







# The European Union and the September 11<sup>th</sup> Crisis

-Jean Monnet Chair Staff



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## The European Union at the University of Miami

European Union studies were initiated at the University of Miami's Graduate School of International Studies as a scholarly response to the end of the Cold War in the late 1980s, and since then have developed into a strong discipline supported by the professors and students who dedicate much time and effort to develop research topics, publish articles and books, and participate in European Union related activities both at home and abroad. As a result of these efforts, external actors have also contributed to the growth and development of European Union studies at the University of Miami. First, in the Spring of 2001, the European Commission awarded Professor Joaquín Roy a Jean Monnet Chair, one of the first four granted to professors in the United States. The award was given for his efforts in developing courses on the European Union and his scholarly publications in the field. Second, the European Commission awarded a European Union Center (one of the 15 in the United States) to a consortium formed by the University of Miami and Florida International University. The Center's mission is to teach, research, and sponsor activities to promote awareness of the European Union.

The Jean Monnet Chair also founded (thanks to private donations, a subsidy from the Government of Spain, and the endorsement of the Salvador de Madariaga Foundation) the "Salvador de Madariaga" Iberian Studies Institute (as an expansion of the former Iberian Studies Institute) for the study of Spain in the European Union and its relations with Latin America, as well as the "Robert Schuman" European Union Research Institute (thanks to the endorsement of the Jean Monnet Foundation and the Robert Schuman Foundation, in Paris) for the study of European Union institutions and policies, and the role of France in the European Union.

This working paper series is one of many endeavors undertaken to enhance European Union studies at the University of Miami – others include seminars, hosting EU officials, reports and monitors, courses on the European Union, and cultural events. For additional information on European Union studies at the University of Miami, the Jean Monnet Chair, the "Salvador de Madariaga" Iberian Studies Institute, the "Robert Schuman" European Union Research Institute and the Miami European Union Center, their activities and publications, please contact Joaquín Roy at the Miami European Union Center:

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Jean Monnet Chair Staff

Miami European Union Center Miami, Florida September 2001

# THE EUROPEAN UNION AND THE SEPTEMBER 11th CRISIS+

October 7, 2001

IN LONDON

# **Blair Says Britain Taking Part in Attack**

# By THE ASSOCIATED PRESS

# Filed at 7:23 p.m. ET

LONDON (AP) -- Britain kept its promise to stand shoulder-to-shoulder with the United States against terrorism, adding its firepower to the first wave of attacks Sunday against Afghanistan. Prime Minister Tony Blair, speaking live on television, announced that British missile-firing submarines joined the operation.

Minutes after the Sunday, October 7<sup>th</sup>, announcement of the U.S.-led actions against objectives in Afghanistan, Europe's most visible face was the one offered by UK Prime Minister Tony Blair. It was his "finest hour" since the beginning of the crisis on September 11, and his attendance at a joint session of the U.S. Congress. British forces were actively participating in the first actions.

Simultaneously, French President Jacques Chirac made a similar announcement, indicating that France's military units will also be part of future operations, while all available logistic support and intelligence was already supplied.<sup>3</sup> Chirac spoke live on

available logistic support and intelligence was already supplied.<sup>3</sup> Chirac spoke live or

<sup>&</sup>lt;sup>+</sup> This report, a cooperative effort, was written in the weeks immediately following the terrorist attacks on the United States. You will not find definitive answers or conclusions in this report as it was impossible to adequately predict the future of certain issues and events considering the proximity to the event itself, the grave impact throughout the world, and the general feeling of insecurity and unpredictability that permeated the air during that time. This report, however, was meant to draw attention and provide an information source on issues that would need to be addressed and those that would be interesting to research in the aftermath of September 11, 2001, and as you will see, many of the issues and concerns mentioned throughout this report are still top items on the European Union agenda.

<sup>&</sup>lt;sup>1</sup> http://www.miami.com/herald/content/news/national/digdocs/003311.htm: http://www.miami.com/herald/content/news/world/digdocs/075146.htm

<sup>&</sup>lt;sup>2</sup> http://www.miami.com/herald/content/news/world/digdocs/075146.htm

<sup>&</sup>lt;sup>3</sup> http://www.lemonde.fr/article/0,5987,3214--229546-,00.html; http://www.elpais.es/articulo.html?d\_date=20011009&xref=20011009elpepiint\_14&type=Tes&anchor=elpepiint

French TV, with a background shaped by the French and the European Union flags, in a scene reminiscent of a similar announcement made in 1991, by then French President François Mitterrand, pledging France's military support in the U.S.-led Persian Gulf War operation.<sup>4</sup> Germany and Russia gave unconditional backing, with President Putin making a remarkable effort in readdressing his country's foreign policy in line with Europe's security.<sup>5</sup> Spain, other EU member states, and other nations announced that military units could participate in future actions.<sup>6</sup> The European Union, through the office of the High Representative for the Common Foreign and Security Policy (CFSP), reaffirmed the pledge of its 15-nation membership. The Council of Ministers of Foreign Affairs announced the contribution of about \$300 million destined to a UN fund for the reconstruction of Afghanistan.<sup>7</sup>

Well over four weeks after the attacks, European perceptions and actions were considered exemplary of solid support for the United States. Attitudes have been cautionary regarding the concrete measures (especially military) to be taken, while the leadership appeared to be politically supportive. Some individual figures have captured the spotlight for decisive opinions and more than possible actions (the case of the United Kingdom's Prime Minister Tony Blair). Others appear to have caused controversies (Italy's Berlusconi, for claiming the West's "superiority"). Former statesmen, political analysts and intellectuals have engaged in a deep debate over the central issue (terrorism), the ways to address the threat, and the need for a long-term political and economic strategy in dealing with the world's disparities. While the political leadership seems to be unified in supporting the U.S. actions, minority political parties and organizations have vented pacifist views, questioning the retaliatory measures and forcing parliamentary debates.

Regarding the collective role of the European Union, the signals have been mixed. Some currents of opinion and insiders, usually critical of the current state of the European Union in world affairs, have remained silent in view of the urgency of the situation. Others, instead of assuming an aggressive attitude that would contribute little to meet the demands of the crisis, have judged the performance of the institutions and leadership as complying with the prescribed role as set by the EU structure. Most optimists consider that, as in other times of crisis, international and internal, the European Union has accepted the lessons, with the result of taking one more step towards a deeper integration. At the same time, the strengths of the EU system have become more evident. European

<sup>&</sup>lt;sup>4</sup> http://www.elysee.fr/actus/actu\_.php?AA=01&MM=10&JJ=07

<sup>&</sup>lt;sup>5</sup> http://www.washingtonpost.com/wp-dyn/articles/A14434-2001Oct5.html; http://www.washingtonpost.com/wp-dyn/articles/A2330-2001Oct3.html

<sup>6</sup>http://www.elpais.es/articulo.html?d\_date=20011009&xref=20011009elpepiint\_25&type=Tes&anchor=elpepiint; http://www.washingtonpost.com/wp-dyn/articles/A22957-2001Oct7.html; http://www.nytimes.com/2001/10/09/international/europe/09EURO.html

<sup>&</sup>lt;sup>7</sup>http://www.elpais.es/articulo.html?d\_date=20011009&xref=20011009elpepiint\_16&type=Tes&anchor=elpepiint\_0

<sup>8</sup> http://www.elpais.es/articulo.html?d\_date=20011009&xref=20011009elpepiopi\_9&type=Tes&anchor=elp\_epiopi; http://www.lemonde.fr/dh/0,5987,3208--6214141,00.html

http://www.lemonde.fr/article/0,5987,3224--229825-,00.html

integration and the future of the European Union will depend to a certain extend on the evolution of the management of the crisis and how European leadership responds to the unpredictable course of events. <sup>10</sup> Most optimistic views consider that the U.S.-EU relationship will be reinforced in a compatibility framework regarding the state of world affairs, resulting in an increased role of the European Union in the international scene. <sup>11</sup>

A few days after the crisis, the European press and intellectuals began to engage in a deep debate about the background to the crisis, its consequences and dangers. The perception of the United States in Europe and the attitude that citizens and independent observers usually have of the U.S. foreign policy have propelled the crisis to the center of European preoccupations. European self-identity has been impacted by the crisis.

