



WiseEuropa

Hard love, actually.

Polish-German relations and a ‘multi-speed Europe’ – a view from Warsaw.

Over the next months, Polish-German relations will mostly be tested in three EU areas: the Eurozone integration; the EU’s foreign policy towards Eastern Europe and Russia; and the EU’s asylum policy. There is a major risk, however, that further developments in Poland in terms of rule of law and democratic standards, coupled with Warsaw’s position on the EU asylum policy, will become two ‘litmus tests’ of the Polish government’s adherence to European values, rendering it difficult for Poland and Germany to cooperate even in those areas when their interests largely converge.

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FOREIGN POLICY AND INTERNATIONAL AFFAIRS

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It was inspired by the discussions held during the 1st Polish-German European Roundtable (Warsaw, 9-10 February 2017), a joint initiative of WiseEuropa and the Heinrich Böll Foundation in Warsaw.



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Warsaw, March 2017

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Summary

Constructive Polish-German cooperation on European issues is today in the mutual interest of both Poland and Germany. Poland needs it in order to better cope with the risk of becoming stuck at the economic and political outer circle of Europe, with all the security risks attached. Germany needs it for the smooth functioning of its continental leadership and to avoid the adverse economic consequences of a multi-speed Europe.

Over the next months, Polish-German relations will mostly be tested in three EU areas: the Eurozone's integration; the EU's foreign policy towards Eastern Europe and Russia; and the EU's asylum policy. In this text, we describe the state of play in the three areas, outlining the expected convergences as well as divergences. The final section discusses the importance of upcoming federal elections in Germany for each of these areas and for the Polish-German cooperation at large.

In particular, we conclude that there is a major risk that further developments in Poland in terms of rule of law and democratic standards, coupled with Warsaw's position on the EU asylum policy, will serve as de facto two 'litmus tests' of the Polish government's adherence to European values. This could widen the distance between Poland and the European centre, pushing Warsaw to assume increasingly Eurosceptic positions. Consequently, it would also render it difficult for Poland and Germany to cooperate in other spheres, even when their interests largely converge – such as the security and stability in Eastern Europe or the necessity to secure a smooth functioning of relations between the Eurozone and non-Eurozone.

All in all, as things are today, we should prepare for either just slightly more or much more strained Polish-German relations once the federal elections are over, with a pinch of the familiar 'I love you – nor do I' in the meantime.

This paper is inspired by the discussions held during the 1st Polish-German European Roundtable (Warsaw, 9-10 February 2017), a joint initiative of WiseEuropa and the Heinrich Böll Foundation in Warsaw.

A bizarre year

This may be a bizarre year for the EU¹.

On the one hand, with the audacious *White Paper on the Future of Europe* published by the European Commission on March 1, 2017, a serious political commitment to a major EU reform is maturing². More and more often we hear from European leaders that the scenario of a 'multi-speed Europe' may be inevitable or even desirable; an idea which used to be considered taboo, at least in some parts of the EU. The main message from the meeting in Versailles on March 7, 2017 among the leaders of Germany, France, Spain and Italy was clear: 'differentiated cooperation' is increasingly seen as the way forward for the EU in order to avoid the risks of disintegration. We should expect to hear more about it at the 60th Anniversary of the European Communities which will be celebrated in Rome on 25 March 2017.

On the other hand, however, there may be no major decision on the EU reform until at least the end of the year – that is until we know who will govern the Netherlands, France and Germany for the next years. It is hoped that – unlike what transpired in 2016 – the EU will withstand populist challenges in the upcoming elections (as it has done recently in the Netherlands) and will demonstrate resilience in the Brexit process, thus becoming reinforced and better-prepared for subsequent reforms. However, while it is true that any major political decisions about the EU reform may have to wait until the European Council in mid-December 2017, this does not mean that time is plenty. Just the opposite, an appetite for a 'multi-speed Europe' seems to be sufficiently strong and may already resonate in the joint declaration to be adopted in Rome. Rather than opposing this scenario, the more sceptical countries (such as Poland) should rather decide on how to use the anticipated 'flexibilisation of EU integration' as an opportunity to engage with Germany and other key partners within the EU³.

It is evident that Germany will play a key role in virtually any major area of the EU's 'differentiated cooperation' – such as the Eurozone, defence cooperation or common asylum policy.

This is the major context of the Polish-German relations nowadays. Germany can no longer be considered solely as the major economic partner of Poland, as it had been described by the

1 This paper is inspired by the discussions held during the 1st Polish-German European Roundtable (Warsaw, 9-10 February 2017), a joint initiative of WiseEuropa and the Heinrich Böll Foundation in Warsaw.

2 European Commission, *White Paper on the Future of Europe. Reflections and scenarios for the EU27 by 2025*, Brussels, March 2017.

