

Vienna, 7 – 8 April 2016

Austria: A locomotive for cooperation in Central Europe and the Balkans



Above, clockwise left to right: The meeting table at the Diplomatic Academy, Vienna; Mustafa Cerić and Sasha Havlicek; Ambassador Alexander Marschik addresses guests over dinner at the Austrian Foreign Ministry; Hans Winkler and Sir Malcolm Rifkind

BACKGROUND

Austria's history has long been interwoven with the Balkans and its Central European neighbours. It has strong economic links with its neighbours, especially with the EU countries, and has a special interest in the membership aspirations of Balkan countries and Ukraine. Lord Weidenfeld was Austrian by birth, British by adoption and European by culture and affinity. A commitment to bridge-

building between countries and cultures characterised all his activities. The migrant crisis and the rise of extremism in Europe, populism and anti-Semitism in Austria all led him to suggest a conference designed to confront these deeply troubling challenges. The Austrian authorities welcomed the proposal, and Dr Hans Winkler, Director of the Diplomatic Academy, Vienna, George Weidenfeld's alma mater, immediately offered to host the meeting. Lord Weidenfeld was involved in all the initial planning but did not live long enough to take part in the conference. However its proceedings were dedicated to him and celebrated his memory.

The Institute for Strategic Dialogue together with the Club of Three organised the meeting in partnership with the Diplomatic Academy of Vienna. Financial support was secured from a variety of sources: Austria's Nationalbank, the Future Fund of the Republic of Austria, the Eliette und Herbert von Karajan Institut, Salzburg, Erste Group Bank AG, the Austrian Economic Chambers, and the City of Vienna. The Austrian Federal Ministry for Europe, Integration and Foreign Affairs hosted the conference dinner

AGENDA

Thursday 7 April

Welcome Reception at the Diplomatic Academy, Vienna

Friday 8 April

Welcome by the organisers

Chair: **Hans Winkler**
Keynote speakers: **Michael Spindelegger**
Sir Malcolm Rifkind

SESSION I: PRIORITIES FOR COOPERATION – THE MASSIVE INFLUX OF MIGRANTS: SEARCHING FOR AN INTEGRATED STRATEGY TO MEET THE CONSEQUENT POLITICAL, SOCIAL AND SECURITY CHALLENGES

Chair: **Eva Nowotny**
Panel Speakers: **Eric Frey**
Krystyna Iglicka
Katerina Kratzmann
Sonja Licht

SESSION II: PRIORITIES FOR COOPERATION – THE CUMULATIVE CHALLENGE OF EXTREMISM: ISLAMIST, ANTI-SEMITIC, RIGH-WING POLITICS

Chair: **Werner Almhofer**
Panel Speakers: **Sasha Havlicek**
Mustafa Cerić
Doron Rabinovici
Mihai Răzvan Ungureanu

WORKING LUNCH: PUTIN'S RUSSIA – ITS IMPACT ON CENTRAL EUROPE AND THE BALKANS AND ON THE GLOBAL PERSPECTIVE

Chair: **Pauline Neville-Jones**
Keynote Speakers: **Dr Wolfgang Schüssel**
Bridget Kendall

SESSION III: ECONOMIC GROWTH AND COOPERATION

Chair: **Eberhard von Koerber**
Keynote Speakers: **Ewald Nowotny**
Michael Karnitschnig
François Lafond
Georg Winckler

DINNER HOSTED BY THE AUSTRIAN FOREIGN MINISTRY

Guest of honour: **Lady Annabelle Weidenfeld**
Welcome: **Ambassador Alexander Marschik**
Speakers: **Sasha Havlicek**
Hella Pick

with Lady Annabelle Weidenfeld as its guest of honour.

Conference participants came from a large variety of countries, including Serbia, Kosovo, Croatia, Slovakia, Romania, Poland, Ukraine, Germany, France, UK, Austria, and EU institutions.

A welcome reception was held at the Diplomatic Academy of Vienna on 7 April on the eve of the conference. The meeting itself was in almost continuous session from early morning until late afternoon. After keynote speeches by former Austrian Foreign Minister, Michael Spindelegger and former British Foreign Secretary, Sir Malcolm Rifkind, the first working session concerned itself with the fallout from the massive influx of migrants.

