Technology Plan (SET-Plan)” Full Impact Assessment”, 2007,pp. 7, 9). The other profound problem identified is the problem of synergy, cooperation and coordination between EU member states as they differ very strongly in their energy R&D programs priorities and capabilities, specific technical standards, national regulations resulting as the outcome in the fragmentation, overlapping, lack of coordination and coherence while setting the targets for energy R&D (Ibid; p. 10, 11). Considering the issue of the coordination, it is noted that it was particularly lacking, while ensuring the cooperation of the technological research efforts between National and EU programmes that are implemented in the isolation despite the existence of the common aims put and challenges faced (Ibid; p. 12). All these problems in fact do linger the movement and progress towards the low carbon economy transition to which can take decades, says the communication (Ibid; p.13). Thus, the transition to and intensive technological development of low carbon energy technologies are strongly emphasized as the way to penetrate the energy dependency and to be able to compete with the other technologically advanced powers.

Figure 6 - Energy spending in EU



Source: EWEA <http://www.ewea.org/index.php?id=198>

### 3. Problems and barriers of effective and more comprehensive renewable energy technologies application in European Union

Basing on the assumption and outcome drawn in the previous chapters, the third chapter will be an introduction to the issues being experienced in and by EU member states (or at the supranational level as well) while adapting energy policies based on the application of renewable energy technologies. What to be represented as the most important task in this chapter is to try to analyze these issues (that prevent renewable energy from more comprehensive application) in the different dimensions that could include both technical, natural barriers as well as the issues of effective governance, lack of coordination of the research activities and exchange of information between EU countries as well as economic benefits of such applications.

The very specifics of renewable energy extraction depends on different natural conditions, rate and direction of technological path, market conditions influencing penetration of the market energy and some other parameters. Reiche and Bechberger did refer to that higher efficiency of the renewable energy technologies application depends strongly upon natural conditions and the availability of fossil fuels is also an important factor, influencing the rate of renewable energy penetration. For example, in the countries with the good rainfall distribution, hydropower energy is very well developed (Reiche, Bechberger; 2003, p. 844).

These include Austria, France, Sweden, Finland, Portugal, Spain, Italy (Ibid). Such countries as UK and the Netherlands have an access to the fossil fuels and this provision prevents them in some degree from stronger concentration on renewable energy (Ibid). Solar energy as renewable energy source is in the most effective way extracted in the southern countries that enjoy more sunny days (Ibid).

Some technical issues are also significant, while promoting green energy. For example, in France the grids were developed to take and distribute only centrally produced energy and in such countries as Sweden, Spain, Portugal, Greece and UK the grids have to be reinforced in order to deploy higher level of wind power electricity (Ibid; p. 846).

At the same time there are following fundamental barriers of economic character preventing renewable sources from more comprehensive application. Reiche and Bechberger note that there are several instruments for promotion of renewable energy. Among them they differentiate between feed – in tariffs, quota obligations, tenders and (energy) tax exemptions (Ibid).

The following definition to the term of feed in tariff is given: “The price per unit of electricity that a utility or supplier has to pay for renewable electricity from private generators. The government regulates the tariff rate”<sup>6</sup>.

In some EU countries political promoting systems are very complex (ibid). For example, it is to specify that only in Austria, in nine different provinces (Länder) of one country, there are nine different decrees, regulating and establishing different payments for renewable energy applications (Ibid). This lack of clear standardization significantly reduces possibilities of more successful promotion of renewable energy.

Thus, one can expect that the standardization and clear regulation of the economic aspects of renewable technologies would be significant advantage towards its and more intensive, effective penetration to the energy market. On the contrary, as it is possible to find, regulatory conditions, even within the territory of one state (as in the example of Austria is taken) are ranging that in turn impacts the perspectives of renewable energy. The claims regarding more effective and standardized system of regulation have been raised by several pressure groups representing particularly the wind energy associations (Ibid; p. 847).

