



## Franco-German relations: New look or new deal?

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**Theme:** Certainly, the two countries spent the entire 1990s drifting apart. After the fall of the Berlin Wall in 1989, France had a hard time redefining its relationship with an enlarged, unified Germany, and Paris was not ready to embrace the vision of an integrated, enlarged Europe.

**Summary:** The intimate relationship between France and Germany, which has driven European integration for much of the past half century, has been pronounced dead many times over the past years. But those obituaries have proved premature. Once again, with the European Union about to expand to 25 or more members, the relationship faced unprecedented challenges. But a sudden string of important agreements may be breathing new life into the old partnership. With the official 40th anniversary of the famous Elysée-Treaty, celebrated in January 2003, both countries were apparently keen to find ways of restating the validity of their strategic friendship. However, the latest signs of dynamism in the relationship will have to mark the beginning of a fundamental new deal, if France and Germany are to play their traditional role as the motor of European unification in the years ahead.

**Analysis:** *The tristesse of co-operation in the 90s*

Certainly, the two countries spent the entire 1990s drifting apart. After the fall of the Berlin Wall in 1989, France had a hard time redefining its relationship with an enlarged, unified Germany, and Paris was not ready to embrace the vision of an integrated, enlarged Europe.

In short, during the 1990s, France and Germany were divided in all the core policy fields of the European Union - the federal character of the European constitution, the stance on monetary policy, the costs of enlargement, reform of the common agricultural policy and European security and defence policy.

The decade of painful misunderstandings and disputes culminated in an open fight between the two countries at an EU summit meeting in Berlin in 1999 over the financial structure of the European Union after it admits new members. One year later, during the negotiation of the Treaty of Nice, the two clashed again, this time over reform of the EU institutions to cope with enlargement. The already faltering engine seemed to have definitively broken down.

Then, to everybody's surprise, at a summit meeting in Brussels in October 2002, France and Germany came to an agreement covering some of the most important budgetary questions relating to enlargement, followed within a few weeks by a couple of other common papers. Was this only a temporary fix, a case of agile crisis management to

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avoid the meltdown of the EU enlargement process? Or is it a sign that the Franco-German couple is slowly returning to its good old habits of faithful and lasting cooperation?

By itself, the amplitude of common papers demonstrates firstly that the two countries are once again on speaking terms. This is not a negligible accomplishment. It could not have happened without the collapse of France's so-called cohabitation government after presidential and parliamentary elections last year that had driven the country into profound conceptual deadlock on European policy.

But the fundamental question remains: do France and Germany still share a common vision of the enlarged Europe? Despite their recent agreements, there are still clouds on the horizon.

*The three factors for creeping erosion of the 'tandem'*

First, a systemic change has occurred in the Franco-German relationship. Until the end of the Cold War, the agreement between France and Germany was both a necessary and a sufficient condition for progress in European integration. In the 1980s, all the couple's objectives, from the Single Market to Economic and Monetary Union, were ultimately successfully achieved.

Since then, however, while Franco-German agreements remain necessary, they are no longer a sufficient condition for progress. Together, the two countries still represent the critical mass needed to make things happen, as the Brussels agreement recently showed, if only because their capacity to create deadlock is immense. But with the European Union getting larger and its problems more complex, additional partners are becoming necessary, above all Britain.

Second, a change of pattern, first observed in the 1990s, has apparently become a permanent part of the European landscape. Toward the end of the decade, France and Germany began to flirt competitively with London, largely in order to try to gain leverage in their relations with each other. In 1998, Gerhard Schröder signed an economic paper on the so-called Third Way with British Prime Minister Tony Blair and gave French Prime Minister Lionel Jospin the cold shoulder on economic policy. In return, later that year, France took Britain as its partner in a major leap forward in the European Security and Defence Policy (ESDP). Each of these initiatives was carefully and narrowly focused, but together they were enough to throw the old partnership further off balance.

Finally, with France and Germany divided, Britain was able to set the agenda for the debate about the future of Europe, and did so quite successfully. Blair largely hijacked the debate on institutional reform by proposing, together with Spanish Prime Minister José María Aznar, an elected President of the European Council to represent the European Union with a single face and voice.

From the moment he did so, the stereotypical Franco-German discussion about the so-called "leftovers" from the Amsterdam Treaty (voting procedures in the Council of Ministers and a reduction of the number of Commissioners) was finished. The British proposal set the tone, and the question of whether the European Council should have an elected president quickly became one of the most important issues in the convention that is currently drafting a future European constitution. Then, a few weeks after the Franco-German agreement in Brussels, everything changed.

The two governments made big efforts to demonstrate that they were working on joint positions on EU issues, and those efforts proved surprisingly fruitful. In December, Paris

and Berlin came up with three joint declarations - on the European Security and Defence Policy, on justice and home affairs, and on European economic governance.

As if that were not enough, a few days before the 40th anniversary of the Elysée Treaty, the official foundation stone of the Franco-German partnership, the two countries reached a far-reaching agreement on the European Union's future institutional framework.

#### *The dual presidency of the EU and its traps*

As in the past, France and Germany succeeded in achieving a compromise between their opposed positions. Germany finally accepted the idea of electing a president of the European Council, and France, in exchange, paved the way for the President of the Commission to be elected by the European Parliament.

The initiative is far-reaching, in that it intended to settle the long-running dispute over whether the Union should be more "federal" or more "inter-governmental." In the end, the proposal is likely to strengthen both the Commission and the Council, maintaining the traditional equilibrium between the EU institutions. The Commission will acquire greater legitimacy; the Council will become more efficient. The proposal thus meets two of the Convention's widely accepted objectives.