The second session addressed the cumulative challenges of extremism. During the Working Lunch two speakers introduced a discussion about Vladimir Putin's policies and goals. The final session was concerned with economic cooperation. During the conference dinner, speeches focused first on Lord Weidenfeld's achievements and then turned again to the combat against radicalisation.

Participants were unanimous in praising both the timeliness and the usefulness of the conference, and expressed the hope that further work would be done to explore some of the ideas put forward during the day's exchanges.

SUMMARY

The migrant issue, and its political, social and economic impact together with the combat against extremism in all its forms, dominated the discussions. It was set in the context of a European Union already struggling to resolve a variety of deep-seated internal problems, and of a Russian leader, Vladimir Putin, whose policies had unsettled Russia's partners in Europe and beyond.

The **Session on the Migrant Influx** reinforced the view that Europe had still not managed to find the political will to handle the crisis. Several speakers pointed to a loss of control. The exchanges also revealed considerable confusion over the distinction between refugees and economic migrants, over the feasibility of returning economic migrants to their countries of origin, and over the handling of refugees from Syria as distinct of those from other countries.

However, speakers had no doubt that Europe has been overwhelmed by the huge influx of people. The wealthy countries of the Middle East had to do their part both financially and in terms of resettlement. But the wider global community must also take their share handling the ever-growing migrant stream.

Little attention was paid to diplomatic efforts to end the war in Syria. But there was considerable emphasis on the need to ensure that Syrian refugees, especially the well qualified among them, would return to rebuild the country once peace was re-established.

This meeting was made possible thanks to the generous support of:

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der Republik Österreich

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KARAJAN
In collaboration with:
Eliette und Herbert von Karajan Institut, Salzburg

In response to widespread claims – discussed but not supported by the conference participants – that the refugee crisis was a burden on national economies, several speakers claimed that on the contrary the influx of migrants would produce a net economic gain.

The **Session on Extremism** had the benefit of a paper, prepared by the Institute for Strategic Dialogue, entitled ‘Weathering ‘the Perfect Storm’: The case for an integrated, preventative approach to the Syrian refugee crisis and ‘cumulative extremisms’’. Participants endorsed its central argument that extremism could only be countered by adopting a holistic approach to integration, addressing culture, education, mental health and social issues at all levels across civic society – local, regional, national, international, private and public sector. The urgency of countering growing radical influence over the refugees was recognised. Several participants warned that the migrant issue was fuelling the growing strength of the Far Right in Austria, and encouraging a strident form of nationalism in several of Austria’s neighbours. The growth of anti-Semitism was mentioned in the same context.

In the **Session on Economic Cooperation**, Austrian speakers stressed that Austria should not be seen as a locomotive, but rather as a role model or catalyst for cooperation within an unevenly developed region. Cross-border investment was playing an important role towards narrowing the gap in economic activity, but there was need for much more. Participants from the Balkans urged that Austria should support EU enlargement to embrace the remaining Balkan applicants and forge strong economic links with them. Austrian speakers warned that new entrants to the EU had to respect the commitments to the rule of law and good governance to which they committed themselves in the accession negotiations. This had not always been the case. However, much of the focus was again on the migrant crisis with

emphasis on the need for an authoritative cost/benefit analysis, and above all for sound management of the economic dimensions of resettlement.

President Putin would in all probability remain secure in power for a considerable period ahead. But he was presiding over an economy in crisis. The Session on Russia concluded that Putin may be a good tactician, but revealed himself as a poor strategist. Key to an effective defence against Russia was to uphold the rule of law. The exchanges led to the general conclusion that even if Russia had serious weaknesses, it still posed dangers to Europe and beyond. There was general agreement that dealings with Russia had to be guided by toughness, but also that the West should be flexible enough to pursue a dual policy of negotiation and containment.