Recent history offers some significant examples for comparison as to how the European Union reacts to world events and grave developments. When the Iraqi government responded to the allies' air bombardment during the Persian Gulf War with a desperate round of medium range missiles, the EU correspondent of a Spanish daily titled the repercussions of the crisis with this cryptic commentary: "A SCUD over Brussels". It was like a missile fired afar from Baghdad had crashed against the emblematic Berlaymont building, house of the European Commission, ready to be vacated for the removal of asbestos. It was a fitting picture for the lack of preparedness of the otherwise powerful economic and social organization, but politically and militarily still in its infancy. More than a decade later, and depending on how new developments arise and how the European Union performs, there is the danger that an additional jetliner piloted by suicidal terrorists may have symbolically collided against the same Berlaymont, now ready to be reoccupied after a decade of renovation.

The European Union seems to have learned much since then about engaging in political and military crisis. Its institutions have performed with accuracy and readiness, according to the script prescribed by recent treaties and their modifications. The words of Jean Monnet have been fulfilled – nothing is possible without men, but nothing is permanent without the work of institutions.

Yet, the European Union still has a long road to travel until it can present a common face (a "shared telephone," as once demanded by Henry Kissinger). That was certainly true after the cataclysmic events of September 11, 2001. It is still too early to analyze how precisely the crisis has affected the European Union, how it has prompted its main institutions and most important members, and to predict what the consequences will be.

This report attempts to fulfill many purposes:

• to offer a reading of the **impact of the crisis** on the EU network

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<sup>10</sup> http://www.lemonde.fr/rech\_art/0,5987,226229,00.html

Francico Aldecoa Lurraga, "La Unión Europea, la otra Mirada," <u>La Clave</u>, 28 set-4 octubre.

- to review and analyze the immediate **response of the EU** institutions and major leaders
- to consider the potential consequences of the pivotal, criminal events of September 11, 2001, on the present and the future of the EU
- to offer some predictions as to how the crisis and its evolution may affect not only the **future actions of the Union**, but the daily and permanent **work of its main institutions**.

Selectively, the report will make references to the role played by the most influential members states of the European Union, but the bulk of the commentary is reserved for the European Union as an entity, not as a conglomerate of its members.

Based on the initial reactions and the most evident potential scenarios, the following items should be entertained:

#### The European Union

The European Union institutions and leaders have responded in unison condemning the attacks and expressing solidarity with the United States. <sup>12</sup> This European response has been at the forefront of the world support for the United State. <sup>13</sup> The unprecedented European Council convened in Brussels on September 21, and culminated in a series of urgent declarations and special meetings of the Council of the European Union, the Commission and the European Parliament with an unequivocal pledge of EU support for the United States. <sup>14</sup> Reflecting a common sentiment of solidarity, the thirteen states negotiating for membership in the European Union, endorsed these declarations and other measures. <sup>15</sup>

Other Europe-wide organizations, such as the 43-member **Council of Europe**, <sup>16</sup> have acted in similar fashion. European media, <sup>17</sup> scholars, and research institutions have responded with a high sense of responsibility condemning the attack, supporting the United States, while reflecting varied lines of opinion, and calls for justice and caution. <sup>18</sup>

<sup>17</sup>For a sample of European views, see: Steven Erlanger, "In Europe, Some Say the Attacks Stemmed From American Failings", New York Times, September 22, 2001.

http://www.nytimes.com/2001/09/22/international/europe/22DEBA.html?searchpv=past7days. T.R. Reid and William Drozdiak "Allies Express Solidarity and Caution: EU Leaders Back Bush, but Urge Care in Timing, Targeting of Retaliatory Military Strikes," The Washington Post, September 22, 2001; Page A19. For a sample of the reaction in the European press, often critical of U.S. foreign policy, see the editorial of El País:

http://www.elpais.es/articulo.html?d date=20010922&xref=20010922elpepiopi 2&type=Tes&anchor =elpepiopi

<sup>12</sup> http://www.eurunion.org/partner/EUUSTerror/EURespUSTerror.htm

<sup>13 &</sup>lt;u>Le Monde</u>, September 21, "La coalition internationale se met en place." http://www.lemonde.fr/article/0,5987,3210--223167-,00.html

http://www.eu2001.be/Main/Frameset.asp?reference=01-01&lang=en&sess=1003051897&

http://www.eu2001.be/Main/Frameset.asp?reference=01-01&lang=en&sess=1003051897&

http://www.diplomatie.gouv.fr/actualite/article.asp?cat=4&th=0&ar=2612

Le Monde, September 22, "Les Quinze jugent "légitime" une riposte américaine qui serait "ciblée". http://www.lemonde.fr/article/0,5987,3214--223261-,00.html

European leaders and independent observers have voiced an urgent need for institutional reform and legal cohesiveness to face the new crisis. 19

# **Supranational or Intergovernmental?**

The fact that the first European leaders to travel to Washington after the attacks on the World Trade Center were made first by France's President Jacques Chirac<sup>20</sup> and second by the UK's Prime Minister Tony Blair, who was invited to attend a joint session of Congress, shows an expected leading role of states as actors instead of an institutionally very complex supranational entity.

The reality is that the European Union is still basically an intergovernmental entity as far as security is concerned. This profile was confirmed by the fact that when the European Commission President Romano Prodi and Belgian Prime Minister Guy Verhofstat met with President Bush on September 27,<sup>21</sup> after a whole week of visits of foreign leaders, the Washington press did not even mention the meeting.

On the other hand, the spotlight was captured by Italian Prime Minister Berlusconi's remarks on the "superiority" of the West over Islam. EU high officials under the format of the "troika" were caught by surprise while traveling in the Arab region trying to obtain much needed support, expressing visible irritation towards the Italian Prime Minister's remarks. In an unprecedented press interview, EU External Relations Commissioner, a member of the "troika", criticized Berlusconi's opinions. The controversy became the center of a "lively" –according to its own transcription- debate in the European Parliament, where former President Enrique Barón considered it "unacceptable to see the crisis as a clash of civilizations." The topic of the session was labeled as a "fall out from U.S. bombings" –a prediction of future events.

In some countries with closer relations to the Muslim world (such as the case of Spain), the debate over Berlusconi's opinions became the center of efforts to avoid

<sup>&</sup>lt;sup>19</sup> See commentary of Carlos Carnero, member of the European Parliament, "Respuesta europea", <u>Diario16</u>, 26 setiembre, <a href="http://www.diario16.es/ayer/2001/09/26/">http://www.diario16.es/ayer/2001/09/26/</a>

<sup>&</sup>lt;sup>20</sup> President Chirac's visit to Washington was already scheduled before the tragic events. The confirmation of his agenda served to reinforce France's protagonism in European –US relations. For declarations of the French leaders: <a href="http://www.diplomatie.gouv.fr/actual/dossiers/attentatsusa/declarations.html#1">http://www.diplomatie.gouv.fr/actual/dossiers/attentatsusa/declarations.html#1</a>

http://www.eurunion.org/news/press/2001/2001072.htm

http://www.lemonde.fr/article/0,5987,3214--228306-,00.html; http://www.washingtonpost.com/wp-dyn/articles/A32420-2001Sep26.html

http://www.nytimes.com/2001/09/29/international/europe/29ROME.html?searchpv=nytToday http://www.nytimes.com/2001/09/28/international/europe/28ITAL.html?searchpv=past7days

http://www.washingtonpost.com/wp-dyn/articles/A43938-2001Sep29.html;

http://www.time.com/time/europe/eu/magazine/0,9868,176876,00.html

<sup>&</sup>lt;sup>23</sup>http://www.elpais.es/articulo.html?anchor=elpepiint&xref=20010928elpepiint\_19&type=Tes&d\_date=20010928

<sup>&</sup>lt;sup>24</sup>http://www.elpais.es/articulo.html?d\_date=20011001&xref=20011001elpepiint\_25&type=Tes&anchor=elpepi

<sup>&</sup>lt;sup>25</sup>http://www.elpais.es/articulo.html?d\_date=20011002&xref=20011002elpepiint\_25&type=Tes&anchor=elpepiint; http://www2.europarl.eu.int/omk/OM-Europarl?PROG=PRESS-DAILYNB&L=EN&PUBREF=-//EP//TEXT+PRESS-DAILYNB+DN-20011001-1+0+DOC+SGML+V0//EN&LEVEL=1#SECTION3

prejudice.<sup>26</sup> In Italy, as a reflection that the words of the Primer Minister are not representative of a general view, a special Christian-Islamic summit was organized, with the active participation of Renato Ruggiero, Minister of Foreign Affairs.<sup>27</sup>