On the other hand, there are good and positive examples, demonstrating how some countries could create preferable conditions for the operators and suppliers of the renewable energy. First of all, Germany, the country, (experiencing increase of the production of energy delivered by wind power and photovoltaics) that created successful system of feed in tariffs based on the following provisions: German feed in law offers the suppliers of renewable energy security based on the long term (for years) guaranteed and fixed tariffs on the quite high price level (Ibid). Another reason behind successful promotion of renewable energy in Germany has been that strong financial subsidies exist there, for example, Roofs Photovoltaic Programme that is considered as the world’s biggest support programme in this particular field (Ibid).

Reiche and Bechberger do also particular refer to the regulatory practices existing in Spain, although recognizing that the Spanish model offers investors less security in terms that the remuneration is guaranteed only for five years (Ibid). At the same time, Spanish promotion system is characterized by the enactment of two types of tariffs that are adjusted by the government (Ibid). In fact, there are sometimes very strongly differing systems of renewable energy promotion, not only between the two countries specified, but throughout European Union. In Greece, for instance, the law offers even longer security benefits to the suppliers than in Spain, but the promotion suffers administrative barriers, in Netherlands, the tariffs have been changing from year to year (Ibid; . 847-848). To conclude, it is possible to identify numerous aspects and details of different issues starting from the specifics of natural conditions, such as the continuity of the sunny days per year or the availability of the water resources (such as rivers) and ending with the specifics of political and economic situation in any country given. All they have cumulative impacts on the rate and overall success of the renewable energy promotion within EU.

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<sup>6</sup> [http://glossary.eea.europa.eu/EEAGlossary/F/feed-in\\_tariff](http://glossary.eea.europa.eu/EEAGlossary/F/feed-in_tariff)

### 3.1. Some other barriers of economic origin

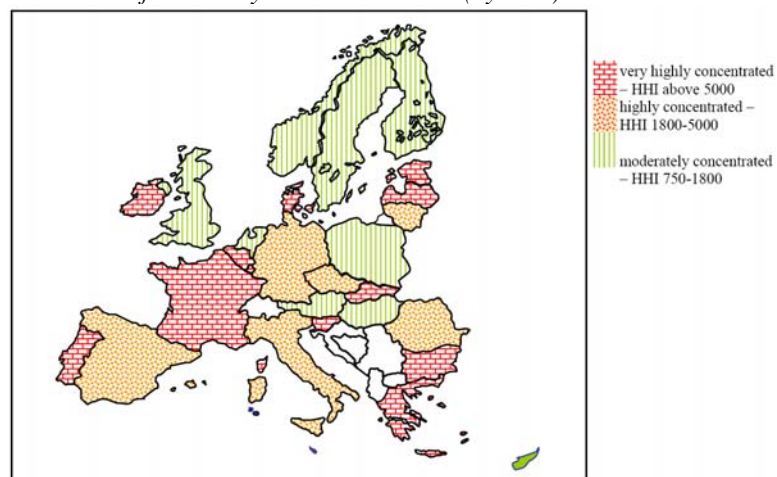
In the last annual benchmarking report that European Commission is publishing in order to estimate the development of opening (liberalization) of electricity and gas markets as well as monitoring the implementation of appropriate EU legislation in this field, EU Commission found that in spite of significant improvements that took place in EU electricity and gas market, still the electricity and gas markets were characterized by some profound and strong drawbacks and shortcomings (EU Commission; Report on progress in creating the internal gas and electricity market, SEC(2009) 287). Particularly, it was stated that the “full potential of liberalization has not yet been realized” and there were some areas in which existing EU legislation was not implemented in a number of Member countries (Ibid; p. 2). Key prerequisite while integrating European electricity and gas markets, according to the report, is that it is necessary to ensure adequate connection of these markets and increase the cross border trade (Ibid; p.3).

