

Merkel's speech signals turning point for Europe

After a series of setbacks that shook the EU to its core, the union is now experiencing a fresh wave of hope

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For The Straits Times

German Chancellor Angela Merkel made headlines this week when she told Europeans that they can no longer rely on the United States as a reliable partner and that with Brexit, the European Union has to prepare for a future without the United Kingdom. "We Europeans must really take our destiny in our own hands," she said, speaking in Munich a day after the Group of Seven (G-7) and Nato meetings with US President Donald Trump.

Her strong stance reflected not only her disappointment with the American President in his role as leader of the Western alliance, but also her hope that Europe is now ready – after a series of crises that culminated in Britain's vote last year to leave the EU – to turn the corner.

Europe is experiencing a fresh wave of hope after several difficult years dating back to the sovereign debt crisis that began in 2009 and which was followed by a recession in 2012-2013, then a migrant crisis, and a series of terrorist attacks which caused a pall of despair to descend on the continent. In those years, fear dominated the political discourse and led to the rise of far-right, xenophobic and Eurosceptic parties, a rise that obscured the EU's enduring strengths and achievements. Many of those challenges remain but a confluence of factors has of late led to a shift in mood from gloom to optimism.

First, economic growth – albeit still weak – has returned to the EU. EU businesses are also more upbeat about their prospects and a majority of European business leaders continue to see benefits from EU membership. Unemployment has begun to fall. According to analysts writing for the European Policy Centre, five million jobs were created between 2014 and this year.

Second, in politics, despite the sound and fury of far-right parties and the impact they have had on some parts of the policy agenda, the pendulum seems to have swung back to the centre.

The revelations on possible Russian interference in European elections may have contributed to some extent to the halt of the far right. The failure of anti-EU populist Geert Wilders of the Netherlands and Ms Marine Le Pen of France to make headway in their bids for power gave Europeans room for a reset. The election as French president of Mr Emmanuel Macron, a Europhile who ran on a pro-EU platform, has given pro-European forces something to cheer about.

Third, the unpredictability of the Trump administration has perhaps given European voters pause when it comes to switching support to populist parties. Mr Trump's recent debut visit to Brussels for meetings with EU and Nato leaders, and in particular his failure to endorse Article 5 – Nato's collective defence clause – and reluctance to honour the US commitment to the Paris climate agreement during the G-7

meeting, has strengthened perceptions that Europeans must take their destiny into their own hands. Doubts about the transatlantic alliance may actually spur Germany and France to renew their focus on the European defence project. The ambition of achieving strategic autonomy for the EU could well become a priority in the near future.

WHAT LIES AHEAD

The EU's challenges have not disappeared – whether they are on terrorism, migration and refugees, or euro zone governance. These issues remain contentious. However, the elections that have taken place so far this year on the

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continent have stemmed what seemed like a rising tide of Euroscepticism, thereby restoring confidence in the EU.

On the refugee crisis, temporary border controls and cooperation with source countries as well as the EU-Turkey deal have helped end the chaotic scenes widely witnessed in 2015. That has given the EU some breathing space to come up with more sustainable, long-term solutions.

On the euro zone, the good news is that apart from Greece, the other members (Ireland, Portugal, Spain and Cyprus) that received bailout funds have all graduated from the EU bailout programmes and returned to the financial markets. Economic growth has also returned to those countries.

But there are still concerns that without significant changes to the current framework governing the euro zone, economic and monetary union may not be truly sustainable. The economic recovery in both the euro zone and the EU remains sluggish. The flow of investments into the EU – while returning – remains at a low quantum. That could of course change if the EU takes a more robust and proactive role in seeking synergies with China's Belt and Road Initiative to connect Asia and Europe.

One of the more unpredictable challenges that lie ahead is the Brexit negotiation. As many analysts – including some EU officials – have lamented, Brexit is a lose-lose process that will leave both Britain and the other EU countries weaker than they would have been

otherwise. What is needed are cool heads so that the Brexit talks do not turn acrimonious, and to focus efforts on lowering the emotional temperature and identifying workable arrangements to limit the damage. Many issues from the Brexit divorce bill – such as the sensitive question of the border between Northern Ireland and the Republic of Ireland, the status of Gibraltar, and the future of EU-UK relations – have already raised tensions even before the start of negotiations. The upcoming British election on June 8 adds another layer of uncertainty.

Dr Merkel told the crowd in Munich that while Germany and Europe would naturally strive to remain on good terms with the US, Britain and other countries, Europeans must know that "we must fight for our future on our own". In this fight for the EU's future, member countries excluding Britain already showed their unity on April 29 this year when they came together in Brussels to unanimously approve in less than five minutes the guidelines for the Brexit negotiations.

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Instead of the disintegration that was once feared, there seems to be new-found resolve to reform the union to ensure its survival. The path ahead will not be easy, but with the issuance of the European Commission's White Paper on the Future of Europe and the many policy papers and reports generated to imagine Europe's future and pinpoint the necessary reforms to make the EU more responsive, the debates have intensified. And what is different this year in contrast to earlier years is the return of Europe's confidence and belief in itself. It is the latter that will determine whether the EU will succeed in its struggle to survive and thrive for another 60 years.

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