Internal debate in the member states regarding the adequate European endorsement of the U.S. measures became evident as the days passed after the initial shock. France's Prime Minister Lionel Jospin issued statements contrasting with Chirac's unconditional support. However, the crisis became a considerable help for Mr. Chirac's popularity, enhancing his chances for reelection in March 2002. In Spain, different political and media sectors raised concern on the attitude of the Spanish government, opening a lively debate over the precise nature of Spain's contribution (most especially with the use of the military bases). <sup>29</sup>

In the UK, the unconditional support given by Prime Minister Tony Blair to the United States became a subject of internal debate, among other reasons for being too "presidential," although this did not translate into lack of solid support from the conservative opposition. British political leadership has remained united in considering the U.S. reaction as just, calling for proper military action if demands are not met. The British Prime Minister appeared to be a privileged receiver of U.S. intelligence on the authorship of the attacks. In the event that only British armed forces participate directly in the military operations, the UK's European specificity and its autonomous role in the EU context will be further emphasized, as illustrated by Blair's solo trips to Russia, Pakistan, and India. In an unprecedented procedure, the Prime Minister's office released a 21-page document in which the evidence detailed left "absolutely no doubt that bin Laden and his network are responsible" for the attacks. 32

The exceptional role of the British in handling this crisis has certainly made more obvious the different degrees of partnership between the United States and the rest of the NATO allies. As an example, the same documentation given to the UK government and placed by the Primer Minister on the web, was only verbally presented to other NATO

http://specials.ft.com/theresponse/FT3890ZM8SC.html;

http://www.nytimes.com/2001/10/01/international/europe/01BRIT.html?searchpv=nytToday;

 $\underline{http://www.elpais.es/articulo.html?d\_date=20011002\&xref=20011002elpepuint\_3\&type=Tes\&anchor=elpepupor}$ 

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<sup>&</sup>lt;sup>26</sup> http://www.lemonde.fr/article/0,5987,3210--229431-,00.html

<sup>&</sup>lt;sup>27</sup> http://www.lemonde.fr/article/0,5987,3210--229432-,00.html

http://www.nytimes.com/2001/09/30/international/30FRAN.html

<sup>&</sup>lt;sup>29</sup>http://www.elpais.es/articulo.html?d\_date=20010930&xref=20010930elpepiopi\_13&type=Tes&anchor=elpepiopi;

http://www.elpais.es/articulo.html?d\_date=20010930&xref=20010930elpepiopi\_12&type=Tes&anchor=elpepiopi

<sup>&</sup>lt;sup>30</sup> "Tony Blair aurait vu les preuves de l'implication d'Oussama Ben Laden", <u>Le Monde</u>, September 30.

http://www.lemonde.fr/article/0,5987,3214--228384-,00.html;

epupor

31 http://www.elpais.es/articulo.html?d\_date=20011001&xref=20011001elpepiint\_4&type=Tes&anchor=elpepiint; for periodic updates of the British government documents and press releases, see:

http://www.pm.gov.uk/

http://www.nytimes.com/2001/10/05/international/05EVID.html

members (and EU Member States). The contrast was the object of a harsh debate in the Spanish Congress.<sup>33</sup>

In this confusing setting, German Chancellor Gerhard Schröder took the lead in calling for European unity and stressing the role of the European Union in security cooperation.<sup>34</sup> "European nations must stop their squabbling and petty jealousies and unite to fight against terrorism," he said. "Moreover, Europe's demonstration of solidarity with the United States in the wake of last month's attack had also underlined the role of the European Union as being beyond that of merely a free trade zone." Correcting the prevalent wrong perception, "the EU is a political area committed to producing not only greater wealth but also greater security for all of its members." He also made an indirect comment on Berlusconi's remarks, by rejecting that this was "a war between the Christian west and the less civilised east". One month after the attacks, in the wake of a visit to Washington, the German Chancellor made an explicit declaration in the German Parliament regarding his interpretation on what the new foreign policy of the Federal Republic of Germany should be. First, he recognized that the reconstruction of Germany after the second World War was accomplished through international solidarity. As a consequence, and recognizing that international responsibility cannot avoid direct risks, he stressed that in the event of a request for military actions, Germany will respond affirmatively. However, future solutions to the crisis should go beyond mere military actions.35

Russia's attitude towards NATO and the European Union appears to have changed dramatically. As a result of a series of meetings with U.S. officials, direct communications with President Bush, and a special trip by President Putin to Brussels, the former Cold War adversary pledged complete cooperation in the fight against terrorism, making Russia a partner and pivotal actor in European security.<sup>36</sup>

The diverse way in which Europe has been expressing its views on the crisis, and the multiple formats utilized by the individual or collective leadership, have led observers to evaluate the performance in two complementary ways. On the one hand, optimists and legal-minded observers consider that individual countries and EU institutions have been very faithful to the spirit of the treaties and conventions. Each actor has played its role as prescribed by, and according to realistic expectations. On the other hand, pessimists and cynics have used the occasion to point out that "EU leaders appear to move in groups of three when visiting the Americans, who have to inspect the EU directory to see where

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<sup>33</sup> http://www.elpais.es/articulo.html?d\_date=20011006&xref=20011006elpepiint\_16&type=Tes&anchor=elpepiint

<sup>&</sup>lt;sup>34</sup> Lucy Ward and Michael White, <u>The Guardian</u>, October 2, 2001, <a href="http://www.guardian.co.uk/guardianpolitics/story/0,3605,561638,00.html">http://www.guardian.co.uk/guardianpolitics/story/0,3605,561638,00.html</a>

<sup>&</sup>lt;sup>35</sup> Declaration at German Parliament, Berlin, October 11, 2001.

<sup>&</sup>lt;sup>36</sup> http://www.washingtonpost.com/wp-dyn/articles/A2528-2001Oct3.html; http://www.washingtonpost.com/wp-dyn/articles/A2330-2001Oct3.html:

http://www.elpais.es/articulo.html?d\_date=20011004&xref=20011004elpepiopi\_2&type=Tes&anchor=elp\_epiopi\_

they fit and who is the most important. Meanwhile, leaders of the Member States travel on their own to demonstrate unified Europe's solidarity". 37

Predicting a much needed and coordinated division of labor in the reconstruction of a fractured or collapsed Afghanistan, in which each actor may be called upon to perform in the proper area of expertise, France made a concrete proposal in the setting of the European Union. It includes the creation of a cadre de concertation permanente formed by the European Union, the United States, the neighboring states (including Russia), the UN agencies and the NGOs. The Plan d'Action would aim at several objectives: the insertion of the European Union in the management of the crisis beyond the military aspects; placing a solution to the crisis in a UN setting; coordination of Afghanistan's future with its neighbors; and the recognition of the EU Commission as the best expert in the area of reconstruction assistance.<sup>38</sup>

# The European Commission and the Council of the European Union

The European Commission, with its once pivotal role already weakened by the evolution of the EU towards a more balanced entity between a supranational ambition and an inter-governmental reality, and the corresponding confirmation of the European Council as the hegemonic body, has acted according to its secondary role in political and security matters. It appears the Commission will be most efficient in administering the resources destined for reconstruction and development assistance.

Once the European leadership (state- centered and institutional) made the initial statements of support for the United States, the "troika" format took the lead in effective diplomacy in the formation of a much-needed coalition to fight terrorism. Jean Louis Michel, Minister of Foreign Affairs of Belgium (holding the EU presidency), Josep Piqué, Minister of Foreign Affairs of Spain (incoming presidency), External Relations Commissioner Chris Patten, and Javier Solana, High Representative for the Common Foreign and Security Policy (CFSP), embarked on a ten-day trip to the capitals of the main Islamic nations. The EU representation sent a triple message: the fight against terrorism is not directed against Islam, there is a need for curtailing the resources of terrorist organizations, and the European Union has a renewed disposition for bilateral relationships.<sup>39</sup>

Preliminary findings include warnings from the region regarding potential repercussions in Europe as a result of the retaliatory measures taken by the United States. 40 Overall, the troika's conclusions regarding EU views and aims for the rest of the world are summarized this way: "We have just now launched a permanent process, in particular with this region. We have the will and the responsibility to continue and

<sup>&</sup>lt;sup>37</sup> Source: EU officer.

http://www.lemonde.fr/rech\_art/0,5987,228894,00.html http://europa.eu.int/comm/external\_relations/med\_mideast/euromed\_news/troika\_09\_01.htm

reinforce the dialogue we started this week. This capacity to listen to persuade, to discuss within mutual respect is an essential characteristic of European diplomacy."<sup>41</sup>

Europe's practical defense voice was heard most clearly as a bloc of allies in the declaration made by the North Atlantic Council (NAC) of NATO on September 12<sup>th</sup> calling for the activation of article 5 of the Treaty of Washington. 42 However, when days passed, NATO's officials (as well as EU sources) were not able to identify specific modalities for the proper implementation of this drastic NATO measure, regarding the contributions expected from the U.S. allies.<sup>43</sup>

Subsequently, in what appeared to be a formal preparation for military intervention, on Monday, October 1<sup>st</sup>, the NAC activated the defense clause included in Art. 5, after reviewing evidence (considered as secret) presented by the United States.<sup>44</sup>

# **Common Foreign and Security Policy**

The crisis and its treatment by the EU structure will be yet another reason for its leadership to accelerate the unfinished status of the Common Foreign and Security Policy (CFSP), the development of the Rapid Reaction Force, and the proper placement of the office of the High Representative for the CFSP. While in the NATO structure, the role of the Secretary General has a defined mandate, as it was shown in the Kosovo crisis, it is not clear how the high-level profile of Javier Solana (and his successors) will stand now in the institutional puzzle of the European Union. Observers of the EU process may point out that the central question is not to what extent the Council will relinquish its powers over CFSP matters but rather to what degree foreign and security matters will become fully common competencies (thus reducing the possibility of individual member states vetoing decisions on CFSP).