3 P. Buras, *Pariah no more? Poland weighs its options*, ECFR, Warsaw, 9 February 2017.

Polish Foreign Minister, Witold Waszczykowski, in January 2016⁴. Since then, the 2016 Brexit vote in the UK has exposed Germany's position as a *de facto* pivot of European integration; to the extent that speaking about a 'multi-speed Europe' may actually no longer be accurate. It is evident that Germany will play a key role in virtually any major area of the EU's 'differentiated cooperation' – such as the Eurozone, defence cooperation or common asylum policy – rendering the EU an increasingly German-centric project⁵. At the same time, Germany is acutely aware of its leadership handicaps. It is clear to Berlin that any substantial compromise on the future course of the EU would be difficult as long as Germany is perceived to act as Europe's unbalanced hegemon.

That is why a constructive Polish-German cooperation on European issues is now in the mutual interest of both countries. Poland needs it to better cope with the risk of becoming stuck at the economic and political outer circle of Europe, with all the security risks attached. Germany requires it for the smooth functioning of its continental leadership which may have to take the form of 'leading from the centre'⁶ if it were to become acceptable for other European countries. Germany also needs to take into account its economic interdependence with Central Europe in order to avoid the adverse consequences of an accelerated integration (e.g. in the Eurozone) and of the related discontinuity in the process of economic convergence.

So far, the cooperation on European issues between the current governments in Warsaw and Berlin has been rather disconcerting. To be sure, Angela Merkel's visit to Warsaw on the 7th February 2017 – when she met with Prime Minister Beata Szydło, President Andrzej Duda as well as Law and Justice's leader Jarosław Kaczyński – was briefly seen as a harbinger of a much-awaited improvement in bilateral relations. Two days later, Germany was courteously described by Minister Waszczykowski as Poland's 'main partner in the European Union' in his annual address to the Parliament⁷.

So far, so good. Just a month later, the two countries clashed on who should head the European Council in the next two and half years, leading to a peculiar situation at the European Summit of the 9th March 2017 where the incumbent Donald Tusk was supported by all the other Member States apart from his native Poland. Tusk was also openly denounced by Law and Justice representatives as a 'German candidate', while the EU as a whole was presented as dominated by German hegemony. Just a few days earlier, on the 6th March 2017, Germany and France chose to coordinate their positions ahead of the Rome summit with Italy and Spain, in a clear demonstration of a limited importance attached currently to the Weimar dialogue. At the same time, in his inaugural *tournee*, Germany's new MFA Sigmar Gabriel visited the three Baltic States and Ukraine (and not Poland, which he visited later, on March 8, 2017), providing a foretaste of Berlin's attitude towards Warsaw if the socialists actually won the federal elections in September 2017.

The lack of Polish presence during the summit of the Big Four in Versailles was by no means accidental. Due to an increasingly illiberal course undertaken by the Polish government of the Law and Justice, its rule of law credentials are increasingly questioned across Europe. Poland has

4 W. Waszczykowski, *Information of the Minister of Foreign Affairs on the Polish Government's foreign policy in 2016*, Ministry of Foreign Affairs of the Republic of Poland, 29 January 2016.

5 P. Buras, *Przygotujcie się na nową Europę*, Batory Foundation, Warsaw, February 2017.

6 J. Janning, A. Moeller, *Leading from the centre: Germany's role in Europe*, ECFR, Berlin, July 2016.

7 W. Waszczykowski, *Information of the Minister of Foreign Affairs on the Polish Government's foreign policy in 2017*, Ministry of Foreign Affairs of the Republic of Poland, 9 February 2017.

been placed by the European Commission under the rule of law procedure, which the Polish government vehemently rejects – seeing it as an illegal interference in its internal affairs. Meanwhile, Germany fully supports the position of the European Commission. In the ongoing debates about the EU reform, Warsaw opts for a decisive reversal in various dimensions of integration (e.g. return to unanimity voting in the European Council; greater control over the EU institutions by the nation states), putting it at odds with the proposals promoted by the Big Four.

The lack of a Polish representative during the Big Four summit in Versailles was by no means accidental – Warsaw's ideas for the EU reform are at odds with those of Berlin, Paris, Rome or Madrid.

Still, instead of crossing out from the outset the perspectives for Polish-German cooperation based on actions so far and the rhetoric of the two governments, the focus should rather be on those areas of European integration where the readiness and ability of the two countries to cooperate will most probably be tested over the next months and years, in a positive or negative way. We argue that they will mostly be tested in three areas⁸, namely:

- the Eurozone integration (as a crucial element of the upcoming EU reform, including its macroeconomic governance);
- the EU's foreign policy towards Eastern Europe and Russia (as a major opportunity for Polish-German rapprochement in foreign policy, largely dependent, however, on the shape of transatlantic relations under Donald Trump);
- and the EU's asylum policy (as a key arena of the ongoing dispute on the meaning of European 'solidarity' and European 'values' – and consequently a major point of contention in Polish-German relations concerning Europe).