Although the discussions raised more questions than answers, a series of individual proposals were put forward and three outstanding conclusions and three recommendations emerged:

Conclusions:

- The influx of migrants: the daunting proportions of the crisis demanded a global approach, and Europe must not be left to handle it on its own. Responsibility had to be shared - with a special call to countries in the Middle East which had so far been reluctant to involve themselves
- Counter-Extremism: Radicalisation can only be prevented through an integrated 'horizontal' approach to cumulative extremism
- The Rule of Law: Europe must hold fast to the principles of democracy and the rule of law, its strongest weapons in a crisis-ridden world

Recommendations:

- Establishment of a Task Force, led by Austria or Germany, partnered by its neighbours and including members of the private as well as the public sector, with a remit to define best practise for adopting a

holistic, all-embracing approach to integration and counter-extremism

- International Organisations: Strengthen and improve funding of international agencies involved globally with refugee/migrants/aid issues
- Funding: Creation of a global fund to help both with the short-term and the longer-term aspects of the migrant crisis

Below: Sasha Havlicek addresses the group on counter-extremism

Bottom: Eva Nowotny chairing Session I on migration



THE CONFERENCE IN DETAIL

Keynote speakers

The first speaker (Michael Spindelegger) focused on the migrant issue, arguing for an approach that mixed toughness with humanitarian concerns and also recognised the crucial need to secure public support for implementation of the policies that were adopted. The EU's response to the influx of refugees had exposed not only a lack of unity, but also a lack of instruments capable of handling the stream of applications for refugee status. He argued that even though Europe with its declining populations required migrants to reinforce its labour requirements, governments had a hard task ahead to convince their electorates. Striking a note of optimism, he claimed that a large proportion of the Syrian refugees planned to return to their own country once the conflict stopped.

Other points included:

- Legal instruments to distinguish between refugees and economic migrants were inadequate
- The migrant deal with Turkey had to be seen just as one step towards a global response to the migrant influx
- European governments had to give high priority to integration. This had the twin purpose of winning the public's acceptance of the newcomers, and at the same time deterring extremism
- Development aid had to be stepped up to stem the growing tide of economic migrants from Africa and Afghanistan

The second keynote speaker (Malcolm Rifkind) stressed that the migrant crisis was one of the biggest and most dangerous, but certainly not the only problem testing the unity of the EU.

Yet it was also important to retain a sense of perspective and to recognise how remarkable it was that for decades Western Europe had been able to retain its unity by consent, and that Europe's wars belonged to history.

The speaker portrayed the EU as a model based on pluralism and the rule of law, but went on to cite some of Europe's neuralgic crisis points:

- The deep strains tugging at the Schengen agreement
- British concerns about the EU and its possible exit after the June referendum
- A resurgent Russia creating instability especially on the EU's Eastern borders
- The migrants influx



Above (left to right): Robert Liska and Ulrike Lunacek

Top: Sir Malcolm Rifkind delivers an opening address



Left: Session on counter-extremism

On the migrant issue, the speaker made the following points:

- Asylum seekers: there was a legal responsibility under international law as well as a moral and humanitarian obligation to respond. But this principle had to be applied not just in Europe but also on a global scale
- A distinction deserved to be made between refugees and economic migrants. The international community had no legal obligation towards the latter
- While refugees had a legal right to asylum, there was no legal obligation that entitled them to select their destination
- Refugees should be given the legal right to work

SESSION I – THE MASSIVE INFLUX OF MIGRANTS: SEARCHING FOR AN INTEGRATED STRATEGY TO MEET THE CONSEQUENT POLITICAL, SOCIAL AND SECURITY CHALLENGES

Migration had global dimensions with more than 10% of mankind on the move worldwide. The response had to be global and multidimensional. But Europe had to adopt a sense of proportion over the challenge it faced from migration. Statistics were cited to demonstrate that the number of arrivals in Europe still only constituted an insignificant proportion of Europe’s total population.

Yet, as one participant argued, in terms of per capita impact, it was small. In the last 2 years 1.4 million people had applied for asylum in the EU, whose overall population numbers approximately 500 million. Ninety five percent of Syrians asylum seekers were currently not on European territory. Against this, in Turkey, Jordan and Lebanon there were approximately 5 million Syrian refugees. Inside Syria there were more than 13 million either displaced or in need of humanitarian assistance.

Everybody agreed that the European response to the migration challenge had been inadequate and has created a widespread impression that governments had lost control. There was less agreement about ways to remedy the situation.

In spite of misgivings over Turkey’s politics, the recent agreement with Turkey was viewed as a small step in the right direction to slow down the influx and gain better control over asylum applications. But there was concern that the recent EU-Turkey deal covered far too small a number, having capped at 72,000 the number of asylum seekers who would be granted places in Europe. The situation could be eased if Humanitarian Visas were issued on a much larger scale.

