



NÁRODNÍ KONVENT

Multi-speed Europe

Summary and recommendations arising from the National Convention
on the EU roundtable discussions held on 27 May 2016.

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for European Policy.

Introduction

A multi-speed Europe is primarily a political, not a legal, concept, understood to mean a different scope of the rights and obligations of Member States, arising from their membership of the European Union (EU). It denotes a method of differentiated integration, the aim of which is to allow a group of EU Member States to make faster progress towards a common goal. From a legal perspective, the principle of a multi-speed Europe is primarily met by temporary and permanent exemptions from EU law and the enhanced cooperation mechanism, introduced into EU legislation by the Amsterdam Treaty. The debate on a multi-speed Europe has accompanied the European Union since its inception, but has taken on increased significance in recent years, mainly due to the reluctance of some Member States and their populations to accelerate towards further integration. The most obvious examples of a multi-speed Europe at present are the Schengen Agreement and the Economic and Monetary Union (EMU). It is the closer integration of the Eurozone and efforts to expand it into other areas that particularly highlight the fact that it is no longer a question of a multi-speed Europe, but increasingly the phenomenon of a “multi-layered” Europe, where the final degree of integration differs between the individual Member States.

The Czech Republic, which has, since its accession, sought full-fledged membership of the European Union, including speedy accession to the Schengen Area and the Eurozone, was one of the countries that tended to have rather a sceptical view of a multi-speed Europe. This perspective began to change with the onset of the financial and economic crisis, which had a negative impact, particularly on the stability of the Eurozone. The crisis prompted the need to adopt measures to rescue the countries affected, these being Greece, Ireland, Portugal and Spain, as well as measures to reinforce the EMU, particularly those that strengthen enforcement of compliance with the obligations arising from the Stability and Growth Pact. The Czech Republic stopped working towards the fastest possible entry into the Eurozone on the grounds that the Eurozone must first be stabilised and only then would it be possible to consider the Czech Republic joining it. As regards the enhanced cooperation mechanism, the Czech Republic was also not involved in the harmonization of distribution rights, arguing that it considers this to be unnecessary. In the document entitled “The Czech Strategy in the EU: an active and intelligible Czech Republic in a United Europe”, the current Government declared that its strategic objective is to be a full-fledged member of the European Union and that this can only be accomplished by accession to the Eurozone. Through the National Convention on the EU, it has also started a debate on the potential benefits and costs of the CR’s membership of the Eurozone.

The debate on a multi-speed Europe has now once again been reinforced in the European Union in connection with the processes of so-called “renegotiation”, i.e. negotiating new conditions for Britain’s EU membership. Great Britain has submitted a number of demands concerning the protection of interests of non-member countries of the Eurozone in economic governance, competitiveness, sovereignty, social benefits and the free movement of people. The decision by the European Council, which partially accommodated British demands, will only enter into effect if Britain remains within the European Union. The entry into force of this agreement will again reinforce the concept of multi-speed integration.

Roundtable Framework

The content of discussions at the National Convention on the EU roundtable followed on from discussions from 2014, when the issue of intensifying Eurozone integration and differentiated integration was debated. The roundtable was organised by the Office of the Government of the CR, together with the Institute for European Policy, EUROPEUM.

Discussions focussed on three basic issues:

- Is a multi-speed Europe an opportunity or a risk?
- What does the closer integration of the Eurozone mean for the Czech Republic, as a country outside the monetary union?
- Is it important from the perspective of the Czech Republic for Great Britain to remain within the European Union? What would Great Britain's departure from the European Union mean for the Czech Republic and the Union itself?

Background material for discussions at the roundtable was a discussion paper on the topic of a multi-speed Europe, prepared by Vladimír Bartovic, Director of the Institute for European Policy and positions of Professor Ivo Šlosarčík from the Faculty of Social Sciences, Charles University (1st discussion topic), the Office of the Government of the CR (2nd discussion topic) and the joint position of the Czech state administration (3rd discussion topic).