One will have to wait and see, however, how these plans for a dual EU presidency will develop. There are three possible stumbling blocks:

Firstly, the Union will have to decide whether the future President of the European Council should be a strong leader, as provided for in the French Constitution, or a president with a more representational role, as in Germany. France would be happy to turn the European Council into a sort of 'Directoire' of the larger countries that could project EU power on the world stage, without being forced into compromising French sovereignty through supra-national structures.

Secondly, much will depend on the characters of the people that occupy the two positions. If a weak leader were to become President of the Council, the Commission could develop into the Union's real executive, and vice versa.

Thirdly, while it is fine to approve dual presidencies, that alone does not meet the Union's real institutional challenges: greater use of qualified majority voting, a reduction in the number of Commissioners and the re-weighting of votes in the Council of Ministers. Nothing, in fact, has yet been said about what should happen in the Council of Ministers, which is attended by Ministers of the member governments, as opposed to the European Council, which is composed of heads of state and government.

The latest Franco-German proposal certainly represents a major step forward for the whole Convention. But it does not mean that the Convention's task has now been completed. The proposal is essentially a basis for further work. There are plenty of outstanding problems that still need answers. Also, the rejection of the Franco-German proposal by many members of the Convention strengthens the observation that Franco-German agreements alone do no longer make European progress happen.

#### *Agreement in Security and Defence Policy?*

What is more, Franco-German ambitions to push forward cooperation in security and defence policy are not very convincing. Both countries have suggested turning the European Security and Defence Policy into a European Security and Defence *Union*. The proposal is of far-reaching symbolic importance, and the idea of opening ESDP to the possibility of "enhanced cooperation" is certainly a good one. That would enable some EU countries to go ahead with limited military actions within the EU framework, without the

other countries being able to block such actions. But without a credible effort to improve military capabilities and increase defence spending, this common Franco-German proposal may remain purely rhetorical.

Doubts persist since France and Germany have not yet been able to work out most of the details of a European defence agency, including common military programs such as the Airbus A400M transport aircraft. Equally, on Iraq, France has placed itself squarely among the global players and, apart from some soothing rhetoric, has let Berlin understand that Germany exercises global influence and power on an entirely different, and lower, level.

The behaviour of both countries in the UN-Security Council on the Iraq question may challenge the new romance of the relationship. Despite efforts to present a common position on Iraq, Germany has definitely isolated itself with its clear 'no' to a military intervention at any conditions, whereas France, much more differentiated, has let a back door open. If there is a new vote in the UN-Security Council, one may see a situation, where Germany will go for abstention, whereas France may vote 'yes' together with the world community. Much is at stake, since the Franco-German proposals on European Security and Defence Policy would be immediately meaningless. Since ever, both countries had difficulties to agree upon the importance of transatlantic relations and their behaviour towards the US, with France being most of the time much more reluctant than Germany. It could be the irony of history that in these days France is to become more 'atlanticist' than Germany. If anything, the reaction and the 'open letter' of the 8 Heads of States and Governments in response to the Franco-German opposition to the US on Iraq has shown that France and Germany are no longer opinion-leaders, led alone path-makers, in European and transatlantic affairs. History may surprise with an important swing back of the fuelling capacity of the traditional engine.

**Conclusion:** Last but not least, EU enlargement and its financing go to the heart of further disputes that are soon likely to erupt between France and Germany, and the recent Brussels agreement - essentially a face-saving measure - does not change much. Now that it has been decided to phase the new member countries into the Common Agricultural Policy (CAP), it is inevitable that the cost will at some point explode. Even though a spending ceiling has been agreed, no structural reforms have been undertaken so far. The CAP system will be maintained in principle until 2013.

In addition, Mr. Chirac cleverly linked any changes in the CAP to the abandonment of the British budgetary rebate. This clearly means that the Franco-German engine will not be sufficient to work out the next budgetary framework for the period between 2006 and 2013. If Britain declares its hard-won rebate to be non-negotiable, and France does not want to touch the CAP, Germany will have to conduct a lonely fight from its uncomfortable position as the largest net budgetary contributor.

All these strains are exacerbated by the fact that both France and Germany lack an overall geo-strategic concept for the enlarged European Union. The thorniest issues include the following: How can the Union develop a geopolitical vision with some kind of power projection now that Turkey will probably become a member at some point in the future? What should be the status of Ukraine and the Balkans? How should a special relationship be worked out with Russia? What kind of sustainable, good neighbour policies can be established toward countries on the southern shore of the Mediterranean? Can the European Union become more integrated if its borders are not fixed?

Should the European Union be a fully constituted political entity with some capacity for worldwide power projection? Or should it be basically a single market with some ad hoc joint decision making in specific policy fields by varying coalitions of member states - a

kind of neo-Medieval arrangement, in which various players with differentiated spheres of authority are engaged at different levels of integration?

The key question underlying all these others is whether the Berlin-Paris partnership will be strong enough to tie the enlarged Union together. The answer to that question is unknown, since the EU will become more heterogeneous and multiple and ad-hoc coalitions will set the path of integration more than in the past.

The new energy that both governments are drawing from the 40th anniversary of the Elysée Treaty is surprisingly good news. France and Germany, however, will have to prove in the near future that they were not just setting out some fancy birthday party decorations, and that the common proposals are more than 'window dressing'. France still might withdraw into its corner if it does not find the place in the enlarged Europe that it believes it deserves. And Germany, intoxicated with the heady aroma of the "Berlin Republic," is less and less willing to shoulder the responsibility or the financial burden of an enlarged Europe alone. Real battles over the EU budget may lie ahead.

A good working partnership between Paris and Berlin is needed more than ever to shape the enlarged European Union. For the moment there is a sparkling new look to the relationship. History will reveal, however, whether the foundations of a durable new deal between the two countries have now been laid.

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