What follows is an account of the state of play in the three areas, outlining the expected convergences as well as divergences. The final section discusses the importance of upcoming federal elections in Germany for each of these areas and for the Polish-German cooperation at large.

⁸ The Common Security and Defence Policy (CSDP) is also increasingly seen as a possible area of enhanced integration within the EU. However, in our belief, it should not have a crucial impact on Polish-German relations over the next months. In particular, any substantial progress in the CSDP would be very hard, as past efforts have demonstrated. Moreover, the German government seems to prioritize the integration in other areas (e.g. Eurozone, asylum policy), whereas Poland has *de facto* distanced itself from the idea of a 'Defence Union', for example by withdrawing from an already agreed contract with Airbus on the long-range tactical transport military helicopters (Caracals).

Three 'stress tests' to Polish-German relations

(a) The euro quandary

It is widely expected that the rising role of the Eurozone as the 'hard core' of European integration will become *the* main dimension of the EU's prospective reform. The 2016 Brexit vote has already paved the way for such a scenario. Without the UK, non-Eurozone countries will account for just around 14% of the EU's GDP; or even less, if Denmark and Croatia are considered as *de facto* members of the common currency area given their fixed exchange rate *vis-à-vis* the European currency. Once the electoral year is over – and assuming that Marine Le Pen fails to win the French presidency – some reform of the euro area should be expected to take place; the only doubts concern its pace and direction.

The divide between Eurozone and non-Eurozone countries will grow 'by inertia' even if there is no major reform of the euro area.

A full-blown decomposition of the EU, consisting in an emancipation of the Eurozone countries from the rest of the EU via some sort of a 'political union', is still rather unlikely. Instead, the baseline scenario consists in the EU's gradual internal differentiation, according to an already outlined plan⁹: with further implementation of several new instruments, such as the European Semester, or advanced work on the Eurozone's joint budget. In other words, the divide between Eurozone and non-Eurozone countries will grow 'by inertia' even if there is no major reform of the euro area. However, apart from this baseline scenario, two further alternatives are also at play. On the one hand, we could see a 'strengthened Eurozone': with stricter convergence criteria and a limited number of members, allowing weak euro members to leave and come back to their national currencies¹⁰. On the other hand, we could see a 'wider Eurozone': not necessarily in the form of a 'political union' but with a larger number of members and an ambition to boost the efficiency of the EU as a whole¹¹.

To be sure, depending on the scenario, the importance of the Eurozone as the focal point of European integration would vary. It would be rising within a 'wider Eurozone' or if we see further incremental development of the currency area. In both cases, it would be difficult to expect that the Single Market (and not the euro) could become the focal point of the EU's integration, as is still

⁹ J.-C. Juncker, *Completing Europe's Economic and Monetary Union*, European Commission, Brussels 2015.

¹⁰ A. Schout, *The EU's existential threat: demands for flexibility in an EU based on rules*, Istituto Affari Internazionali, Rome, 14 February 2017.

¹¹ J. Barcz, *Główne kierunki reformy ustrojowej post-lizbońskiej Unii Europejskiej* (2nd edition), 2016.

often hoped in some non-Eurozone countries, such as Poland. Instead, the capacity of any given country to benefit from the Single Market would increasingly depend on whether it belongs to the Eurozone or not. Nevertheless, we can also imagine that the political importance of the Eurozone membership could be partly contained if the 'strengthened Eurozone' scenario prevailed (e.g. under the leadership of Angela Merkel). The euro area would then remain just one of the multiple dimensions of European integration. Perhaps even the euro area would become more internally stable and coherent – which, in turn, should boost the attractiveness of seeking Eurozone accession on the part of today's 'outs'.

The future of Eurozone, and the resulting character of relations between the Eurozone and non-Eurozone, is of particular importance to Germany. Indeed, major non-Eurozone countries (except for Sweden) are currently concentrated in just one region – Central Europe – that is also tightly connected to the German economy and its global value chains within what has been labelled the 'German – Central European Supply Chain'¹². Close links between Germany and the region include both trade and financial flows. Over the last decade, they have enabled technology transfers, contributed to income convergence and led to business cycle synchronisation. Yet, at the same time, they have led to a rising reliance of Germany on a smooth functioning of its regional cluster.

All of this may have two complementary consequences.

First, a possibility of closer integration among the Eurozone members (gradually or in the form of a 'wider Eurozone') should at some stage encourage Central Europe's non-Eurozone countries to rethink their positions on euro adoption, given the new risks related to staying outside the euro area. Recently, a political debate on Eurozone accession has been renewed in the Czech Republic, even though the majority of Czechs still oppose such an option. Also the government of Hungary has given surprising signs of interest in euro adoption, even if at the end of the day they may turn out to be just empty words.