As a consequence of the urgency, the EU ministers of defense have decided to speed up the process of implementing plans to make the Rapid Reaction Force (composed of 60,000 troops and an additional 120,000 reservists) operational by December 2001, well ahead of the initial goal of 2003. A conference to be held in November will prepare final details to be approved at the European Council meeting in Laeken, Belgium, in December.

<sup>41</sup> http://europa.eu.int/comm/external\_relations/med\_mideast/euromed\_news/troika\_09\_01.htm 
42 http://www.nato.int/terrorism/index.htm#bt

<sup>43</sup>http://www.elpais.es/articulo.html?d\_date=20010929&xref=20010929elpepiint\_16&type=Tes&anchor=e lpepiint

<sup>44</sup> http://www.elpais.es/articulo.html?d date=20011002&xref=20011002elpepuint 2&type=Tes&anchor=el pepupor; http://www.nytimes.com/aponline/international/02WIRE-NATO.html

#### **Policies**

The immediate consequences of the crisis will have a serious **impact** on some of the central **community policies** of the European Union, mostly in the areas of **internal migration** (due to more strict security measures) and **free movement of goods and services** (caused by potential restrictions in transportation, mail systems, and banking processes).

In a surprise move, and taking advantage of his leadership in supporting the U.S. cause, British Prime Minister Tony Blair stated that this was the moment for the U.K to adopt the euro, a decision to end partial isolationism from the rest of Europe in a time of crisis. Passed by Parliament or in a separate referendum, the adoption of the common currency would reinforce European monetary integration as no other previous measure taken in the financial field.<sup>45</sup>

Regarding security measures, the European Commission has proposed legislation to be implemented in all EU airports. It includes common procedures for luggage inspection, access to airport areas, passenger control, and employee identification.<sup>46</sup>

# **Economy**

Since the beginning of the crisis it has been difficult to provide a precise analysis of the impact of the crisis on the European **economy**<sup>47</sup> as a whole or in part of the European Union's economic and financial policies. Expert and media commentaries have shown the contrast between the centralized measures taken by the U.S. financial authorities and the diverse and cautious attitudes seen in European governments. Dramatizing the contrast, <u>Le Monde</u> termed the U.S. response as <u>volontarisme</u> and the European reaction as <u>inhibition</u>.

At first, the EU structure reacted with a statement made by the European Central Bank expressing its confidence in the euro zone. The ECB feels confident the attacks will not significantly erode the euro zone growth projections and believes that the "slowdown in economic growth will be short-lived." However, the question remains whether this optimistic talk by key financial experts is just a way of reestablishing consumer and investor confidence.

50 "ECB remains upbeat about growth and inflation" http://www.ft.com, 20 September 2001.

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<sup>45</sup> http://www.guardian.co.uk/Archive/Article/0,4273,4269945,00.html; http://www.iht.com/articles/34454.html

<sup>46</sup> http://www.elpais.es/articulo.html?d date=20011006&xref=20011006elpepiint 21&type=Tes&anchor=e lpepiint

<sup>&</sup>lt;sup>47</sup> For an overall commentary made in the aftermath of the tragedy, see Center for European Policy Studies, Daniel Gros, http://www.ceps.be/Commentary/September01/danielwtccom.htm

<sup>&</sup>lt;sup>48</sup> See reports on the ECOFIN meeting of September 21-22. <a href="http://www.elpais.es/articulo.html?d\_date=20010922&xref=20010922elpepueco\_1&type=Tes&anchor=elp-por">http://www.elpais.es/articulo.html?d\_date=20010922&xref=20010922elpepueco\_1&type=Tes&anchor=elp-por</a>. See appendix authored by Beatriz Danguillecourt.

<sup>49</sup> http://www.lemonde.fr/article/0,5987,3208--229247-,00.html

In expectation of hard evidence, only comparative predictions made by financial institutions are available. The World Bank, for example, predicted that growth in the developed countries was supposed to decrease from 5.5% in 2000 to 2.9% in 2001, as a result of the slow down of the economy. It was expected that a 4.3% growth would be obtained in 2002. After the September 11 crisis, the World Band has lowered this estimate to between 0.5 and 0.75.<sup>51</sup> European governments have announced austerity measures in view of the perceived recession in the United States.<sup>52</sup>

#### **Justice and Home Affairs**

It is predicted that the pressure to convert some of the competencies still included in the **third pillar** of the Union (justice and home affairs) into a part of the pooled sovereignty of the first pillar, might suffer a considerable **delay**. Among the prime candidates for this delay will be the entrance of new members in the Schengen agreements. Some countries, notably the UK, may opt for a hardening of border controls. In any case, European governments, pressed by their corresponding societies, will oscillate towards one of two tendencies. The first is the temptation to reinforce a "closed Europe" facing a danger; the second is the opposite, or an "inclusive Europe", which will seek closer relations with countries that are not on the list of thirteen candidates, with an array of cooperation programs. <sup>53</sup>

On the positive side, **cohesiveness and coherence** in treating the threats of **terrorism and organized crime** will become more coordinated, and therefore, offer a better prospect for becoming fully supranational policies. <sup>54</sup> This is demonstrated by the decision taken by the Council of Ministers of Justice. <sup>55</sup> The crisis will call attention towards projects such as the European Union's capability to deploy police forces in conflict areas, a closer judicial cooperation, cohesive mutual recognition in criminal law, and the establishment of a European Border Guard. <sup>56</sup> As a result of this need, Belgium, Spain, France, Germany, Italy, Austria and Finland will hold talks in Brussels on Oct. 15, "as part of a European Union effort to tighten security and safeguard the bloc's external borders before the enlargement of the union."

The troika's conclusions included this assessment: "We have to address as soon as possible the task of defining what constitutes 'terrorism' or, to be more precise, what constitutes a terrorist act. As regards financing of terrorism we have to implement the Action Plan adopted last Friday. Several of our interlocutors have complained about a

<sup>54</sup> Se Joanna Apap, <a href="http://www.ceps.be/Commentary/September01/terrorism.htm">http://www.ceps.be/Commentary/September01/terrorism.htm</a>

<sup>&</sup>lt;sup>51</sup>http://www.elpais.es/articulo.html?d\_date=20011002&xref=20011002elpepiint\_5&type=Tes&anchor=elpepiint

<sup>52</sup> http://www.lemonde.fr/article/0,5987,3222--228679-,00.html

See CEPS's report.

<sup>55</sup> http://www.lemonde.fr/article/0.5987.3222--223061-.00.html

<sup>&</sup>lt;sup>56</sup> CEPS' report.

<sup>57</sup> http://www.nytimes.com/2001/10/07/international/europe/07BORD.html?searchpv=nytToday

lack of cooperation from EU countries in this field. We have to take **measures** as soon as possible to forestall such criticism."<sup>58</sup>

# **Enlargement**

**Enlargement** plans may suffer a **delay** in some cases, especially with countries still under the scrutiny of the European Union due to some sensitive details (lack of complete democratic credentials, a majority of Islamic population, etc.). In other cases, under the pressure of the urgency presented by the crisis, the European Union may resolve to close negotiations with the countries best prepared for membership and complete a **first round of expansion** on a schedule according to the most optimistic views. The explicit or potential candidacies of Cyprus and some of the former Yugoslavia new republics may suffer a considerable delay. Although standard strict requirements have made Turkey's candidacy a permanent problem, its case may be pushed to the front of the agenda to anchor this pivotal country in a Europe in need of secure borders.