The main findings of the report are that there were three big generators (on the basis of 2008 indices), controlling 70% of generation capacity of the electricity market in 15 EU Member states and three largest actors in gas market, possessing 90 % of the market share in 12 Member states (Ibid; p. 5, 6).

The figure 7 below provided by the EU Commission report outlines that in fact only seven countries of European Union are characterized as having moderately concentrated electricity market. At the same time the proportion of very highly concentrated and highly concentrated markets dominated by the limited number of players in the electricity provision field is in general very significant, for example, in such countries as France, Netherlands, Germany, Portugal.

European Wind Energy Association (EWEA) prepared very profound research on the issues of the introduction of the wind energy into EU energy system and identifies the market concentration as one of the most serious barriers, lingering the effective competition in energy market, where renewable energy and wind energy particularly could be an option (EWEA; 2005, p.143). The main aspect to be emphasized in EWEA research is that the institutional, legal and market imperfections that still existing in the energy systems of EU member states constitute the main barrier for wind energy and renewable energy in general.

Figure 7 - Market concentration of electricity wholesale market (by HHI)



Source: EU Commission 2009

European grid infrastructures can be still characterized as being dominated in high degree by vertically integrated companies (utilities), controlling operation and access to grid systems and making it very difficult

for new energy suppliers represented by renewable energy technologies (incl. wind power technologies) to penetrate the market (that is imperfect in its essence) as well as to receive an access to European grids (Ibid).

Therefore, established situation has clearly defined issue. Simultaneously, it is also to mention that in spite of the decreased rate of international mergers and acquisitions in European electricity markets, activities characterized by the movement towards stronger concentration are persistent in the process with the build up of new mergers between large private and state power companies and utilities (Ibid; p.144). For example, between 2000 and 2003 Electricite de France ,EON, RWE, Vattenfall and some other companies spend about 80 billions Euro on the acquisitions and mergers within EU energy market (2002, Results of the Electricité de France Group, March 2003).

Different forms of oligopolies, monopolies and preferences to keep further vertically integrated large pan European power companies are also practiced by the governments of EU member states that support their national producers and are interested in having their “national champions” (EWEA; 2005, p. 144). In this dimension EWEA refers to the Austrian Verbund company, controlling half of the generation capacity of Austria that is protected by the Constitutional Act of 1947 (Ibid). The other large merger of two companies Eon and Ruhrgas based on the aim of building such “national champion” was undertaken in Germany in 2002 approved by German Government (Ibid).

Therefore, concludes the study, “the third party access to the grid is the precondition for creating a level playing field and real competition in the power markets”, admitting at the same time that the renewable energy (and as the outcome the suppliers of this type of energy) should compete with the traditional types of energy supply (Ibid; p. 145). But, still as it was possible to find, current situation in the energy market is defined and in many cases controlled by large vertically integrated companies that rely in their activities on traditional ways of energy production based on coal, gas and nuclear power.

### *3.2. Biofuels*

Considering the specifics of research paper’s theme, it is also quite relevant to consider the situation with the promotion of biofuels within EU, taking into account their quite high share in renewable energy production.

It is to specify also that within this subchapter the analysis will be placed on the evaluation of EU performance in the field of introduction of biofuels, how successful European Union is in the adaptation and application of this type of renewable energy.

To start, Janssen and Rutz refer to biomass resources that comprise “those which are received from agriculture and forestry as well as from agro and wood industry” (Janssen and Rutz; 2007, p. 12). There is following discussion regarding the perspectives of biofuels in EU. The situation with the biofuels is quite twofold as its development depends strongly on some other parameters of economic and environmental character.