Several speakers argued that the Geneva Conventions on Refugees were not designed to handle mass asylum applications and called for revision of the legal instruments. One speaker controversially argued that governments were entitled to bypass the Geneva Conventions and had to be free to be guided in their asylum policy by domestic political considerations. Others said that it had proved impossible to achieve a unified EU response to the crisis, and that it should be left to a Coalition of the Willing to address the problem.

This was countered by the view that such an approach would further fracture the EU. Irrespective of the policies adopted, everybody pointed to the vital importance of educating the public to understand the positive aspects of immigration. Studies were quoted demonstrating that migration brought higher advantages than costs in terms of fiscal benefits, labour market benefits, GDP growth and productivity gains. At the same time civic education had to be adapted to promote the integration of migrants into their new homes. Two initiatives were quoted: An Austrian “value course” on democracy, developed for the Ministry of Interior; and in London a 4-5 months long extra-curricular programme for immigrant teenagers which provided opportunities to visit various political institutions, debate amongst themselves and built up their motivation, confidence, public speaking skills and willingness to take on leadership roles. The transformational impact of such initiatives was endorsed by speakers who said that such value awareness programmes could help to avoid the development of parallel societies and generate a sense of common identity with the host population.

No attempt was made to discuss the prospects for a peace settlement in Syria. But speakers argued that Syrian refugees had to be encouraged to treat asylum as a temporary condition and should look to a return to help with the reconstruction of their devastated

country. It was claimed that 80% of the Syrian refugees in Germany had declared the intention to return to Syria. Several participants stressed the importance of encouraging Syrian refugees to remain close to their country in the camps in Jordan, Lebanon, and Turkey, but also spoke of the need to improve conditions in the camps.

Balkan speakers introduced a potentially positive angle on the migration issue. Their countries had suddenly come “back on the map.” Under the shadow of the refugee crisis, “EU enlargement fatigue” had seemingly been put aside and Brussels was showing renewed interest in the outstanding Balkan enlargement negotiations. The speakers urged rapid progress and promised that the accession process would help to strengthen democracy and state-building in the region.

Confronted by the migration crisis, Balkan transit countries had behaved above expectations with more than 600,000 refugees moving through Serbia without a single major incident. It was essential to develop a regional response to the immigrant crisis with the Balkan countries all brought into the fold. Their cooperation would demonstrate the potential of the Balkan region to assume a wider role in European affairs.

Below (left to right): Sonja Licht, Katerina Kratzmann, Eva Nowotny and Eric Frey



Other points made during this session included:

- Confusion over refugee status as distinct from economic migrant compounded the difficulties of managing the immigrant crisis
- Refugees, including those living in camps in Lebanon, Jordan and Turkey, deserved to be given the legal right to work
- International aid agencies required more financial aid for their work to improve living conditions and educational facilities in the refugee camps
- The number of asylum seekers far exceeded the numbers that host countries were prepared to accept. Was selectivity compatible with the Human Rights Conventions?
- Economic migrants had no rights under the Geneva Conventions on asylum. But was it feasible to send large numbers of these migrants back to their countries of origin?
- Concern over the large numbers of young, single men among the Syrian refugees was largely misplaced. If these people had remained in Syria they risked becoming fodder for ISIS and other extremist factions
- A condition to cover cooperation on migration and integration issues might usefully be added to EU accession dossiers and perhaps written into Chapter 23 (Judiciary and Fundamental Rights) and Chapter 24 (Justice, Freedom and Security)

SESSION II – THE CUMULATIVE CHALLENGE OF EXTREMISM: ISLAMIST, ANTI-SEMITIC, RIGHT-WING POLITICS

The Institute for Strategic Dialogue described the paper it had prepared for the conference as ‘Weathering the Perfect Storm.’ Introducing the case for an integrated response to the Syrian refugee crisis and to cumulative extremisms, one of the paper’s authors

argued that the challenge of radicalisation had become ever more complex.

It was essential to go beyond conventional thinking and to adopt a far more comprehensive approach to integration. The focus had been on the socio-economic aspects of integration such as education and attitudes towards public institutions (indicators measured by the Migrant Integration Policy Index). But experience had demonstrated that there was no single pathway to extremism, and therefore no way of drawing up a rigid road-map.

It had become self-evident that preventive measures against radicalisation had to go from the whole gamut from the vertical to the horizontal, combining the socio-economic aspects of integration with culture, inter-communal and inter-personal relations, education, and health, especially mental health. Such a holistic approach demanded the involvement not just of governments and public institutions, but also of the private sector and voluntary bodies. Integration had to be pursued at local, national and at international organisations level.