#### Relations with the Mediterranean and Middle East

Relations with some Middle Eastern and Southern Mediterranean countries may become more strained due to security constraints. Yet, the troika's conclusions included these unequivocal statements: "The mission has been very well received in every one of the countries we visited. This visit was first and foremost a political symbol: the European Union extended its hand to the Arab and Muslim world. This was well understood by our interlocutors." There is no way to know if the EU's influence in the Palestine/Israel confrontation will be reinforced or weakened, depending on the course of events. The crisis may offer an opportunity for a more coordinated EU-U.S. policy toward the region.

#### **EU-U.S. Relations**

Across the Atlantic, **relations** with the main protagonist and victim of the attacks will be reinforced or strained, depending on the actions taken by the **United States** and the perception that the European states may have. Much will depend on the degree to which the United States acts collegially and engages in real consultations with its NATO allies before undertaking actions involving the use of force.

The troika's conclusions include these statements: "Our message to the United States is that only a multilateral approach can reinforce their security, can guarantee ours. We will also deliver the message to them that it is important to take into account different public opinions. Everywhere there is the willingness to combat terrorism. But also the fear exists that potential disproportionate actions could lead to the loss of support of these public opinions, with the risks of destabilization this entails." <sup>60</sup>

<sup>&</sup>lt;sup>58</sup> http://europa.eu.int/comm/external relations/med mideast/euromed news/troika 09 01.htm

http://europa.eu.int/comm/external\_relations/med\_mideast/euromed\_news/troika\_09\_01.htm http://europa.eu.int/comm/external\_relations/med\_mideast/euromed\_news/troika\_09\_01.htm

From the point of view of cultural relations, the crisis and its uncertain development may represent a milestone in the **perception and image of the United States in Europe.** The traditional gap between the critical view from the left and the more admiring attitude from the right was temporarily suspended in the aftermath of the tragedy, but it may be resurrected in a new fashion depending on the actions of the United States. The subtle distinction between what is considered "American", and what is judged as "universal" or "western" culture may be redefined once the European public is forced to decide if the attack was against the United States alone or against all signs of civilization. In the event that US retaliatory actions seem to be judged as disproportionate, especially if military confrontation leads to grave chaos and unbearable losses, European perception may lean toward an interpretation that the attack was targeted solely on the United States, and not on western civilization.

Representative of European perceptions, French views of the United States are positive, showing over 70% support for the U.S. However, while memories of American losses in freeing France from German occupation have a permanent spot in French gratitude, a substantial majority still feels apprehension towards the way the U.S. leadership may handle the crisis. A report in the New York Times very aptly summarized this attitude: "France and America have long vied with one another to be seen as the true guardian of the free world. France's aspirations for its culture breed a resistance to American imports. In addition, a host of social and political issues have begun to come between the two countries, from America's support of capital punishment to a general sense that Americans are too concerned with money, unable to enjoy life or to reach out to those who have less than they do. Nowhere has resistance to what is portrayed as an American-led attempt to impose its culture and economic model on the world been stronger."

#### **Americas**

As a collateral damage of the September 11 events, **regional integration schemes in the Americas** will suffer some impact, especially in the areas of migration and resistance to common institutions that are perceived to weaken the role of the autonomous state.

All medium and long range plans for regional integration seemed to be placed in a holding pattern after the attacks. The U.S. government was not pleased by the ambivalent reaction coming from Latin America, expecting more than standard declarations of solidarity. Although some observers considered it as an overreaction, the perception that the United States may further delay priorities for free trade pacts with its neighbors may provide opportunities for closer relations between Latin America and Europe. However, it remains to be seen how the European Union will be ready to offer Latin America a better deal than the one already on the negotiating table before the crisis.

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<sup>61</sup> http://www.nytimes.com/2001/10/04/international/europe/04NORM.html?searchpv=nytToday

<sup>62</sup> http://www.nytimes.com/aponline/international/02WIRE-NATO.html

<sup>63</sup> http://www.miami.com/herald/content/news/columnists/oppen/digdocs/007360.htm

NAFTA will witness a delay in consideration of the request made by Mexico's President Vicente Fox for a more relaxed immigration policy. In view of the fact that the U.S. perception of the Mexican reaction to the attacks was not positive, <sup>64</sup> a weakening of the NAFTA link may advise Mexico of a closer relationship with the European Union, especially in the wake of the EU-Mexico free trade agreement.

In the MERCOSUR context, the crisis may have a double effect. On the one hand, EU-MERCOSUR discussions are advanced and not directly affected by the aftermath of the tragedy. On the other hand, if the European model oscillates more heavily towards an intergovernmental model, MERCOSUR will lose all inspiration. If the crisis widens the gap with the United States, because Argentina and Brazil decide to distance themselves from the United States, or this country has to decide to concentrate its energies in hot regions of the world, the MERCOSUR bloc may opt for closer relations with the European Union. In any event, the economic crisis led to the abandonment of the already unsustainable Common External Tariff, resulting in the momentary retreat of MERCOSUR from a customs union agreement. This negative factor, added to the growing disharmony between Argentina and Brazil, might make negotiations with the European Union more difficult.

As will happen elsewhere, on the positive side, a more effective policy in combating narcotrafficking and terrorism will contribute to make some areas of the Americas more secure. On the other hand, observers also point out that drastic security measures may result in a strengthening of authoritarianism and collateral violation of human rights. It remains to be seen how the cooperation assistance programs of the European Union will be affected once a new trend of hard line regimes becomes the norm. With the EU assistance in the 80s as a reference, the new threat may pose a different challenge than confronting the U.S. Cold War perception of the region at that time.

In general, but especially in the areas well outside of the most predictable scenarios for military confrontation, a considerable amount of EU economic and relief resources can be expected to be deployed once a possible needed reconstruction program is put in place. Optimistic views in Brussels consider that existing or forthcoming development assistance programs and budget line appropriations will remain independent of financing needs possibly emerging to cover reconstruction/rehabilitation in other parts of the world affected by military action or as a compensation for co-operation. The sudden shift in world needs may constitute the first major challenge for the performance of Europe-Aid. the newly born EU agency within the European Commission destined to centralize all assistance efforts. However, this expected EU humanitarian reaction may consequently have an impact on programs designed for other regions of the world. Of all areas, Latin America and the Caribbean stand to be the most obvious losers in receiving aid. Trade privileges and economic pacts may suffer the consequences of the pressure to shift the energies towards the Eastern border of Europe and the Southern Mediterranean shore.

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<sup>&</sup>lt;sup>64</sup>http://www.elpais.es/articulo.html?d date=20010929&xref=20010929elpepiint 31&type=Tes&anchor=e

Yet, optimistic voices in the EU institutions expect that this task of assistance and reconstruction will be taken on by United Nations operations.

# **EU Enlargement- What's Next after September 11 Crisis**

-Gabriela Marin Thornton<sup>65</sup>

Before the September 11 crisis, the most common questions in regard to the enlargement process were: Can enlargement be made to work? And if so when? What candidate countries would join first, or second, or even third and on what dates? Will the Treaty of Nice be ratified by each member state of the European Union? The terrorist attack against the United States on September 11, did not wipe off those questions, of course. However, it prompted scholars and policy makers to ask a new question. Namely, how is the September 11 crisis going to impact the EU expansion? The European Council met in Brussels in an extraordinary session on 21 September 2001. The conclusions of this session were presented under four headings: 1.solidarity and cooperation with the United States; 2. the European policy to combat terrorism; 3. the Union's involvement in the world; and, 4. world economic prospects. 66 The Belgian Presidency asked the candidate states whether or not they agreed to align themselves with the conclusions of the extraordinary session. Thirteen candidate states immediately responded "yes". "Acting together" (member states and candidate countries) adds a positive note to the enlargement process. However, caution should be exercised in making any connection with the enlargement process, since ultimately "acting together" does not mean necessarily, for the candidate countries, an easy or a rapid way of joining the Union.

On the one hand, it could be argued that the conclusions of the Extraordinary European Council, which require enhancing police and judicial cooperation, developing international legal instruments to combat terrorism, putting an end to the funding of terrorism and strengthening air security, might be followed by certain modifications of the Acquis Communitaire, which consequently will delay the enlargement process. This perspective might be reinforced by a possible slow down in economic activities due to the September 11 crisis. On the other hand, claims could be made that these tragic events would give way to a more harmonious, if not even quicker, enlargement process. On September 13, Gunter Verheugen, the European Commissioner in charge of enlargement declared: "the recent attacks in the US will have an impact on European integration and on the enlargement process. But this impact will be positive, as the feeling that we, Europeans, share the same values is more tangible than ever." It remains an open question if the Commission could use statements like this in member states to make to a

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<sup>&</sup>lt;sup>65</sup> Ph. D. Candidate. University of Miami.