On the basis of different papers and documents, EU embarked on very ambitious goals regarding biofuels application. For example, the recent goal was put to achieve 5.75% of biofuels’ share in the market by 2010 and ensure that 12% of whole gross inland energy consumption will be supplied by renewable energy sources (Janssen and Rutz; 2007, p. 17). But the assessment shows that this goal is unlikely to attain (Ibid). It is generally estimated that the use of biomass in European Union in the forthcoming years will increase without putting under the pressure biodiversity, water resources or soil (EEA, see in Janssen and Rutz; 2007, p. 12). Outlining several important aspects of issues regarding biofuels, Janssen and Rutz mention that the production of biofuels competes with other activities connected to using of lands and other resources: for example, chemical industries and regenerative raw materials (Ibid). EU Commission did identify in particular three main challenges regarding the issue of increase of biomass resources supply: 1) it is necessary to ensure supply with the secure raw materials (biomass) that can be solved by more efficient land use through whole crop solutions and undertaking studies to discover fertile and marginal lands ; 2) the issue of acceptability of

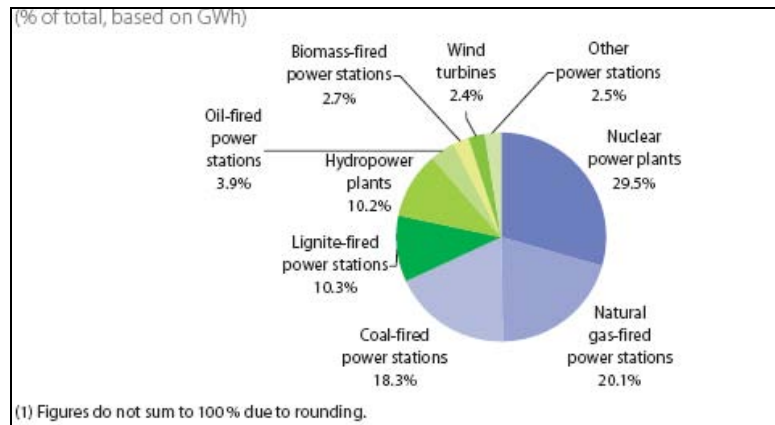


biofuels is on the agenda and to achieve this, better communication between different stakeholders is expected; 3) balance domestic biomass production (EC 2006, p.16).

Although accepting that the production of biofuels will be increasing within new decades, Janssen and Rutz still believe that extended biomass creation can lead to environmental pressures on biodiversity, soil and water (Janssen and Rutz; 2007, p. 13). In order to avoid this, it is necessary to ensure sustainable production of biomass so that it would not impact negatively environment. Therefore, some further research, development and search of sustainable and appropriate technical solutions such as new agricultural methods to increase agricultural productivity (mixed crop cultivations or double crops and the development of new energy crops) are necessary (ibid; p. 13).

It was mentioned that the production of biomass and waste takes the biggest part in the overall renewable energy production in Europe in its proportion to the other sources of renewable energy being produced in Europe. One of the most visible tendencies, but at the same time issue of biofuels application is that this application is very uneven in EU. It is possible to differentiate between countries- leaders' group in which energy applications extracted from biofuels are quite developed and those, where they can be completely absent.

Figure 8 - *Electricity generation by fuel used in power stations, EU – 27, 2006*



Source : Eurostat 2009

In the leaders' group there is first of all Germany, where the share of this type of fuel amounts more than 3 % of total consumption by transport, then follows Sweden, (2.5%), France and Spain with the third and fourth largest consumption rates of biofuels (Eurostat Yearbook: 2008, p.450). From the other side more than half of EU countries do not use at all or using in very limited quantities biofuels in their consumption by transport (Ibid).

In some other fields the situation is also quite relevant to trace. For example, production of electricity in which the share of biofuels is also very limited.

From the graph above outlining different types of energy used for electricity generation (Eurostat Yearbook 2009) one can definitely note that in current situation (year 2006), power stations based on the coal and gas as well as nuclear energy provided with the largest volumes of the electricity production. Biomass based, wind power stations that can be considered in principle as new innovative and alternative types of energy, renewable energy (for the development of which EU in many documents pledged its strong support) still remain very limited in their application, as only 2.4% and 2.7% are accounted to be contributed by wind power and biomass respectively.