The debate was opened by the State Secretary for European Affairs, **Tomáš Prouza**, who commented on the fact that Europe is increasingly divided and is returning to the old dividing line between Western and Eastern Europe. He expressed the wish that Great Britain would remain a member of the European Union, but warned that this would not end the debate about the direction of European integration. Forcing through special conditions by threatening to leave may be an inspiration for other Member States. In the opinion of the State Secretary, it is becoming increasingly difficult for EU Member States to agree on a solution to any problem and for this reason a multi-speed Europe is the future of the EU and its principles will gradually be applied more frequently. For this reason it is extremely important to identify the opportunities and risks this phenomenon presents to the Czech Republic and to define our country's basic approach, which should respond to the dynamic development of multi-speed integration in a way that benefits the Czech Republic.

In his speech, **Vladimír Bartovic** introduced the framework for the discussion, the issues to be debated and the main points of the discussion paper. He mentioned some of the risks of a multi-speed Europe, such as the gradual disintegration of the Union in the form we know it today, where the "hard integrated core" of the European Union will gradually move away from the other members and become impenetrable, while other countries will gradually become marginalised. However, multi-speed integration also offers certain opportunities, in particular in terms of greater flexibility, efficiency and speed of decision-making. It will enable the European Union to avoid barriers to the integration process and the emergence of a potential "institutional" crisis in cases where one or several Member States fail to agree

with increased integration in a specific area. In the next part of his speech, he addressed the potential political and economic benefits and costs of the CR's membership of the Eurozone and summarised the possible impacts of Britain's departure from the EU on the Czech Republic, the EU and also on Britain itself.

In his speech, Professor **Ivo Šlosarčík** paid particular attention to the Czech Republic's attitude to a multi-speed Europe, concluding that the CR belongs to the European mainstream and already accepts the phenomenon of a multi-speed Europe and is able to work with it. He also outlined the four structural divisions of a multi-speed Europe and assessed their (dis)advantage for the Czech Republic. According to him, the increased willingness of the European Union to activate elements of a multi-speed Europe is a result of the territorial expansion of the EU and recognition of the collapse of any consensus on the finality of the integration project between the political elites of the EU. The CR cannot reverse this trend, but it can influence the forms any multi-speed Europe may take.

Soňa Machová from the Office of the Government of the CR presented a position to the closer integration of the Eurozone, in which she emphasised the fact that it is vital importance for the Czech Republic that the Eurozone functions as well as possible. Given the links between the Czech economy and the Eurozone, its healthy functioning will guarantee the economic welfare of the Czech Republic. From the perspective of the CR, the political aspects present a greater risk, as in the event of the CR's prolonged absence from the Eurozone, these carry the risk of marginalising the voice of the CR within the EU. It is also crucial for the CR that the process of a closer integration of the Eurozone should not jeopardise the integrity of the internal market and create fundamentally different conditions for various groups of Member States.

The joint position of the state administration to the topic of the upcoming British referendum on remaining in the EU was introduced by **Štěpán Pech** from the Office of the Government of the CR. According to this position, any outcome from the referendum in Great Britain will have a major impact on the European Union. In the event it remains, the new format for relations with Great Britain, agreed during the February European Council, will apply. This agreement, although it primarily targeted Great Britain, may also potentially affect relations with the other Member States. On the other hand, its possible departure may mean, for example, a weakening of the CR's ability to enforce key priorities with respect to the EU internal market, which will affect a wide range of related policies. According to the opinion of the state administration, it is in the interests of the CR that Great Britain remains a member of the EU, because it is a strong partner, with positions shared by the CR in a number of key areas, notably in boosting competitiveness, trade liberalisation and the expansion of the internal market.

