

# BULLETIN

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## François Hollande and French European Policy

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*Although the new French president, Socialist François Hollande, will not introduce great changes in France's European policy, his election may, however, lead to its re-evaluation. Whether he undertakes structural reforms to boost the French economy will be crucial to the economic condition of Europe. In declaring the opening of Franco-German relations to other EU players, he also offers opportunities for better cooperation with Poland.*

The choice of François Hollande as France's president means that the Socialist Party (PS) is likely to win the National Assembly election in June. The Socialists have an absolute majority in the Senate, and rule in the vast majority of regions. This would facilitate the exercise of authority by the new president, who represents France in the European Council (EC) and has the greatest influence on shaping the French position. European policy, except for the postulate of the renegotiation of the Fiscal Compact, remained on the margins of Hollande's electoral programme. Importantly, the Socialists, since an internal referendum on the constitutional treaty in 2005, remain divided on the question of deepening European integration. A worse-than-expected result for the extreme left candidate, Jean-Luc Mélenchon, who in the first round of the presidential elections gained 11.1% of the vote, means that his impact on the Socialists' program will be less significant than was anticipated.

**Renegotiation of the Fiscal Compact.** The focal point of Hollande's European programme is the renegotiation of the Treaty on the Stability, Coordination and Governance in the Economic and Monetary Union (the so-called "Fiscal Compact"). He proposes supplementing it with an agenda for growth, including increasing EU funding of development projects through loans from the European Investment Bank (EIB), the introduction of European bonds, and the mobilisation of resources from unspent EU funds. Socialists base the ratification of the Fiscal Compact on the success of these negotiations. Taking into account the fact that German Chancellor Angela Merkel spoke positively about an increase in funding for the EIB and that work on finalising the agenda for growth is underway at the EU institutions level, a compromise is likely to be achieved. A solution acceptable to Hollande may be to sign a separate policy document, since some countries have ratified the Fiscal Compact. Due to limited support from EU Member States, it is unlikely to lead to ambitious changes. Moreover, it is unlikely that the Fiscal Compact will not be ratified, because of the risk of a negative reaction on the financial markets and the loss of political trust at the EU level. While Hollande does not agree with the introduction to the French constitution of the so-called "Golden Rule", he is considering entering it into the French legal system within the Organic Law, which falls between the Constitution and the law, specifying the issues related to the functioning of state bodies.

**The Future of European Integration.** François Hollande did not present a detailed and coherent vision of the future of the European project. Although the main centre of EU decision-making remains for him the European Council, he does not rule out the Community method, and promises greater participation of the European Commission and European Parliament (EP) in the EU decision-making process. Cooperation with Germany is of key importance to Hollande, but he rejects it as too closed and dominant, and declares France's openness to other EU countries (e.g., Spain, Italy, Poland). In the debate on the EU, the new president emphasises the problem of a democracy deficit that should be solved by combining the functions of the presidents of the European Commission and the

European Council (by election, based on the principle of universal suffrage), by the direct election of the president of the European Commission by deputies of the EP, or by increasing the role of national parliaments.

Hollande only touched on the future of some EU policies. First, in contrast to outgoing President Nicolas Sarkozy, he speaks less radically about the reduction of the EU budget. One should not expect a fundamental change in the negotiating position of France, a position which is determined by the state's long-term interests. Due to the fact that the Socialists rule in the majority of the regions of France, Hollande can support the introduction of transitional regions and be more flexible in terms of cohesion policy. Furthermore, he supports a tax on financial transactions, which would reduce the French contribution to the EU budget. Second, he promotes protectionism in the EU's economic relations with emerging powers, pointing to the necessity to introduce the principle of reciprocity in trade and in access to the public procurement market. Third, he proposes the creation of the "European Energy Community." This concept assumes the introduction of legally binding solutions in the area of energy effectiveness, of the gradual convergence of national energy mixes through increasing the share of renewable energy, and support for smart power grids. It also foresees the improvement of EU capability in negotiations with third-party countries supplying energy.

**The EU as a Regional and Global Player.** As a politician without international experience, Hollande was trying to avoid a confrontation with Sarkozy in this area during the election campaign. Hollande's comments were largely restricted to Turkey's accession outlook. Unlike his predecessor, who rejected EU enlargement to Turkey, Hollande accepts it. However, he does so on condition that Turkey meets EU membership criteria, which is unlikely to happen during his tenure. One should note that numerous politicians from the PS give unofficial support to enlarging the EU to include Turkey. As for the CSDP, it can be expected that France will try to play a leadership role, stimulating development of this policy while maintaining bilateral defence cooperation. Hollande calls for Europe's defence policy to be based on three elements: deepening Franco-British and Franco-German cooperation and relations with Belgium, Spain, Italy and Poland; the rationalisation of the use of national armies; and the consolidation of Europe's technological and industrial bases. He has also announced plans for work on the EU strategic concept. His growth agenda foresees financing projects related to Europe's defence.

**Conclusions and Recommendations.** On the EU level, Hollande will introduce more predictability and a culture of compromise. However, the assumptions of French EU policy will not change much. There will be a continuation of an inter-governmental approach based on tandem Franco-German efforts. The rhetoric, however, will be more EU-centred. In order to introduce a more ambitious growth agenda, Hollande will need a stronger coalition of Member States. The steps he takes to improve the French economic situation and decrease the public finance deficit between now and 2017 will be crucial to the future of EU economic prosperity.

As long as the economic crisis continues in Europe, the Franco-German duo will play the main role. Taking into account the countries' different approaches to measures to tackle the crisis, the challenge in the near future will be to find common ground. Hollande's declaration of openness regarding the other Member States is an opportunity for Poland to develop cooperation between Poland and France, and operationalise the strategic partnership agreed in 2008. In order to create a good political atmosphere, Poland should intensify diplomatic activities in the first months of Hollande's presidency. A positive signal would be Polish support for Hollande's growth agenda. The common ground between the two could be the democracy deficit in the EU, an issue raised by Polish Minister of Foreign Affairs Radosław Sikorski in his speech in Berlin in November 2011. Despite the impasse with the CSDP, Poland should highlight its willingness to strengthen cooperation in this sphere, and start talks with France. The goal should be the promotion of initiatives acceptable to Member States in these times of economic crisis. In relation to the "Energy Community" concept proposed by Hollande, Poland's interests may lie in aspects of certain infrastructure projects and the EU competencies in negotiations of energy deals. The Weimar Triangle can be operationalised to maintain a dialogue on CSDP and energy policy, also at the ministerial level. Last but not least political contacts should be accompanied by support for cooperation between experts at Polish and French think tanks.