After main statistical data was provided and it can be concluded that at the moment the share of the energy being supplied by biofuels is quite limited, to question why there is low level of its application and in general what main obstacles or barriers prevent it from more comprehensive success and advanced penetration into the energy market.

EU Commission in its Full Impact Assessment Communication reported about some structural problems that significantly linger innovation rate of developing technologies in the energy sector and identified several weak sides in the innovation policies and administration of appropriate projects. Firstly, it is affirmed that the energy innovation process can be characterized as a very long research, technical process that takes much time, before being introduced to the market practice (Ibid). And secondly, the renewable energy technologies are much more expensive than the technologies they replace and the public or state support in the paving way for the renewable energy technologies in this case remains crucial (Ibid : p.9-10). This affirmation would be also appropriate in case with the production of biofuels. It is mentioned in the Biofuel Technology Handbook that for example the production of lipid biofuels remains quite expensive and there are high production costs that makes it difficult to realize for commercial development and application (Biofuel Technology Handbook, 2007, p.102). According to estimate of Full Impact Assessment, at the moment, “the European Union is not

Figure 9 - SWOT analysis for Europe

	Strengths	Weaknesses
S&T	<ul style="list-style-type: none"> <li>• Strong scientific and technological capabilities</li> <li>• Excellent basic and applied research facilities</li> <li>• Good technical networks</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of coordination and exchange of best practices in technical networks</li> <li>• Development of technologies that might be too sophisticated for market needs</li> <li>• Lack of integrated approach for bioenergy by-product valorisation</li> </ul>
M&I	<ul style="list-style-type: none"> <li>• Market leader in electricity generation using biomass</li> <li>• Many industrial leaders for biomass technologies and services, with many “success stories” to promote</li> <li>• The world’s largest biofuel CHP plant</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation between research institutes and industries</li> <li>• Diversity in bioelectricity pricing</li> <li>• High cost and relatively low availability of biomass resources</li> </ul>
P&M	<ul style="list-style-type: none"> <li>• Favourable legislation and policy with precise targets at European level</li> <li>• German support scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Support too scattered and dispersed . Lack of integration and coordination of Member State programmes and initiatives.</li> <li>• Little policy coordination with agriculture</li> <li>• Lack of strong market deployment measures, harmonisation, and long-term commitment</li> <li>• Lack of standards for biofuels quality</li> </ul>

Source: EU Commission, 2005, p.65 (Biomass)

using the full potential for innovation of the internal market for exploring synergies between Member States in the development and deployment of new energy technologies. The variety of national regulations and technical specifications fragment the market and inhibit industry investments in risky technologies” (EU Commission, A European Strategic Energy Technology Plan (SET-Plan) Full Impact Assessment, 2007, p. 10). The European Commission RTD (Research and Technological Development) publication titled “Strength, Weakness, Opportunities and Threats in Energy Research”, 2005 identified more precisely the strength and weakness of energy research in biomass production in European Union with the presentation of following table below under the title “SWOT Analysis for Europe” (see below). The following definitions in the table to be clarified: S&T means Science and Technology, M&I – Market and Industry and P&M – Policies and Measure. Each of the cells in table outlines the weak and strong sides of each particular dimension, successes and failures of each activity taken.

EU Directorate-General for Research emphasized that there is not lack of technological capabilities and potential in terms of research facilities and application (S&T table – Science and Technologies). What is more

visible and interesting is that the lack of cooperation and coordination is experienced at different levels of interaction between different actors and stakeholders throughout Europe.