It was stressed that virtually none of the refugees, including the Syrians, were by definition ‘extremists’. But they were highly vulnerable and many developed mental health problems.

Below (left to right):
Sasha Havlicek, Doron Rabinovici and Michael Maclay



Extremist recruiters were trying to bring young people into their organisations, notably by making wide use of social media for on-line propaganda. Home-grown right-wing movements, anti-Semites and Jihadis in Europe were good recruiting agents for extremism. There was a passionate plea that it was becoming more urgent day by day to take effective counter-measures.

The speaker made a proposal, also taken up by other participants, that countries such as Germany and Austria, together with partners in the region, should create a Task Force to define a wide-ranging menu of integration measures on the lines set out in the ISD paper. Involvement of the private sector would be vital, including technology companies, religious leaders, youth, women, and civil society actors.

The urgency of looking after the welfare of new arrivals must not be allowed to distract the authorities from the long-term challenge of integration. Endorsing the proposals in the ISD paper, one participant urged that high priority had to be given to identify people who might be at risk. Both new arrivals and settled Muslim communities would have to be covered. Others stressed the need for effective leadership at all levels and communities.

Considerable emphasis was put on the need to calm the mounting fear of terrorism in the host countries. Anti-immigration rhetoric, often encouraged by the media, was capitalising on these fears and was fuelling nationalism, populism and xenophobia. It was also leading to a loss of trust in the European institutions. It was vital to educate people and create acceptance of the pluri-lingual, diverse, democratic society anchored to the rule of law.

A Muslim participant described a Muslim Movement against extremism and made an impassioned plea for Europeans to understand the prevalence of moderate Muslims opposed to ISIS and other extremist Muslim groups. He urged that foreign-born Imams in



Europe had to be rooted out, with host countries insisting on home-grown educated Imams to be in charge of religious education. Following this up, another speaker stressed the positive impact of a German initiative to bring Islamic education into mainstream education by establishing four university faculties for Islamic Studies.

Other points made during this session included:

- Importance of thinking big; but at the same time also to focus on small, local projects designed to promote integration
- Given that the Visegrad countries had received substantial EU funding, their lack of solidarity on the refugee problem was all the more disappointing
- Economic migrants: far too little was being done to address the root causes behind the exodus from Africa. Development aid had to be improved and democracy under the rule of law enforced
- Terrorism had to be seen in its true perspective: compared to the 20th century it had declined, and if it counted against mortal traffic accidents, deaths from terrorism were very small. Rather than number-crunching, what mattered was the reaction to terrorism if it led to security measures in violation of democratic principles

Above (right to left): Sir Malcolm Rifkind, Joachim Bitterlich, Sonja Biserko, Marie-Hélène Bérard and Hans Winkler



Left to right: Baroness Pauline Neville-Jones and Bridget Kendall

- Anti-Semitism as a growing feature of radical movements had become a growing threat to European society
- Anti-Semitism was prevalent not just among Jihadis but also among moderate Muslim populations
- Hannah Arendt said that ‘the Nation State is dead’. Accepting the truth of that statement, Europe had to come together to handle the migration influx

WORKING LUNCH: PUTIN’S RUSSIA – ITS IMPACT ON CENTRAL EUROPE AND THE BALKANS, AND ON THE GLOBAL PERSPECTIVE

President Putin was a fixture on the international stage, and could remain beyond the end of his present term in 2018. He was highly experienced, enjoyed full power and had unprecedented popularity in Russia. Two keynote speakers analysed the motives and methods that guided his policies, and discussed the extent to which Russia’s weak economy limited his room for manoeuvre abroad and weakened his standing at home. Russia might have become a ‘hollow superpower’ as one of the participants claimed. But its very economic weakness risked hasty and dangerous actions. The West had to be wary and pursue a dual policy of containment and engagement. The first speaker asserted that Europe’s relations with Russia were at their lowest point since the Cold War and argued

that Putin’s policies had undergone a radical change.

His first Presidency had been marked by economic liberalism, a strong growth rate and a more open attitude to the West. All this changed after the Orange revolution. Putin decided that Russia’s security called for control of its periphery. Signalling a new hardline policy, Putin had used the 2007 Munich Security Conference to warn the US and its allies against intervention in Ukraine or Georgia.