<sup>&</sup>lt;sup>66</sup>See Conclusions of the Extraordinary European Council. Press Release at <a href="http://www.eu2001.be/VE">http://www.eu2001.be/VE</a> Adv Press

<sup>&</sup>lt;sup>67</sup>See Enlargement Weekly, September 14, 2001 at http://europa.eu.int/comm/enlargement/docs/newsletter

stronger case for the enlargement. Caution again should be exercised in jumping to any conclusions.

Arguably a couple of factors will influence the enlargement process after the September 11 crisis. First, issues of justice and home affairs would start to move toward the top of the enlargement agenda. Action is to be expected from the Union in enforcing more than ever its present and future borders. If this move does occur, the image of Europe as a "fortress" could be reinforced, and the Union risks antagonizing its relations with neighboring states. Second, economic factors and border security issues could be used in order to replace the most common idea of two or three Eastern waves of enlargement with maybe four waves or more, delaying certain candidate countries, while speeding the accession of others.

#### **Enlargement**

-Nouray Ibryamova.<sup>68</sup>

That the world will never be the same after the terrorist attacks in New York and Washington on September 11 has become a cliché. Inevitably, the aftershocks of the attacks have prompted a wave of readjustments in Europe, with implications for its long-term agenda.

It is to be expected that enlargement, the European Union's major project of historical proportions, has been put on the backburner for the time being. Inevitably, the newly approved measures for combating terrorism within the Union as well as the economic slowdown will impact the pace of the accession negotiations and perhaps even spark a debate on the accession dates of the best-prepared candidates.<sup>69</sup> What is more important, perhaps, is where the enlargement will stop, in other words, where the new fault line of the continent will run and what consequences can be expected.

The Union and its member states alike have repeatedly pointed out that the fight against terrorism should not be viewed as a "clash of civilizations," or as one pitting Christianity against Islam. Much like the current member states, a number of the applicants for membership have sizeable Muslim populations and even terrorist cells established in their territories. Turkey is the only candidate country with a predominantly Muslim population, but due to its checkered democratic credentials it has not yet opened accession negotiations. Since the attacks, Turkey has found itself on the front lines of the fight against terrorism and its strategic importance has grown considerably. Putting the often faltering EU-Turkey relations on the right track bears upon a number of issues ranging from Turkey's veto power over the use of NATO assets by the Union's Rapid Reaction Force to being the ultimate test of the European Union's rejection of the "clash of civilizations," while at the same time affirming its commitment to genuine democracy and liberal values. 70 Without turning a blind eye to Turkey's record on human rights and democratic consolidation, the resolution of this impasse will indicate the EU's commitment to a candidate, whose "Europeanness" at times seems to depend upon the presence of pressing security concerns.<sup>71</sup>

<sup>&</sup>lt;sup>68</sup> Ph. D. Candidate in International Studies, University of Miami.

<sup>&</sup>lt;sup>69</sup>See Conclusions and Plan of Action of the Extraordinary European Council Meeting on 21 September 2001. <a href="http://www.eu2001.be/Images/pdf/concl-bxl.en1.pdf">http://www.eu2001.be/Images/pdf/concl-bxl.en1.pdf</a>. Alignment candidate-countries with conclusions European Council. <a href="https://www.eu2001.be/Main/Frameset.asp?reference=01-01&lang=en&sess=86365631&%20">http://www.eu2001.be/Main/Frameset.asp?reference=01-01&lang=en&sess=86365631&%20</a>

<sup>&</sup>lt;sup>70</sup> Michael Emerson and Daniel Gros, "Issues for Europe – Post-11 September," Center for European Policy Studies: Policy Brief. http://www.ceps.be/Commentary/September01/michael2109.htm.

<sup>&</sup>lt;sup>71</sup>Nathalie Tocci and Mark Houben, "Accomodating Turkey in the ESDP," <u>Center for European Policy Studies Policy Brief.</u> <a href="http://www.ceps.be/Pubs/2001/turkeyesdp.pdf">http://www.ceps.be/Pubs/2001/turkeyesdp.pdf</a>.; Birol Yesilada. "The Mediterranean Challenge," in <u>The Expanding European Union: Past, Present, Future</u>," ed. John Redmond and Glenda G. Rosenthal. Boulder: Lynne Rienner Publ., 1998 177-193.

The fledgling democracies of the former Yugoslavia – with the exception of Slovenia - to whom the Union has signaled the possibility of membership in the future, can suffer varying degrees of instability prompted by the U.S. and the EU shifting attention to the urgency of counter-terrorism. Hence, the message that the European Union will send to various countries on the periphery of European integration is likely to affect the stability and security of the region as well as of Europe as a whole.<sup>72</sup>

The differences between the applicants who are likely to be included in the first round of enlargement and the rest, and particularly the non-applicant countries, are becoming increasingly visible. From the periphery, the promised "common European home" does not seem very welcoming. The increasingly restrictive nature of immigration and asylum policies<sup>73</sup> add to the feeling of exclusion and to more tangible social and economic disruptions along the Union's external borders. Emphasizing the irreversibility of enlargement as well as enhancing the cooperation with non-applicant states could in the long-run do more for Europe's security than creating a virtual "Fortress Europe." The terrorist attacks of September 11<sup>th</sup> may prove to be a pivotal event for European integration, <sup>74</sup> expressed not only in the development of common policies on combating terrorism and cross-border crime, but also in emphasizing the urgency of enlargement. <sup>75</sup>

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<sup>&</sup>lt;sup>72</sup>Irena Guzelova, "Concerns Over Balkan Stability After US Attacks," <u>Financial Times</u>, 20 Sept. 2001. http://news.ft.com/ft/gx.cgi/ftc?pagename=View&c=Article&cid=FT32S74PURC&live=true&query=serbi a Milan Panic, <u>Remarks to the Center for European Policy Studies</u>. Center for European Policy Studies Web Notes, <a href="http://www.ceps.be/Events/091901.htm">http://www.ceps.be/Events/091901.htm</a>.

<sup>&</sup>lt;sup>73</sup> See "Debate on human trafficking and information for the candidate EU Member States regarding terrorism." Press Releases of the Belgian Presidency. 25 Sept. 2001. http://www.eu2001.be/Main/Frameset.asp?reference=01-01&lang=en&sess=86365631&%20

<sup>&</sup>lt;sup>74</sup> Ian Black, "Brussels Does Its Bit," <u>The Guardian</u>. 24 Sept. 2001. http://www.guardian.co.uk/Archive/Article/0,4273,4263051,00.html

<sup>&</sup>lt;sup>75</sup> See Dominique Moisi, "Tragedy That Exposed a Groundswell of Hatred," <u>Financial Times</u> 23 Sept. 2001 <a href="http://news.ft.com/ft/gx.cgi/ftc?pagename=View&c=Article&cid=FT3E8X36ZRC&live=true">http://news.ft.com/ft/gx.cgi/ftc?pagename=View&c=Article&cid=FT3E8X36ZRC&live=true</a>

#### The Economy

-Beatriz Danguillecourt<sup>76</sup>

Europe has started to feel the economic impact of the September 11 terrorist attacks on the World Trade Center and the Pentagon. The major indexes in European stock markets had fallen sharply by Thursday, September 20. The Frankfurt's Xetra Dax fell 18.1 percent, the Paris CAC index 14.3 percent, and the London FTSE was down 9.5 percent. European experts feel that the U.S. economy will have to show signs of recovery before Europe can turn around its markets. As an immediate effect of the crisis, layoffs in the airline industry have started. The big test on the economy will continue to unfold in the next weeks. The uncertainty of possible new terrorist attacks, and the U.S. military response to terrorism are keeping consumer confidence shaky. If job layoffs continue, bigger drops in the stock market are likely to materialize along with decreased consumer spending. An overall slowdown in economic growth on both sides of the Atlantic will become increasingly evident, and the threat of a long-term world recession will become imminent. Still, most experts believe that a major recession is not foreseen.