First of all, regarding the Science and Technology aspect, though there are excellent research capabilities and facilities, but clearly the lack of coordination and best practices is visible between them (see the table). The other challenge to be solved is that EU in comparison to its counterparts US and Japan lacks integrated R&D approach to bioenergy (“Strength, Weakness, Opportunities and Threats in Energy Research”, 2005, p. 44). In terms of Market and Industry, almost the same issue is at the agenda – the problem of efficient coordination between the industries and research institutions. At the same time there are big differences in the pricing policy as well as tariffs regarding the energy supplied by biofuels. The bioelectricity prices and tariffs do depend on the different factors such as type of technology or start up, for example (Ibid). Although feed in tariffs were introduced in 18 Member states, but their harmonization needs to be implemented as they presumably significantly differ (as it was discussed above) (Ibid). In fact and this is positive advantage, EU is considered to be a market leader in biofuels energy applications (see the graph).

Therefore the situation is quite twofold. As it was mentioned EU is significantly advanced with the technological dimension of bioenergy development, although each particular success is mostly due to individual efforts of different Member states. Nordic countries, such as Finland and Sweden for example are very good and to be considered as leaders in electricity generation using biomass due to low costs of biomass resources, paper industries and favorable national policies (Ibid).

In regard to Policies and Measures dimension, specific range of differences is also discovered that prevent more extended bioenergy penetration. For example, because of high feed in tariffs, in terms of financial conditions, Germany is well characterized for its strong support given to bioenergy, significantly subsidizing liquid biofuels, but other countries do finance them less (Ibid; p. 45).

The report also mentions that in spite that there are the targets set in EU Commission documents such as White Paper for Renewable Energy Sources, they are not obligatory for EU Member States and therefore, it stems from this is that the national policies can strongly vary regarding the ways of attaining renewable energy goals, taking into account that there is no efficient communication and cooperation between the member states (Ibid).

As well as Full Impact Assessment, this study also identified the lack of communication and coordination as weak sides of energy research in EU in terms of the cooperation in the field of the technologies development (see graph below). In general, it was recognized too that the introduction of biomass technologies to the market is limited by high costs and low availability of materials when it concerns availability of raw materials for liquid biofuel (“Strength, Weakness, Opportunities and Threats in Energy Research”, 2005, p. 44).

The main problem of economic dimension according to the report is that the pricing policies for the energy extracted from biomass do vary significantly between the member states (Ibid).

There are also technical concerns about capability of Europe to produce enough biomass feedstock to meet the target demand for biofuels as proposed in the EU Directive of March 2003” (Ibid; p. 47). Moreover, if to refer to EU Communication “Towards a low carbon future”, 2007, it notes that “some technology challenges require critical mass and large-scale investment and bring with them a risk which cannot be met by the market, by Member States acting individually or by the current model of European collaborative research. The EU can respond to this challenge by evolving towards a new model of focused cooperation, making use of the full potential of the European Research and Innovation Area and the Internal Market” (EU Communication “Towards a low carbon future”, 2007, p. 6).

To sum up and returning again to the barriers staying before the comprehensive implementation and application of technologies for the production of biomass fuel, it is possible to affirm that the main problem is not the weak research or scientific components, but the issues related more to the effective management, distribution, effective and single coordination. At the same time there are issues, being highlighted in the dimensions associated with the introduction and using of resources and capital to produce biomass.

### 3.3 Photovoltaics

In SWOT report, the EU Commission did very often refer to the necessity of the development of cleaner, more efficient technologies while facing the challenges of the climate change, population growth and decreasing availability of the fossil fuels (EU Commission, 2005, p. 21).

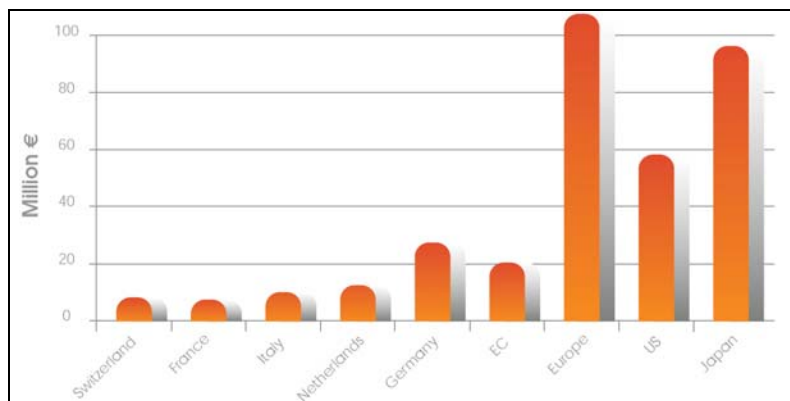
EU Commission mentions that photovoltaics can contribute quite a big share of electricity supply in Europe in long term perspective, but until 2030 its contribution would be rather limited (EU Commission; 2006, p. 36).