Putin’s foreign policy goals could be seen a two-fold: on the one hand to withstand pressure by the US and its allies over his actions in Ukraine and elsewhere in Russia’s neighbourhood. On the other hand, his aim was to persuade third countries, especially China, to recognise Russia as a strong global player. In Russia itself Putin had modernised the army, but had failed to modernise the economy. The conflict in the Donbass was inflicting a heavy burden on the country’s economy, already hurt by US and EU sanctions and the fall in oil prices. Russia’s low birth-rate meant that it was likely to lose 10% of its workforce in coming years. Even though Putin had secured virtually full control of the media and silenced almost all political dissent, failure to provide economic prosperity might still come to unseat him.

The West’s response to Putin’s Russia should not be wholly defensive. There was a need to engage Putin on several fronts and to explore areas for cooperation such as Syria and the fight

against Islamist terrorism. At the same time sanctions had to be maintained. Russian actions in Ukraine and the Baltics remained the touchstone of the relationship.

The second speaker focused on foreign policy and concluded that Putin was a wily tactician sending out a variety of signals, but that his actions were not coherent enough to point to a grand strategy. Putin had made clear that he wanted to be seen as an important partner on the global stage, useful in finding diplomatic solutions to conflict situations.

Yet his handling of relations with the West were confused and confusing, and his attempts to forge close links with China had proved inept. Russia had participated in the nuclear weapons treaty negotiations with Iran, had engaged itself in efforts to end the war in Syria, had lowered tension in Ukraine and had made other moves to indicate an interest in rebuilding bridges with the West.

There was a shared concern over Islamist extremism. But the speaker speculated that a turn to the West may also have been prompted by signs that his pivot to China had not brought the anticipated dividends and that there was a potential conflict of interest over China's new Silk Road project.

Whatever Putin's motives for constructive engagement with the West, Moscow was at the same time claiming that the US and the EU were seeking to undermine Russian interests at home and abroad, and were plotting to

undermine Russian interests at home and abroad, and were plotting to undermine Putin's authority. Western NGO's in Russia were portrayed as Western espionage agencies. Cyber attacks were directed against the West. Russian military aircraft were flying close to NATO territory; Russian propaganda in several instances had sought to make the US and its allies scapegoats for Russian failures.

Various reasons were cited for Putin's perceived miscalculations:

- The collapse of oil prices had not been foreseen
- Economic setbacks of the BRIC countries, especially of China, seemed to have taken Russia by surprise
- The EU's political strength and unity to uphold sanctions against Russia had surprised the Russian leader. Putin had calculated that the sanctions regime would collapse, enabling him to exploit Western weakness
- Putin had not anticipated that NATO would reinforce its presence in the Baltics

It was misleading to assume that a weak Russia would also be a feeble Russia. On the contrary the country today was potentially as dangerous, if not more dangerous than a strong Russia.

Below (left to right):
Georg Winckler, Svitlana Zalishchuk, Hans Winkler, Nadja Wozonig, Eva Nowotny and Wolfgang Chüssel



With upcoming presidential elections in 2018, Putin might be tempted into a foreign adventure to draw public away from internal problems. There was a risk of escalation with NATO. The speaker concluded that Europe had to defend itself against uncertainty and threats from Russia by defending its values, its coherence and its unity.

In subsequent exchanges, one participant argued that Putin's determination to protect Russia's near abroad, including Ukraine, was part of a long tradition going back to Peter the Great's conviction that Russia's security demanded control over non-Russian territory surrounding its borders. Very likely Putin had miscalculated the strength of NATO's commitment to the Baltic States and to Poland as part of a re-enforced strategy of containment. Putin had to be made to understand that any incursions risked a military response and that NATO had drawn a line.

However, the West also had to acknowledge that mistakes had been made in handling the relationship with Russia and that not enough had been done to maintain a constructive dialogue. The EU should have anticipated and taken account of Putin's red lines when it sought to finalise an Association Agreement with Ukraine, or hinted to Georgia and Ukraine that NATO membership might be possible. Dialogue with Russia had to be kept open, and the Russia/EU Council deserved to be revived.

A Ukrainian participant offered a different perspective. Putin was the 'godfather of frozen conflicts' in the region, and leader of an authoritarian regime that had a policy of obstructing NGOs and of ruthlessly persecuting journalists. While others were playing "by the rules", Moscow played instead "with the rules".

