

Ambassador Ammon on current European challenges

20 January 2016



Speech at Reform Club

On Tuesday, 19 January Ambassador Ammon addressed the distinguished audience of the Political Committee of the Reform Club as principal guest speaker. In highlighting the main global trends of 2016, Ambassador Ammon argued that in a world of turmoil the "European ideal of solidarity and cooperation" has "been the formula for peace for more than half a century".

Finding strategies in a world of turmoil: Better together or everyone for themselves?

Excerpts of Ambassador Ammon's speech at the Reform Club; 19 January 2016

What are the big trends in the world in 2016?

- 1. The commodity boom – some people speak of an economic super cycle – seems to be coming to an end.** Obviously, this will have a considerable impact on critical countries in the world.
- 2. It looks as if the emerging markets and world trade as such will no longer serve as much as engines of the global economic growth as we once hoped.** With lower prospects for growth, the flow of capital, that for a decade mainly went from mature to emerging economies, is reversing its direction. This again may change the equations of international politics, but it may be too early to see its full implications.
- 3. Some economists already talk of a secular stagnation of the global economy.** Fiscal deficit spending to boost the economy is not feasible anymore at a time when governments are deleveraging. Some talk of the end of the “debt supercycle”. So the instrument of deficit spending to stimulate the economy has been largely replaced by monetary stimulus in the

last few years. With the US Fed now slowly turning the rudder around, I see limits to taking monetary stimulus much further.

4. Another mega trend of our time seems to be the globalisation of terrorism. The war on terror reminds me of the old Greek saga of the Hydra: Once one of her evil heads was cut off, take Al-Qaeda for ex., another would reappear. In the first 2 weeks of this year we have seen terror attacks in places as diverse as Istanbul, Burkina Faso and Jakarta, not to mention the ongoing atrocities in Syria, Libya, Yemen and Afghanistan. There is no quick fix, no short term answer: we will probably have to live with global terror for a long time.

5. Connected to this is the globalisation of migration. The UN estimates that 60 million people are on the move today. This represents an enormous challenge to the humanitarian principles that lie at the basis of our societies. The migration crisis is not limited to Europe alone. There are millions of migrants seeking shelter in regional neighbouring states like Pakistan, Jordan, Turkey, or in Africa and even in America.

6. Again connected to this, a global trend towards populism is noticeable everywhere. As a consequence, there are strong centrifugal forces visible in Europe now, with the British debate about Brexit, or the drive for Scottish or Catalan independence, being just some of many.

These trends, that are visible in almost all Western societies and beyond, must have some deeper roots:

The *'volonté générale'*, the shared values and the many bargains that keep our societies together, are probably being challenged by new fault lines that divide our societies between rich and poor, between new immigrants and host communities, between religious groups and between old and young.

So, we have to prepare ourselves for an intense debate in our domestic political arenas.

Migration and its consequences have been the dominant issue in our domestic agenda over the last months.

At the heart of it is the suspension of the so called Dublin II-Agreement, which stipulates that refugees who arrive in the EU should apply for asylum in the country of entry and are not – to put it colloquially – allowed to shop around for the best deal in Europe.

When, finally, tens of thousands of Syrians arrived on foot at the German border with Austria, any effort to return them to Greece would have been totally impractical – and inhumane.

The decision to suspend the Dublin rules and to follow a humanitarian imperative was – by the way – supported by a wide majority in Germany according to opinion polls.

Altogether, Germany let in 1.1 million refugees last year, a number which clearly cannot be sustained in the future.

The German strategy to address the crisis is based on 3 pillars:

First, there is a major effort under way to feed and provide schooling and housing for more than 1 million new arrivals and help them with integration into our society. At the same time, we are tightening our rules for those who abuse those rules.

The second pillar is the strengthening of the outside borders of the Schengen Area and a fair burden-sharing. This includes technical support for border police and helping build processing centers, so-called Hot Spots. Hot Spots will be responsible for the early registration and distribution of refugees as well as returning those who have no prospect of asylum.

The functioning of outside borders of the Schengen Area is key, as is a fair burden-sharing among member states.

Thirdly, an action plan with Turkey provides for financial support for refugee camps in Turkey.

Finally, Germany – like the UK – is working with others on a diplomatic solution for the Syria conflict.

The world in 2016 certainly looks more complex and more dangerous than previous years. There obviously is no magic wand to address the issues with a simple formula. The core of the dilemma seems to be the fact that the high risks we are facing are international in nature, but the politics that steer our strategies are all domestic. Almost everywhere, national egotism and a desire for national solutions seem to be gaining ground.

I am deeply worried that the European ideal of solidarity and cooperation, that has been the formula for peace for more than half a century, could lose its attraction.

There are a number of reasons why the UK should remain an active part of the EU, many of them economic.

The most important argument for me to stay in is strategic: The UK has always been a European power, and – not least by virtue of its geographic location – could never dissociate itself from the European continent throughout its history. We belong together, and I do hope we can stay together.

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