Secondly, the perspective of a growing divide between the Eurozone and non-Eurozone countries may limit Germany's readiness to support a major overhaul of the Eurozone when debating the EU reform; at least in the short term.

Warsaw currently puts its Eurozone membership aspirations *ad calendas grecas*.

It is debatable whether, in practice, there exists any significant room for a common Polish-German denominator on the 'euro quandary'. For the moment, the perspective of Poland's full or even partial membership in the Eurozone (e.g. maintaining the 'zloty' but with an ERM-style fixed exchange rate *vis-à-vis* the euro) seems highly unlikely. Not just the government but also the great majority of Poles are opposed. Besides, entering the Eurozone would demand significant fiscal restraint, hardly compatible with the government's current boost in public spending (e.g. on social

¹² IMF, *German-Central European Supply Chain – Cluster Report*, IMF Country Report No. 13/263, August 2013.

benefits and earlier pensions). Kaczynski's latest interview for the Polish press¹³ leaves no doubt on Law and Justice's Eurozone membership aspirations, which could be summarized as putting such a scenario *ad calendas grecas*. Thus, we cannot reasonably expect any major change of mind from the Polish government – at least not until the 2019 parliamentary elections in Poland.

(b) Security and stability in Eastern Europe

EU's foreign policy towards Eastern Europe (mainly Ukraine and Belarus) constitutes a promising area of cooperation between Poland and Germany, due to a substantial and rising convergence of interests as well as a similarly considerable influence of both countries in that region.

After 2014 – on an unprecedented scale – Russia has been challenging the security of countries located between the Baltic and the Black Sea, most of all by provoking military incidents. Due to Russia's neo-imperial foreign policy, the entire Eastern Europe has become the most vulnerable part of the European continent, coping with the simmering war in Eastern Ukraine (which took the lives of almost 1,000 people in 2016) and severe violations of human rights in Crimea. The economic situation in several countries of the region also remains fragile. Belarus and Ukraine experienced in recent years a serious economic crisis, even if Ukraine – having shifted its economic orientation decisively away from Russia and towards the EU – has recently given positive signs of economic recovery. There are also some encouraging developments in the political domain. According to the Freedom House, Ukraine has become significantly more democratic and Belarus less authoritarian since 2014. However, Belarus remains one of the most authoritarian European countries, trailing only after Azerbaijan and Russia, and its authoritarianism may once again be on the rise if the government of Alexander Lukashenko overreacts to the current series of protests organised across the country.

Poland and Germany are well-positioned to serve as key players in the EU's foreign policy towards Eastern Europe.

Among the biggest EU members, Poland and Germany are well-positioned to serve as key players in the EU's foreign policy towards Eastern Europe. They are particularly exposed to any possible negative spillovers (both of political and economic nature) originating from that region. In recent years, Russia's aggressions have led to a Berlin and Warsaw becoming substantially closer. Germany (together with Poland and the UK) became the main advocates of severe sanctions against Russia. Moreover, Germany took responsibility for the NATO battalion which will be deployed in Lithuania in order to deter Russia. However, Poland and Germany still differ on the desired scale of this deployment and on how much military equipment should be transferred to Ukraine. Poland prefers a considerably larger NATO permanent presence on its own territory and in the Baltic republics and would endorse a bigger supply of NATO equipment to Ukraine, including lethal

13 Rzeczpospolita, Jarosław Kaczyński: Unia Europejska została zdominowana przez jedną osobę, 15 March 2017.

weapons. The recent rapprochement between Belarus and the EU (including Poland, which until 2014 had been strongly critical towards the regime of Alexander Lukashenko) has created another opportunity for Polish-German cooperation in the EU's foreign policy towards Eastern Europe. Last year, the EU lifted up sanctions imposed on Belarus, whereas Warsaw substantially improved its relations with Minsk (even if their rapprochement remains fragile).

A more serious divergence of interests between Poland and Germany exists in the energy sector. Poland has a clearly negative opinion on the *Nord Stream 2* project which foresees constructing a second gas pipeline between Germany and Russia running under the Baltic Sea. Seen from Warsaw, the *Nord Stream 2* would deprive Poland, Belarus and Ukraine of their status as transfer countries between Germany and Russia. By default, it would increase Russia's ability to exercise economic pressure on Central and Eastern Europe. However, Berlin does not share Polish concerns, seeing the *Nord Stream 2* mostly as an opportunity to make Russia more economically dependent on Germany (as the main hub of Russian gas in Europe) and thus to gain a greater impact on Moscow's foreign policy towards Central and Eastern Europe.