To the question 'Where is Russia heading', participants concluded that:

- It was both advisable and feasible for the West to match a policy of

LIST OF ATTENDEES

Werner **Almhofer** Austrian Federal Ministry for Europe, Integration and Foreign Affairs | Alina **Barnett** Bank of England | Marie-Hélène **Bérard** President, MHB SAS Investment and Consulting | Sonja **Biserko** Helsinki Committee for Human Rights | Joachim **Bitterlich** Ambassador (ret.) | Mustafa **Cerić** World Bosniak Congress | Gordana **Delić** Balkan Trust for Democracy | Maciej **Duszczak** Institute of Social Policy, University of Warsaw | Martin **Eichtinger** Austrian Ambassador to the UK | Raimund **Fastenbauer** Federation of Jewish Communities in Austria | Andrew **Fraser** Mitsubishi | Eric **Frey** Der Standard | Vladimir **Gligorov** Vienna Institute for International Economic Studies | Sasha **Havlicek** ISD | Sir Charles **Hoare** Weidenfeld Fund | Krystyna **Iglicka** Lazarski University | Valentin **Inzko** High Representative for Bosnia and Herzegovina | Bridget **Kendall** BBC | Eberhard von **Koerber** Eberhard von Koerber AG | Katerina **Kratzmann** International Organization for Migration | François **Lafond** Institute of European Democrats | Stefan **Lehne** Carnegie Europe | Sonja **Licht** Belgrade Fund for Political Excellence | Robert **Liska** Jewish Community in Vienna | Sylvia **Liska** Friends of Secession | Ulrike **Lunacek** European Parliament (The Greens/EFA) | Michael **Maclay** Club of Three | Edward **Mortimer** All Souls College, Oxford | Rainer **Münz** European Commission | Pauline **Neville-Jones** Former UK Minister | Eva **Nowotny** UNESCO | Ewald **Nowotny** National Bank of Austria (OENB) | Thomas **Nowotny** University of Vienna | Wolfgang **Petritsch** Austrian Marshall Plan Foundation | Hella **Pick** ISD | Doron **Rabinovici** Author and historian | Sir Malcolm **Rifkind** Former UK Foreign Secretary | Albert **Rohan** Former Austrian Diplomat | Martin **Sajdik** OSCE | Wolfgang **Schüssel** Former Austrian Chancellor | Remzie **Shahini-Hoxhaj** University of Pristina | Michael **Spindelegger** International Centre for Migration Policy Development | Mihai Răzvan **Ungureanu** Foreign Intelligence Service of Romania (SIE) | Zuzana **Vatralova** International Organization for Migration | Georg **Winckler** ERSTE Stiftung | Hans **Winkler** Diplomatic Academy of Vienna | Svitlana **Zalishchuk** Verkhovna Rada of Ukraine

containment with the pursuit of dialogue with Russia

- The Russia/NATO Council, suspended in 2014 in response to the conflict in Ukraine, had to be reactivated and used as an important channel of communication. (A decision to restore these consultations has been taken since the Vienna Conference)
- The EU should seek to create a constructive partnership with Russia
- Even though Putin controlled most of the media and had used them to promote his policies, it was not inconceivable that public opinion might be shifting below the surface
- Putin still seemed likely to remain in power for a number of years. Yet an eye had to be kept for potential leaders to succeed him
- A scenario similar to the collapse of the USSR could not be ruled out

Austria was the most advanced economy in the Region. But its projected growth rate was below other countries in Eastern and Central Europe. The IMF forecast for 2016 gave Austria a GDP growth rate of 1.7%. This compared with 2.1% for Hungary, 2.3% in the Czech Republic, 3.5% in Poland and 3.9% in Romania. Foreign investment levels in the Balkans and Austria's Central European neighbours were encouraging, although political uncertainty in some countries increased the risk factor and had become a deterrent.

Below (from left to right):
Remzie Shahini-Hoxhaj,
Vladimir Gligorov and Georg
Winckler

Bottom (from left to right):
François Lafond and Ewald
Nowotny

SESSION III – ECONOMIC GROWTH AND COOPERATION

Without reasonably healthy economies in the host countries the problems of handling the influx of migrants would become insurmountable. That was one of the conclusions that emerged from the exchanges during the final session. But it was also suggested that there was also a positive side to the immigrants' demands on health, education services and housing. Given that the numbers that Germany was trying to absorb, provision of these services would trigger enough investment to provide a much-needed boost on the EU's economy.