In general, the Commission's research finding is that focal research on photovoltaics is improving as the Member countries better cooperated on this direction, mentioning simultaneously that Research and Technological Development portfolio of Member states was relatively coherent with EC portfolio (Ibid; p.37).

"However, research into photovoltaics at Member State level is very heterogeneous and the active countries conduct research on the different cell types with differing levels of intensity. In many cases research is also linked to industry activities, which in Europe tend to be nationally oriented", concludes the report(Ibid). Therefore, main issue of active penetration of solar energy is the coordination of research activities and determination of priorities, focuses between EU member states that at the moment can be characterized as insufficient. Furthermore, it is mentioned that several activities have been undertaken in order to improve the coordination of research and technological development of photovoltaics at EU level, comprising particularly the launch of the European Technology Platform for Photovoltaics held in Brussels in 2004 or for example, the activity PV ERA NET that unites national and regional research programmes of appropriate ministries and agencies of eleven countries, specializing on the issues and development of photovoltaics (Ibid; p.38). Figure 10 demonstrates levels of research funding of photovoltaics by EU, some European countries, Japan and United States in the period from 2000 to 2004. In general united Europe finances more than its counterparts, definitely world leader in research funding for photovoltaics.

But at the same time, different levels of research funding can be also considered as having some drawbacks in terms that there are countries leaders in its development and on the other hand some countries do not demonstrate strong attention to it. In turn the differences of research funding can lead to some degree of unequal promotion and development of this type of energy within EU member states and at the same time demonstrates how different approaches are between EU member states. Germany is considered as the country providing with the largest financial support to its research activities (close to 30 mln. Eur. annually between 2000-2004), then follows Netherlands (15 mln. annually), Italy (12 mln. Eur. annually, although with the decreasing funding), France with 10 mln. per year (Ibid; p.40).

Figure 10 - Photovoltaics – Average Annual RTD Funding (2000-2004)



Source: EU Commission 2006

In similar to biofuels case, the following graph prepared by EU Commission study “Strength, Weakness, Opportunities and Threats in Energy Research”, 2005 outlines the strength and weakness of EU performance in the promotion of photovoltaics.

Figure 11 - SWOT analysis for Europe

	Strengths	Weaknesses
S&T	<ul style="list-style-type: none"> <li>• Very good position in PV academic research</li> <li>• Excellent research and manufacturing capabilities and capacities in industry</li> </ul>	<ul style="list-style-type: none"> <li>• Fragmentation of national R&amp;D programmes</li> <li>• Only \$56 M (€46 M) spent in 2003 on R&amp;D programmes, less than Japan and USA</li> <li>• Absence of manufacturing issues in R&amp;D programme</li> </ul>
M&I	<ul style="list-style-type: none"> <li>• Close co-operation between industry and research laboratories</li> <li>• High production levels: 193 MW in 2003 (+43%)</li> <li>• Good public acceptance of PV technologies</li> <li>• Strong, world-level silicon wafer industry</li> </ul>	<ul style="list-style-type: none"> <li>• PV cells market excessively linked to national programmes for grid-connected PV systems</li> </ul>
P&M	<ul style="list-style-type: none"> <li>• Preparation of European standards and codes for PV systems</li> </ul>	<ul style="list-style-type: none"> <li>• Very limited market deployment programmes from the Member States</li> <li>• Too much public control of R&amp;D policies</li> <li>• Lack of harmonisation of the Member States' policies and regulatory frameworks</li> </ul>
	Opportunities	Threats
S&T	<ul style="list-style-type: none"> <li>• Take advantage of strong public support for PV to launch extensive programmes of experimentation, development and implementation of PV plants</li> <li>• Use the good expertise in nanotechnologies in Europe to gain a competitive advantage</li> </ul>	<ul style="list-style-type: none"> <li>• Europe does not take advantage of its current expertise (no world-class and far-reaching programmes, fragmented funding)</li> </ul>
M&I	<ul style="list-style-type: none"> <li>• Open new markets by electrifying rural dwellings in developing, Mediterranean countries eager to cooperate with Europe</li> <li>• Develop a specific PV-grade Silicon supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• The strength of Japan's production facilities in PV industries in view of the envisaged capacity in the European countries</li> <li>• Stronger competition from developing Asian countries entering the market</li> </ul>
P&M		