The economic impact of the tragic events of September 11 has shaken momentarily the economic stability of the United States and the world. Because of the interconnectivity of the global markets, events in the United States created immediate repercussions in Europe. The European Union responded in unison with a statement from the European Central Bank expressing its confidence in the euro zone. The ECB felt confident the attacks would not erode the euro zone growth projections and believed that the "slowdown in economic growth will be short-lived." Also, in a concerted effort with the U.S. Federal Reserve bank, the ECB cut interest rates from 4.25 to 3.75 after the attacks. Despite the reassuring words of the ECB, the EU economic growth had to be revised at the end of the week. Pedro Solbes, Commissioner for Economic and Monetary Affairs, expects growth to be below 2 percent for the euro zone. Major indexes in European stocks fell sharply. There were also expectations that the Euro would rally against the dollar, but the euro's behavior has been quite disappointing, with major changes in the exchange rate (either way in favor of the dollar or the euro) not expected.<sup>78</sup> The day of the attacks the euro was trading at \$0.891, and two weeks later it had only gained about four cents to the dollar. Nonetheless, European financial experts expect only a short-term recession, thus expressing confidence in the European economy and in the flexibility of EMU to combat the impact of the initial shock.

Prior to the attacks, the U.S. and the global economy had already shown signs of recession. The IMF in the World Economic Outlook surveys had adjusted the world growth levels. Global growth was expected to be 0.6 percent lower than reported in May 2001. U.S. growth was projected 0.2 percent lower than in May. For the euro area it had

<sup>&</sup>lt;sup>76</sup> Ph. D. (2001) University of Miami, School of International Studies.

<sup>&</sup>lt;sup>77</sup> "ECB remains upbeat about growth and inflation" Financial Times, 20 September 2001.

<sup>&</sup>lt;sup>78</sup> CEPS's report.

been reduced by 0.6 percent.<sup>79</sup> At the same time, the latest European Commission report published on October 1<sup>st</sup> showed that the economic confidence in the euro zone was at its lowest level, even before the September 11 attacks.<sup>80</sup> But the crisis has affected the tourism and air transportation industries. Already troubled companies such as Swiss Air and Sabena had government emergency funding injected to be able to continue operations.

With the institutionalization of economic and monetary policy, Europe had in place the mechanisms needed to absorb the economic shock of the terrorist attacks. Ten years ago, during the Gulf War, it was unable to deliver a coordinated monetary policy. The institutionalization of the euro as a unique currency has protected European countries from monetary fluctuations. The September 21-22 meeting of the European Finance ministers (ECOFIN) reinforced the commitment to European monetary policies stating that they "must stick to the stability and growth pact," with policies oriented to budget consolidation, and emphasis on structural reforms 1. In the meeting, they reaffirmed their commitment to its current policies. There is consensus among the EU officials that the guidelines established by the Maastricht Treaty in conjunction with the 1997 Growth and Stability Pact – which sets targets for the ratio between deficits and GNP- have enough flexibility to allow for larger deficits due to expectations of slower growth. The EU Council supported the measures taken by the ECB as sufficient to combat the crisis.

As a result of the events, the world economy might become more integrated. Didier Reynder, the Belgian Finance minister, predicts changes in global economic governance will occur, with countries around the world engaging in higher levels of cooperation, and institutionalizing tighter regulation in specific policies. The Federal Reserve Chairman also predicted that the attacks would encourage countries to agree on a new round of free trade agreements resulting in a "stronger global market system." Finally, the EU issued a statement about the economic impact of the events, which expressed the need to reinforce closer international and transatlantic financial cooperation in economic matters, as well as within the economic policies of the Union. 85

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<sup>&</sup>lt;sup>79</sup> "World Economic Outlook." International Monetary Fund, October 2001.

<sup>80 &</sup>quot;Confidence in eurozone economy at four-year low." International Herald Tribune, October 2, 2001.

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<sup>82 &</sup>quot;Spending is urged in Euro Zone." International Herald Tribune, September 24, 2001.

<sup>&</sup>lt;sup>83</sup> Euro Homepage. "Didier Reynders." <u>Financial Times</u>, September 17, 2001.

<sup>84 &</sup>quot;Greenspan warns of short term impact of attacks." Financial Times, September 20, 2001.

<sup>85 &</sup>quot;Final statement on the economic impact of the terrorist attacks on the US.".Press releases by the Belgian EU presidency. www.eu2001.be

# The Impact of the September 11 Terrorist Attacks on US-Mexican Relations

-Roberto Domínguez<sup>86</sup>

A week before the terrorist attacks on New York and Washington, political commentators said that the relationship between Mexico and the United States was at one of the best levels of communication in their mutual history.

Some specific facts can be considered as proof of the "new understanding" between the two countries. On the one hand, President's Bush first trip abroad was to Mexico, and the trip included a stop at the hometown of Vicente Fox. Subsequently, few days before September 11<sup>th</sup>, Fox was the first foreign president to pay a state visit to the United States. Less symbolically and more pragmatically, the traditional complex multithematic bilateral agenda focused on proposals to increase legal entries of Mexicans; to legal nany undocumented Mexicans already in the U.S.; to create a new and expanded guest-worker program; and the possibility of a shared border-control program. In fact, Fox challenged Bush to conclude an immigration deal by the end of this year.<sup>87</sup>

With regard to hemispheric issues, Mexico proposed at the Organization of American States (OAS) to redesign the Treaty of Rio because it considered that this security framework was obsolete for the post-Cold War order. In announced its proposal to open a debate in order to decide the possibility of withdrawing from the treaty within 60 days.

After the events of September 11<sup>th</sup>, the bilateral relationship has changed in several aspects:

- The redefinition of security policies in the U.S. implies stronger measures along territorial borders and, in consequence, stricter surveillance inigration issues. Officials of both tries have recognized that the prolitity of reaching an agreement with ico has been postponed at least in the short term.
- There is a readjustment in the political speech of the President of the United States. Prior to the tragic events, the relations with Mexico were seen as a priority; under the new circumstances, there is a return to traditional allies, particularly the United Kingdom.
- A diplomatic disagreement emerged between Argentina and Brazil. Whereas both countries called for the Treaty of Rio in order to face the events of September 11<sup>th</sup> on a regional level, Mexico prefet the diplomatic arena within the OAS. After a meeting of the OAS Ministers of Foreign Affairs (convened by Mexico), the proposal of Brazil and Argentina was accepted and the Treaty of Rio was

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<sup>&</sup>lt;sup>87</sup> "Fox's Washington Agenda", <u>Business Latin America</u>, Economist Intelligence Unit, September 10<sup>th</sup>, 2001.



<sup>&</sup>lt;sup>86</sup> Ph.D. Candidate in International Studies. University of Miami.

implemented. Despite this success of South American diplomacy, the meetings regarding the Treaty of Rio have had a low profile.

Mexico has presented its condolences to the United States and has offered its cooperation in providing information and political and diplomatic support in international forums. Even though the Mexican government has rejected any military participation, public opinion, representatives and intellectuals have questioned the support offered by the Mexican government. 88 Particularly, a target of criticism has been the Foreign Affairs Minister since he mentioned that "the U.S. has every right and reason to seek revenge, we cannot deny them support". The international media<sup>89</sup> has al ointed out that Mexico's support should be deeper.

It remains to be seen how the changes in U.S.-Mexican relations will offer opportunities or pose obstacles for better prospects of the EU-Mexico free trade agreement.

<sup>&</sup>lt;sup>88</sup> Roberto Garduño, "Descalifican diputados la política exterior de México", La Jornada, Jueves 27 de septiembre de 2001.

89 "Fair-weather friends", <u>The Economist</u>, September 20<sup>th</sup>, 2001.

#### MERCOSUR

-Manuela Picq<sup>90</sup>

In the last months, the menace of economic recession was dangerously hanging over Latin America. After the terrorist attacks of September 11, it became a concrete and potentially longstanding reality. The attacks on the United States had undeniable economic and political repercussions at the international level, especially on its regional partners, such as MERCOSUR.

As Wall Street remained closed for four days, the attacks shattered not only American, but also global financial markets. The recession might not have been as bad as expected, but the slow down of economic activity had inevitable impacts in Latin America. As MERCOSUR was desperately looking for foreign investment, it instantaneously suffered from the blockage and slowdown of trade. Capital flows also drastically diminished as fears of a global recession increased, and left even fewer hopes for growth in a region already on the decline. Thus, the attacks on the U.S. meant snail-pace economic growth in MERCOSUR, and, at worst, economic collapses in the near future. Politically, the economic crisis led to the abandonment of the already unsustainable Common External Tariff, or, in other words, the momentary retreat of MERCOSUR from a customs union agreement.