Thanks to the leverage of Poland and Germany in Eastern Europe, a strengthened Polish-German cooperation could contribute considerably to the stabilization of the EU's Eastern Neighbourhood. Here, the most promising spheres of Polish-German cooperation are: the economic development; the support for the modernization and democratization of Ukraine; and the engagement with societies of Ukraine and Belarus. Despite a massive discrepancy in general potentials between Poland and Germany, the economic and political influence of Poland in Belarus and Ukraine is only slightly smaller than the German one¹⁴. Therefore, Germany and Poland can strengthen their influence in the Eastern Neighbourhood by mutually learning from their achievements and joining forces under the leadership of the better performer in respective fields. For instance, Poland could radically increase its development aid (ODA) for Ukraine which is currently more than 13 times smaller than the amount allocated by Germany – in nominal values. In turn, Berlin could substantially facilitate the possibility of obtaining visas by Belarusians and Ukrainians in the German diplomatic missions and permissions to work seasonally and study in Germany.

The prospect of strengthened Polish-German cooperation in Eastern Europe faces an 'uphill struggle' because of Poland's internal political developments and their impact on the country's foreign policy, as well as due to uncertainty related to the upcoming elections in Germany.

14 For instance, Poland accounts for almost the same share in the Ukrainian foreign trade as Germany. Moreover, the combined volume of trade between Ukraine on the one hand, and Poland and Germany on the other (over 30 percent), is substantially larger than Ukraine's trade with Russia. In recent years, Poland decisively surpassed Russia as the top destination for Ukrainian tourists, students and labour seasonal migrants. Meanwhile, Germany occupies the position of the main foreign direct investor in Ukraine (more than 10 percent of its total FDI). It is also the largest donor of official development aid received by Ukraine (around 25 percent); OECD, *Aid statistics by donor, recipient and sector*, 2017. Even though Russia dominates in the Belarusian economy, again Poland and Germany play a role of the country's key trade partners. Their combined share in Belarus's trade with the EU is close to 50 percent. Poland is the second most popular country that Belarusians visit, study and work in (only after Russia).

Nevertheless, the prospect of strengthened Polish-German cooperation in Eastern Europe faces an 'uphill struggle' because of Poland's internal political developments and their impact on the country's foreign policy, as well as due to uncertainty related to the upcoming elections in Germany (see the concluding section). Most notably, the rising divergence between Polish and Ukrainian politics of memory concerning disputed parts of history has resulted in rising political and social tensions between Warsaw and Kiev. The Polish ruling elite did not shy away from suggesting that Poland's support for Ukraine would depend on the latter's unconditional acceptance of the Polish interpretations of the contested past. Poland also started to sideline the human rights and democratization discourse in its Eastern policy while placing greater emphasis on economic benefits, sovereignty and empowerment. Moreover, Poland started to undermine – both rhetorically and politically – the credibility and legitimacy of European institutions (e.g. the Venice Commission, the European Commission, or the European Parliament) which play a key role in supporting reforms in Ukraine.

At the same time, under the government of Law and Justice, Poland undertook a much tougher course towards Russia than used to be the practice in the past. For instance, the Polish Minister of Defence has groundlessly accused Russia several times of a 'terrorist attack' which allegedly brought down the aircraft with the Polish president in 2010 (the so-called 'Smoleńsk air crash'). Moreover, Poland decided to suspend unilaterally – on a very dubious basis – small border traffic with the Kaliningrad Oblast (Russian exclave within the EU), which has dramatically decreased its ability to engage with the Russian society in the immediate neighbourhood.

If Trump launches a more assertive policy towards Russia, we may see internal divisions within the EU (including between Berlin and Warsaw), just as it happened in 2003 during the American intervention in Iraq.

It should also be noted that the future of Polish-German cooperation in Eastern Europe will be framed by the US foreign policy towards Russia and the region under the administration of Donald Trump. The latter's foreign policy still largely constitutes an enigma. Four different scenarios are at play, with unidentified likelihood: the continuation of Obama's policy (i.e. soft deterrence of Russia); a rapprochement between the US and Russia; the US's *désintéressement* in the region; or the rise of tensions between Washington and Kremlin which would also involve Europe. The last scenario would be the most challenging for the Polish-German cooperation, particularly in the case of a Centre-Left coalition coming to power in Berlin. If the US launches a more assertive policy towards Russia, then we may see internal divisions within the EU (including frictions between Berlin and Warsaw), just as it happened in 2003 during the American intervention in Iraq. In turn, those scenarios which consist in the US's exit from Eastern Europe or a substantial increase in cooperation between the US and Russia taking place above the heads of Europeans, could importantly boost the Polish-German cooperation on security issues.

(c) Refugees: a humanitarian crisis or a security threat?

Unlike the Eastern policy, in whose case many convergences may be found between Poland and Germany, the asylum policy constitutes nowadays the most serious source of political friction between the two countries. Warsaw and Berlin present starkly different political approaches to the issue, which seem to be entrenched in opposite worldviews. Meanwhile, the development of a common asylum policy may not just become one of the main dimensions of a strengthened European integration in the years to come, but also *the* one which would decide about the exact redefinition of the European 'solidarity' and the importance that the EU will attach to its 'values'.