Source: EU Commission, 2005, p. 29 (Photovoltaics)

Although having proved to be in an advanced research position of the photovoltaics, European Union experiences the issue of fragmented R&D programmes in terms of lack of synergy, the broad dissemination of and uncoordinated research activities throughout Europe, when each country concentrates independently in its research activity (“Strength, Weakness, Opportunities and Threats in Energy Research”, 2005, p. 30).

Even having international cooperation, still research activities and studies on photovoltaics are too scattered that puts Europe in disadvantage (Ibid). In the dimension of Policies and Measures, there are also differences in the promotion programs between Member states, when in one country, there is developed feed in tariff system (such as Germany, for example), but in the other one the deployment program can be very limited (Ibid; p.31). Bureaucratic issues are also quite common for some states and European standards and codes for photovoltaics are still to be developed and prepared (Ibid).

## Conclusion

For European Union, the development of alternative sources of energy, namely renewable energy is represented as vitally important and necessary activity, the results of which in significant ways can influence the maintenance of its economy, sustainable development and implementation of responsibilities on gas emissions reduction to the atmosphere within different international climate regulations.

The following main outcomes of research paper can be withdrawn. Definitely, there are appropriate barriers or issues that negatively influence the progress of the development and application of renewable

energy technologies in European Union. Generally, these issues do not bear accentuated technological dimensions or aspects, as it could be relevant to mention that European Union or member states possess quite advanced and developed technological capabilities, although also in the different degrees. But quite much evidence provided within this study did not identify purely technological aspects as the main defining issues. The main problem can be more associated and identified with the very management process of renewable energy promotion and application. National laws, economic conjuncture, political decision making are still very strongly persisting the process of renewable energy penetration. Large national and transnational European energy monopolies, building their operation on the utilization of traditional energy sources in some degree also contribute to this resistance process.

Economic issues are identified with the different economic and financial conditions that are established or created for the regulation of the renewable energy operation facilities and their suppliers. There are different tariffs, taxes and other forms of economic regulations of this field throughout European Union that are characterized by the different degree of the incentives that they offer to renewable energy suppliers. It would be then logical and grounded to suppose that more favorable conditions for the producers lead or create better penetration and development of renewable energy in some countries than in the others. Therefore, one can identify countries leaders and those that are less advanced with this type of energy that in principle makes it more difficult to promote balanced progress of its distribution and application.

Standardization of these regulations on supranational level would be therefore a key and very useful instrument for further and more effective renewable energy promotion.

As the analyses of the situations with the biofuels and photovoltaics did demonstrate, European Union member states retain the responsibilities for independent policies in the promotion of renewable energy and distribution of funds for this purpose that first of all creates the problem of coherency, when some countries (more prone to renewable energy) are better off than the others. Simultaneously, there is also lack of transnational European research cooperation that in turn significantly impacts more efficient distribution of knowledge and technologies throughout EU.

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