The debate was attended by representatives of the state administration, EU institutions, NGOs, social partners and academia - namely **Radko Hokovský** (European values), **Jan Michal** (Representation of the European Commission in the CR), **Oldřich Dědek** (National Coordinator for Euro adoption in the CR, Ministry of Finance of the CR), **Vladimíra Drbalová** (Confederation of Industry of the Czech Republic), **Vojtěch Belling** (Czech National Bank),

Jan Havlík (Ministry of Industry and Trade, CR), **Lucie Studničná** (Czech-Moravian Confederation of Trades Unions), **Irah Kučerová** (Faculty of Social Sciences, Charles University), **Ivan Voleš** (European Economic and Social Committee), **Aleš Chmelař** (Office of the Government of the CR), **Bohumír Dufek** (Association of Independent Unions of the CR), **Vít Dostál** (Association for International Affairs) and **Jan Jiránek** (Union of Towns and Municipalities of the CR). In their contributions, the speakers mainly dealt with the CR's involvement in first or second-speed European integration, the (old)new division of the EU into West and East, and also discussed further progress in integration in terms of the interests of the CR. A common feature of most of the speeches was the conclusion that there are no alternatives to membership in the European Union for the Czech Republic.

Recommendations

A multi-speed Europe is a concept which will most likely be applied more frequently in the context of European integration. Whether this will entail the greater use of the enhanced cooperation mechanism, or measures designed to increase links within the Eurozone, the Czech Republic will have to carefully weigh up its engagement in the different forms of a multi-speed Europe in view of its economic and political interests and within the context of its strategic objective - to be a full-fledged member of the European Union.

Even if the Czech Republic were to decide during the first phase not to join more intensive integration - as it did in the case of the banking union - it is in its strategic interest for all forms of closer integration to remain open to the other EU Member States. This involvement should not be conditional on the consent of those countries which have taken part in closer cooperation from the outset. The involvement of other Member States should only depend on their interests and on compliance with necessary, clear and objective criteria - as in the case of the Eurozone. When fundamental decisions are made on closer integration, the Czech Republic should insist that these are only made at the level of all 28 Member States of the European Union within its institutional and legal framework. The adoption of measures outside the framework of the EU treaties (as was the case of the fiscal compact) weakens the influence exerted by the Czech Republic on the decision taken.

The Czech Republic should also intensify the debate that has been initiated on the political and economic benefits and costs of accession to the Eurozone. Given the negative opinions expressed by the general public, which are often not based on objective facts, we must provide more balanced and objective information about the benefits and costs of the CR's membership of the Eurozone.

Given the interdependence of the Czech economy and the Eurozone, there is no doubt that a stable and prosperous Eurozone is in the Czech Republic's strategic interest. The Czech Republic should therefore support all the measures adopted by the Eurozone countries in order to ensure its stability and economic growth. On the other hand, there is a real danger

that some decisions adopted by the Eurozone without the other EU Member States will intervene in the functioning of the single internal market. In these cases, the Czech Republic must be vigilant and cooperate with other countries outside the Eurozone to defend against the adoption of such measures.

Recommendations by the National Convention on the EU:

1. Carefully to consider the Czech Republic's involvement in the various forms of a multi-speed Europe, whether this concerns a mechanism for enhanced cooperation or measures primarily designed for the Eurozone countries (banking union), with respect to the Czech Republic's strategic objective - to be a fully-fledged member of the European Union.
2. Consistently to insist on the openness of all forms of more intensive integration within the European Union to enable those countries, which initially decided not to participate, to join. To promote the adoption of strategic decisions on deeper integration exclusively at the level of all 28 Member States and within the institutional and legal framework of the European Union.
3. To continue and intensify the debate that has been initiated on the political and economic benefits and costs of the CR's accession to the Eurozone. To involve the widest possible public representation in this public debate by providing balanced and objective information on the benefits and costs of the CR's membership in the Eurozone.
4. To promote measures designed to stabilise and support growth in the Eurozone and simultaneously to ensure undisturbed operation of the single internal market of the European Union.

This text does not constitute the minutes of the individual contributions presented in the discussion. Therefore, it does not contain everything that was said and does not express the opinions of all the participants on all the discussed topics. It is a summary of the most important points and the formulation of recommendations on the basis of the discussion.

The National Convention on the European Union is a permanent venue for discussing European issues in the Czech Republic.

The project, coordinated by the Office of the Government of the Czech Republic, brings together representatives of the Government, both chambers of the Parliament of the Czech Republic and the European Parliament, academia, the non-profit sector and social partners, and other interested parties.

More information on the National Convention can be found at www.narodnikonvent.eu and on Twitter: [@KonventEU](https://twitter.com/KonventEU).