The EU's asylum policy constitutes nowadays the most serious source of political friction between Poland and Germany.

In 2015-2016, the EU experienced the largest arrival of asylum seekers (mostly Muslims) in its entire history. Around 1,5 mln travelled through the Mediterranean to Europe. Almost 10,000 lost their lives in the process. Although the number of arrivals has decreased dramatically since the agreement with Turkey was signed in spring 2016, it still exceeded 200,000 over the span of one year (from April 2016 to February 2017), the migrants arriving predominantly to Italy. In 2015, responding to the humanitarian crisis in Central Europe and the Western Balkans, Germany accepted the great majority of asylum-seekers. At the same time, a substantial part of them remained in refugee camps in Greece and Italy (i.e. the EU's countries of first entrance). In September 2016 the EU launched the relocation program, requesting the Member States to help Italy and Greece in hosting their share of refugees. Simultaneously, a discussion was initiated at the EU level on the establishment of a permanent mechanism of relocation of refugees between the Member States. The European Commission developed a draft project which foresaw that countries that did not participate in the relocation program would be obliged to pay a substantial financial contribution to the EU budget. At the same time, in order to control the inflow of asylum seekers, the EU launched several sea and air operations. Currently, the EU Naval Force Mediterranean Operation Sophia and the Frontex Operation Triton constitute the most significant operations which aim to prevent the smuggling of people and simultaneously save the lives of those who cross the Mediterranean.

The Polish government presents Muslim refugees largely as a security threat to Poland and Europe (e.g. potential criminals, rapists, terrorists and a source of disease) and as being totally alien to the Polish culture. As a consequence, in Warsaw's view, refugees cannot be successfully integrated. Initially, the Law and Justice government reluctantly accepted the obligations undertaken by its predecessors to take part in the relocation program (relocation of 6,000 refugees). However, in April 2016 – after the terrorist attacks in Brussels – Poland withdrew from this program and vehemently rejected the idea of any 'institutionalisation' of the relocation system on a permanent basis. The Polish government argues that the refugees do not want to be relocated to

The EU's relocation program is not presented in the Polish debate as a matter of solidarity with Italy and Greece but rather as a bilateral dispute between Poland and Germany concerning a mechanism allegedly imposed by the latter country.

Poland and that their relocation could be implemented only forcefully, which would violate the basic human rights. Moreover, they argue that refugees may immediately leave Poland in a move to reach Germany. According to the Polish ruling elite, the EU 'dominated by Germany' wants to 'impose' the refugee quota on Poland since it is interested in weakening the country, with its ethnic and religious homogeneity, in order to gain greater leverage over it¹⁵. In fact, the relocation program is not presented in the Polish public debate as a matter of solidarity with Italy and Greece but rather as a bilateral dispute between Poland and Germany. Meanwhile, Poland's approach to the relocation program differs from the stance of most other 'new' member states. Until now, the Baltic republics have fulfilled their obligations concerning the relocation of refugees from Italy and Greece in proportions varying from 30 to 50 percent. The refugees accepted by them were relocated voluntarily.

Berlin (unlike Warsaw) perceives the refugee crisis as a humanitarian issue rather than a security challenge.

The decisively negative attitude of the Polish government towards the relocation should be placed in the wider context of the country's very restrictive asylum policy¹⁶, putting it at the opposite end of the spectrum when compared to Germany. Berlin (unlike Warsaw) perceives the refugee crisis as a humanitarian issue rather than a security challenge¹⁷. Poland is trying to soften the divergences on the refugee issue with Germany by promoting an idea of 'flexible solidarity', which is

15 Jarosław Kaczyński na kongresie PiS: Suwerenność jest wartością samą w sobie, jest sprawą godności narodu. Nie poddamy się koncepcjom Sorosa!, wpolityce.pl, 4 June 2016.

16 In direct terms, the refugee problem concerns Poland to a very modest degree. According to the EU's official data, in 2016 (Q1-Q3) fewer than 10,000 persons applied for asylum status in Poland (Eurostat, *Asylum quarterly report*, December 2016). The pace of application examination in Poland is extremely slow. Moreover, the rate of positive recognition of the applications in the first instance is the second lowest in the entire EU (16 percent of positive responses), only after Hungary. By comparison, the EU's average is 65 percent and in the case of certain Central European countries (Romania, Croatia, Slovenia, Slovakia, Lithuania, Estonia) it is substantially higher. Poland is not only very reluctant to provide asylum seekers with a refugee status but is simultaneously conducting a policy of deterrence. According to the report by the Human Right Watch, "Polish authorities routinely deny asylum seekers at the Belarus-Poland border the right to apply for asylum and instead summarily return them to Belarus". This practice "violates the right to asylum under the European Union Charter of Fundamental Rights"; Human Rights Watch, *Poland: Asylum Seekers Blocked at Border*, 1 March 2017.