The terrorist attacks thus had important consequences on the political stability of MERCOSUR, and endangered a regional demobilization. Brazil reacted to the crisis by urging the activation of the Rio Pact. <sup>92</sup> But in Argentina, the response was to lean more than ever toward preferential agreements with the United States. The attacks thus reinforced sectors of the Argentinean society that want to leave MERCOSUR to build a commercial and military alliance with the United States, coming back to the so-called "carnal relations." <sup>93</sup>

The ongoing bilateral negotiations between MERCOSUR and the European Union were not considerably affected by the September 11 crisis. A meeting planned to discuss tariffs on the automotive sector had to be postponed as the Frankfurt Car Show, where it was scheduled to take place, was cancelled in the aftermath of the terrorist attacks. The EU-MERCOSUR agenda remains nevertheless unchanged in its form and content. Indeed, MERCOSUR leaders have already confirmed the presentation of a counter-proposal for the EU tariff offer before October 31<sup>st</sup> date agreed upon for the next Biregional Negotiation Committee meeting, and both parties have committed themselves to maintain the pace of the negotiation process. If the terrorist attacks had any impact at all on EU-MERCOSUR relations, it was on the economic, and by extension political, destabilization of MERCOSUR itself. Indeed, the growing disharmony between Argentina and Brazil might make common negotiations more difficult, and the EU

The New York Times, 9/18/01.

<sup>&</sup>lt;sup>90</sup> Ph. D. Candidate in International Studies, University of Miami.

<sup>&</sup>lt;sup>91</sup> The Washington Post, 9/18/01.

Term used by the Argentine government. <u>Valor Económico</u>, 347, 9/17/01.

Commissioner for Trade Pascal Lamy will have even more trouble finding a counterpart able to guide the process.

# Despite 9/11 Terrorist Attacks, Life goes on in the European Union

-Aimee Kanner<sup>94</sup>

The recent terrorist attacks against the United States and the inexplicable spread of anthrax are high on the minds of European Union officials and staff. During a recent Information Program sponsored by the Friedrich Naumann Foundation in Brussels, a U.S. delegation was often thanked for making the Transatlantic journey, EU officials vowed to continue traveling to the United States for EU-U.S. business negotiations on various topics, claiming, "We must go on!" and reports of additional anthrax cases in New York and Washington, D.C. seeped into seminar rooms. While terrorism and the ongoing war in Afghanistan are certainly hot topics in the European Union, and all issues and competencies are affected by the events of September 11 in some way or another, the march for progress continues on in the European Union. The airline industry, Common Foreign and Security Policy, economy, and trade are just four examples to show that the 9/11 events have affected various issue areas in many different ways, and that the flexibility of the European Union in dealing with these issues in a timely fashion and as a single unit will directly reflect on the possibilities for success.

# **Airline Industry**

One of the industries that *has* been directly affected by the events of September 11, for obvious reasons, is the airline industry. It is fair to say that all of the EU institutions have had to place this issue higher on their agendas because of the urgency of the situation. The European Commission has allowed member states to adopt certain emergency measures to assist airlines with the losses they suffered due to closure of American airspace for four days, with the increased security measures they needed to implement immediately following the attacks, and with providing adequate insurance so airplanes were not grounded for lack of the same.

However, carriers from third countries as well as some EU member states claim that this is an unfair advantage for the airlines receiving subsidies, many of which were in jeopardy even before the events of September 11. For example, the German Minister of Transportation, Kurt Bodewig claims that, "It is not acceptable that state subsidies in other countries breathe life back into ailing airlines, while the economically healthy German companies are disadvantaged." This is not to mention that U.S. carriers have been able to attract travelers by lowering Transatlantic prices while tickets on most European carriers have remained relatively high.

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<sup>&</sup>lt;sup>94</sup> Ph.D. (2001) in international studies from the University of Miami.

<sup>95 &</sup>quot;Germany Plans to Fight Subsidies in Airline Industry," *Frankfurter Allgemeine*, 27 October 2001, No. 250/43, p.1.

These valid complaints and risk of disputes in the World Trade Organization has forced the European Commission to put limits on the subsidies and emergency aid, limiting insurance assistance to one month and subsidies to the end of the year. Although this has caused alarm for some of the ailing European airlines, the Commission has pledged to work towards a common solution to this problem. Loyola de Palacio, European Commissioner for transport and energy claimed, "The European Commission is aware of the serious problems facing European airlines and intends to take all appropriate measures. But it must be in a common framework. The range of options presented today will permit a concerted response by all European states, precluding any discrimination between airlines." It will certainly be interesting to see how this issue plays out considering the threat of future attacks continues to discourage would-be passengers, and there exists an uncommon dynamic between the industries in individual member states, the goals of the European Union, and free trade competition policies.

# **Common Foreign and Security Policy**

Following the September 11 terrorist attacks the European Union declared its common position, claiming it would maintain a strong solidarity with the United States, increase security of air and other modes of transportation, and make obvious its determination to fight terrorism by increasing cooperation between police forces of the member states and those of third countries, especially the United States. The second pillar of the European Union, the Common Foreign and Security Policy, has been unable, however to act as many would have hoped in such a crisis situation. For example, military cooperation between the United States and EU member states has been conducted mainly on a bilateral basis as can be seen by the presence of British troops in Afghanistan while other EU member states, such as France and Germany, have offered to send military personnel if requested to do so by the alliance currently fighting the battle in the Middle East, and still others have been reluctant to make any commitments regarding military assistance in this Operation Enduring Freedom.

These unilateral actions demonstrate the holes that still exist in the second pillar of the European Union and how this competency has not yet been fully developed. This does not mean that there is no hope for the future. All things considered, the economic competency did not become fully developed overnight, and foreign and security policy, to a large extent, is a more sensitive subject. The events of September 11 are pushing the CFSP forward, as member states may be starting to realize as they did with economic issues, that working together is more advantageous and less costly not only for each individual member state but for the European Union as a whole.

<sup>&</sup>lt;sup>96</sup> European Commission, "Terrorist attacks: emergency measures for air transport," DN: IP/01/1399, 10 October 2001.

#### **Economy**

The economy of the European Union is, without a doubt, suffering as a result of the September 11 attacks, and the economic downturn of the United States, one of the Union's most important trading partners. However, EU officials claim to have complete confidence in economic recovery for the region. "[The European Council] noted that the economic slowdown has been accentuated by these events but expressed its confidence that the sound economic fundamentals of the Union and the fiscal consolidation already achieved will help to ensure that the impact will be limited and temporary." However, the long term economic project of inaugurating the euro on January 1, 2002, seems to be right on track. In fact, EU officials are quite confident that on December 31, 2001, ATM machines will start dispersing euros for public use the following day, and that although national currencies can be exchanged indefinitely, by March 1, 2002, the euro will be the only legal tender in the countries participating in this common currency initiative.

#### **Trade**

From November 9-13, 2001, the World Trade Organization (WTO) ministers meeting will be held in Doha, Qatar. Only one week ago, the meeting was in question due to security concerns but after the United States committed to attend, many other WTO members seemed to come around to the idea as well. After the WTO disaster in Seattle, this organization can not afford another such failure, and it is hoped that the events of September 11 will actually serve to promote cooperation at the November meeting. It is thought that the 9/11 crisis will encourage countries, especially the United States and the European Union, to compromise to a greater extent as they believe it is important for international cooperation to function during this period of fighting against the so-called non-state enemy, and that the launch of a new round of negotiations will be possible by the conclusion of the ministerial meeting. At the same time, however, the EU and U.S. cannot agree on all of the issues and have continuing disagreements over implementation, anti-dumping, investment and competition policy, intellectual rights, and public health. Labor standards and environmental issues are so controversial that they are likely to remain far from the Doha discussions for it is very clear that at this point progress cannot be made if these issues are part of the negotiating agenda. The need for members of the WTO to be seen as doing something positive on the international level following the terrorist attacks will inevitably be apparent in the results of this ministerial meeting.

#### Conclusion

Every individual, organization, industry, and government has been affected by the terrorist attacks against the United States on Tuesday, September 11, 2001. The subsequent War Against Terror has not made the situation any easier. It would be

<sup>&</sup>lt;sup>97</sup> European Council, "Declaration of the Heads of State and Government of the European Union and the President of the European Commission: Review of the Economic Situation," SN: 4298/2/01, 19 October 2001.

irresponsible to deny the overwhelming economic, social, and political ramifications of this dastardly act anywhere in the civilized world, including the European Union. In fact, just a small sample of the ways in which the European Union has been affected by these events has been outlined above. In some cases, however, it appears as though the European Union is using the need to change focus in some issue areas to progress and achieve previous goals of deeper integration.