Most of the discussions during the final session focused on the potential for trade and investment in a region of uneven prosperity and growth rates. The EU's shortcomings did not escape attention. Participants were emphatic that Austria had to be seen less as a locomotive but as a country to promote cooperation targeted at strengthening regional economies.





Above, left to right:
Wolfgang Petritsch,
Mustafa Ceriç and
Wolfgang Schüssel

After this overview, participants turned to the roles played by the EU and more specifically Austria in boosting economic activity. In terms of external trade the EU's trade negotiations with the US (TTIP) and with Japan (EPA/FTA) offered the prospect of strong growth. Within the EU itself, completion of the single market in the services, capital and digital sectors, was crucial to promote economic integration. It could boost the annual growth of GNP by up to 1.5% - 2%.

Inevitably the exchanges led to a discussion of the need for EU reform:

- Given the Eurozone's problems, did Member States have the political will to harmonise their fiscal and budgetary policies and move towards a federal solution?
- If the UK voted for Brexit, would the EU be forced to rethink the entire European architecture?
- The EU spent too much of its budget on the CAP and lacked adequate funding to boost other economic sectors. Were Member States prepared to give Brussels better tools?
- Should Europe make a new start and search for a different model of European integration?
- In the age of globalisation, can Europe's social welfare model be upheld, and further fragmentation between winners and losers prevented?

The economic dimensions of immigration were discussed in depth. The impact was differential. In Germany, with its low unemployment and an ageing population, the immigrants could boost economic activity. In high unemployment areas, they would further burden economies and political tensions would intensify.

A cautious approach was taken over EU enlargement and the pressure from the Balkan countries still outside the EU. Participants cautioned against overly high expectations. The politics of the Balkans were complex and a deterrent to foreign investors. Participants from the Balkans countered by reaffirming their belief that close links with their European neighbours would help to overcome their internal problems. A case was made for arrangements stopping short of full membership until a country's economy reached levels more compatible with the EU's overall economy. Concern was also expressed at narrow nationalism which disregarded democratic values. Poland's example was singled out.

Several speakers expressed disappointment over lack of compliance with the EU's *acquis communautaire* in some of the new EU member states. Good governance and respect for the rule of law were essential to the private sector and to attract foreign investment. It was also vital to the EU's survival as a major trading bloc.

Cooperation between Austria and its extended neighbourhood had genuine upside potential and such cooperation

could be turned into a winning recipe. Austria as a democracy with a mixed public/private economy could certainly act as a catalyst to boost economic cooperation in the region.

- Austrian business had established cross-border companies in the region. This had led to an outflow of technology and an inflow of labour
- Remittances from Austria back to the neighbouring countries were becoming a material factor in Austria's GDP
- Austrian banks had established their presence in the region and might consider setting up regional banks
- Investment protection was still inadequate and had led one Austrian bank to pull out of Ukraine. The EU had decided to replace bilateral agreements with multilateral guarantees; but it remained unclear whether this was enforceable

The exchanges ended on a more optimistic tone: not all was uncertain or bleak. Speakers pointed to the emergence of a new generation of politicians in Europe, 'the Erasmus generation', who had experienced some of the key benefits of European integration, such as Schengen and free movement of people, enlargement, the common currency, and stabilisation in the Balkans.

This profoundly European generation, which often speaks 3-4 languages and had been studying and working across Europe, represented the European project's greatest hope for the future.

CONCLUDING REMARKS

Participants were bound to draw their own conclusions from the rich exchanges that had marked the day's discussions. But the final speaker probably reflected the general view when he singled out a few observations:

- The fragility of the international scene and its uncertainties had punctuated the entire day's discussions
- The imperatives of the migrant crisis demanded a search for global solutions and moves to avoid political fragmentation
- Another imperative was to defend democratic values laterally across civil society, public and private institutions
- Leadership was in short supply
- Society required role models to which they can hold fast. Lord Weidenfeld, a bridge-builder par excellence had been a prime example of these rare individuals

Below (left to right): Maciej Duszczyk, Martin Eichinger, Vladimir Gligorov and Hella Pick