17 According to the German authorities, the religious background of an asylum seeker cannot constitute a factor that should determine the outcome of the examination of their application. The religion-based approach would be contrary to the European law and values. In consequence, Germany occupies the first place in Europe not only in absolute numbers of accepted refugees but also concerning their number per million of population. In 2016 (Q1-Q3) more than 600,000 people applied for the refugee status in Germany. The German rate of positive recognition is close to 75 percent; Eurostat, *Asylum quarterly report*, December 2016.

however still largely enigmatic. Warsaw also claims a substantial contribution to solving the refugee crisis through humanitarian aid channelled to the Syrian refugees in the Middle East as well as through the deployment of the Polish border and coast guards on the EU frontiers. However, an enormous discrepancy exists between words and deeds, putting a serious question mark over Poland's real interest (notwithstanding its declared one) in cooperating with Germany on the refugee issue¹⁸.

Poland tries to soften the divergences on the refugee issue with Germany by promoting an idea of 'flexible solidarity', which is however still largely enigmatic.

18 Even though Poland increased its humanitarian aid assigned for the Syrian refugees in 2016 threefold (year-to-year), this aid still amounted to just around 8 million USD. By comparison, since 2012 the German government has provided funding worth more than 1,6 billion USD for humanitarian assistance, crisis response, and recovery and rehabilitation for the projects addressing the Syrian refugee crisis. At the donor conference in London in 2016, the German government committed around 2,5 billion USD in the period up to 2018, while Poland promised mere 5 million (!) USD. At the same time, Poland's representation in the most important EU and Frontex operations (e.g. Sophia, Triton) continues to be only symbolic, consisting in just one liaison officer. Meanwhile, Germany is one of the main contributors to both operations – four German ships are involved.

What may the autumn bring?

In February 2017, in his interview for the *Frankfurter Allgemeine Zeitung*¹⁹, Jarosław Kaczyński presented Angela Merkel's victory in the upcoming federal elections as the best outcome from the point of view of Polish interests. This constituted a big surprise, given his earlier critical comments about the German chancellor. Temporarily at least, he moved to consider Martin Schulz as the biggest risk to Warsaw's relations with Berlin, denouncing an alleged lack of a personal self-control and Russian inclinations of the socialist candidate. However, Kaczyński's 'honeymoon' with Angela Merkel (if there was any) was quickly over. After the re-election of Donald Tusk as President of the European Council, Kaczyński reinforced his earlier criticism, even to the extent of blaming the German chancellor for Brexit.

Martin Schulz may demonstrate not just a softer stance towards Russia, but also a more principled position on the rule of law in Poland, which would make him a particularly cumbersome partner for the Law and Justice government.

To be sure, the federal elections this year will only constitute one factor amongst many affecting the Polish-German relations. Still, depending on the outcome, they may have a surprisingly disproportional impact. Martin Schulz may demonstrate not just a softer stance towards Russia, but also a more principled position on the rule of law in Poland, which would make him a particularly cumbersome partner for the Law and Justice government. In the debates about the EU reform, he may be the one to promote the vision of European integration based on the recognition of common values.

However, things might not be very different in the case of Merkel's victory. Once the electoral campaign is over, she may no longer be constrained by internal political rivalry and could provide an even greater support for a 'multi-speed Europe', for example in the areas of Eurozone integration, common asylum policy or defence cooperation. Of course, much would depend on the exact shape of the future German coalition government, as both the Socialist and the Christian-Democrats are divided internally on many European issues. Still, the declarations of Schulz and Merkel may be treated as decent 'proxies' for the positioning on the particular issues of the future government, whether it is led by SPD or CDU.

¹⁹ *Eine Atom-Supermacht Europa würde ich begrüßen*, FAZ, 6 February 2017.

(a) The euro – towards a divorce by inertia?

To be sure, there is still a lot of uncertainty about the exact future of the Eurozone, giving the reluctant non-Eurozone members (such as Poland) at least some hope that this will not become the decisive dimension of European integration.

In 2013, during the previous electoral campaign, Angela Merkel was outspoken in her opposition towards Eurobonds and debt mutualisation (i.e. a form of a 'wider Eurozone'). If she and her Minister of Finance still hold that view, then we may expect an incremental progress in the functioning of the Eurozone (instead of a full-blown reform) which, on the one hand, would give the non-Eurozone countries more time and allow them not to be left too far behind the members of the currency club. Yet, on the other hand, the incremental progress may at some stage imply stricter convergence criteria.

By comparison, Martin Schulz – who supported Eurobonds in 2012 – may be expected to relax the pressure on Greece, Italy or Spain to stick with their austerity programs, if elected chancellor. That would probably imply some sort of a 'new Eurozone bargain', moving it closer to an economic, financial and fiscal union (as envisioned in the 2015 *Report of the Five Presidents*): easier to enter but with the euro's crucial importance as the centre of gravity of European integration. In such a case, reluctant non-Eurozone members would increasingly find themselves at the EU's periphery, losing out not just in terms of inflows from the EU budget or their political clout in Brussels, but also because of higher risk premiums, decreasing financial credibility via so called 'expectation channel' as well as a declining position in the German supply chains.

The most probable option for the Eurozone reform seems to be 'muddling through' – which also implies a progressive weakening of the economic and political ties connecting Poland and Germany.

However, only this year's campaign in Germany will tell whether Merkel's or Schulz's earlier views on the euro reform will prevail once a new government is in place. On the one hand, without Matteo Renzi and Francois Hollande in power, political support for anti-austerity (and consequently for a 'wider Eurozone') may be weaker in Europe – even if Emmanuel Macron is not entirely an 'austerity monster'. On the other hand, consent for a 'multi-speed Europe' is on the rise, but such a scenario would still be very challenging politically. Thus, the most probable option seems to be 'muddling through' – in other words, an 'incremental step-by-step process driven by the immediate pressures of the [EU's] poly-crisis'²⁰, involving also a gradual consolidation of the Eurozone. Still, the end result would be a progressive weakening of the economic and political ties connecting Poland and Germany, at least as long as Warsaw does not demonstrate dedicated

²⁰ J. Emmanouilidis, *The future of a more differentiated E(M)U – necessities, options, choices*, Istituto Affari Internazionali, Rome, 14 February 2017.

efforts to converge towards the Eurozone and to adopt the common currency in a foreseeable future.

(b) Eastern Europe – opportunity lost?

The outcome of parliamentary elections in Germany will also frame the Polish-German cooperation in Eastern Europe and decide upon the importance attached to the asylum policy as a dimension of European integration.

The 'Jamaica coalition' (CDU, FDP, the Greens) would be the most favourable for the Polish-German cooperation in the Eastern neighbourhood.

In this respect, one of the likeliest coalition governments – the one of Christian Democrats (CDU), the Greens and the Free Democrats (FDP) – would be the most favourable electoral result for the Polish-German cooperation in the Eastern neighbourhood. This so-called 'Jamaica coalition' may undertake a more consistent and principled approach towards the neo-imperial policy of Russia, and may demonstrate a greater support for the modernization and democratization of Ukraine than the current CDU-SPD coalition. Still, the potential re-establishment of the current coalition will also be positive from Warsaw's perspective, as it may ensure the continuation of the current German policy towards Russia and Eastern Europe.

In turn, the establishment of a Centre-Left coalition (SPD, Die Linke, the Greens) would not just be problematic for the Polish-German cooperation in the East, but may also expose the enormous gap in the approaches of the two countries to the refugee issue.

In turn, the most unfavourable outcome for the Polish-German cooperation in the East would be the emergence of a government composed of SPD, Die Linke (far left) and the Greens. In this case, German policy towards Russia could become more lenient, compliant and compromising, even if the Greens may still mitigate such a shift to a certain degree. The establishment of a Centre-Left government may also expose even further the enormous gap in the approaches of the two countries to the refugee issue; a divergence not just in policies but also in the underlying worldviews. All three Centre-Left parties are more critical than CDU or FDP about the stance of the Polish government regarding its asylum policy.

However, irrespective of which coalition emerges from the German federal elections (though with a far greater probability in the case of a Centre-Left coalition under the leadership of Social Democrats, who tend to overreact in their criticism of the Polish government²¹), there is a major risk that further developments in Poland in terms of rule of law and democratic standards could be considered as a de facto 'litmus test' of the Polish government's adherence to European values. At the same time, Warsaw's position on the EU asylum policy (which is currently criticized by Merkel and Schulz alike) could serve as a check on the Polish government's understanding of European solidarity. Altogether, that could lead to a further widening of the distance separating Poland from the European centre and push the government in Warsaw towards increasingly Eurosceptic positions. Consequently, it would also render it ever more difficult for Poland and Germany to cooperate in other spheres, even when their interest largely converge – such as in the area of security and stability in the East, or the necessity to secure smooth functioning of relations between the Eurozone and non-Eurozone countries. All in all, as things are today, we should rather prepare for either 'slightly more', or 'much more' strained Polish-German relations once the federal elections are over, with a pinch of the familiar 'I love you – nor do I' in the meantime.

21 For example, during the SPD congress in March 2017, Martin Schulz vowed to be a staunch defender of democratic values, if elected in September's election. However, he exaggerated substantially by putting Poland and Turkey in the same basket: "We do not need to go to the USA to see the attempt to turn back the clock of freedom. Look at Turkey, look at Hungary, look at Poland! Every day they become bolder against our democracy. You have in the SPD the most decisive enemy that is possible in this country". Euronews, 19 March 2017.

Foreign Policy and International Affairs Program

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