

2016 European Council Summit Meeting University of Pittsburgh

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I. Preliminary Address:

The Luxembourgian Presidency would like to express its sincere gratitude to all member states for their participation in this critical meeting. Our stewardship of the rotating Presidency of this Union is an incredible privilege that affords us the opportunity to prominently display the innumerable benefits that inclusion in this Union provides our citizens. European Council meetings have always been productive settings for member states to cement fruitful partnerships on issues of tremendous concern to all of Europe in order to create consensus in forging new and effective policy directions.

Our continent has historically been challenged by a myriad of crises, ranging in scope and severity. Notwithstanding these obstacles, the European Union (EU) has demonstrated resilience to hardship that embodies the fortitude of the people it represents. Despite differences in language, culture, and history, Europe is tied together in its commitment to integration and the promotion of democratic values. It is our sincere hope that this Council meeting serves as a constructive venue that advances social progress and improves the collective safety and well-being of our citizens.

In recent years, rising instability across North Africa and the Middle East has led to a surge in the number of migrant persons journeying to Europe. While this Union welcomes its role as a vanguard of humanitarianism and as a refuge for endangered persons, we are also dedicated to addressing the escalating crisis of illegal border crossings, especially in the Mediterranean Sea. In this session, we intend to also discuss ways in which we may resolve the persistent instability affecting Greece's economic system. Continued unrest in financial and credit markets has had a calamitous effect on Greece's economic performance and detrimentally impacted the rest of Europe. Finally, the rise of Daesh in establishing a safe haven for Islamic extremists presents complicated challenges to global security. This summit's participants must seriously consider the adoption of measures that mitigate the

threats posed by these aforementioned pressures and strengthen the capabilities of member states to counter their dangers. Therefore, we expect this Council to rally around the need to confront these significant challenges such that we make a material impact reducing their negative effect in Europe.

II. Migration Crisis

A) Background

The intensifying rate of migrant and asylum seekers fleeing turmoil in North Africa and the Middle East stands as one of the most complex policy obstacles that Europe has witnessed in recent years. A 2014 International Organization for Migration report posited that Europe was the world's most dangerous destination for irregular migration in the world and identified the Mediterranean Sea as the world's most dangerous border crossing. According to The Office of the United Nations High Commissioner for Refugees, 137,000 refugees and migrants made the journey across the Mediterranean to European soil during the first half of 2015—an 83 percent increase compared with the same period last year. Of those making the journey to Europe, over 2,000 persons have been killed or remain missing, highlighted by the tragic death of more than 800 migrants in mid-April when an overcrowded boat capsized off the Libyan coast.

In light of the urgency of the situation, it is imperative that member states establish a more coherent set of strategies to counter this present paradigm. The migration crisis' heartbreaking human toll demands that swift action be taken in the near-term to minimize border crossing deaths. No person, irrespective of race, religion, or national origin, deserves to live in an environment that prompts the undertaking of such a dangerous journey. The shocking loss of life related to the migration crisis is an affront to human dignity. Thus, we call on all member states to formulate a broader strategy that not only contends with reducing crossings, but also ultimately addresses the root reasons driving so many people to flee their homes in the first place.

B) Prevailing Conditions

All member states have been substantially affected by the scope of the migration problem and each retain a degree of responsibility in alleviating its impact. However, many of the member states most affected by the recent global economic crisis—Cyprus, Greece, Italy, Malta, and Spain—have also served as the main points of entry for migrants and refugees due to their proximity to Mediterranean crossing points. According to the Spanish Interior Ministry, the number of migrants trying to enter Spain illegally in 2014 rose by almost 70 percent from the previous year to 12,549. The most serious challenge related to migrant trafficking to Europe is passage from Libya to Italy. Unrest, lack of stability, and threats from violence across Libya from competing militias has fueled waves of migration to Italy, which has borne the brunt of heavily trafficked Mediterranean migration passages.

Frontex, the EU border agency, reports that there were approximately 280,000 illegal border crossings across this Union's external borders in 2014, twice as many as the previous record of 140,000 detections in 2011, the year of the Arab Spring. The Central Mediterranean route was the main area for illegal border-crossing into the EU, representing 60% of all detections in 2014. In 2014, 50,800

detections were reported in the Eastern Mediterranean area, representing 18% of the EU total. This totaled twice the number as compared to 2013. Approximately 3,400 people died or went missing at sea in 2014 while making the journey to Europe. Finally, Eurostat—the EU statistics agency—reports that the number of first-time asylum seekers in the EU in the first quarter of 2015 almost doubled from the same time period in 2014. These statistics demonstrate the acute urgency of the migration crisis that needs EU-wide attention to fashion forward-thinking mitigation policies.

In late 2014, Frontex implemented a new border control and surveillance program to help Italy cope with the rising number of crossings across the Mediterranean Sea from Africa. While this multi-national European initiative sought to institute a shared-cost and responsibility approach to the migration crisis, it has proved insufficient in subduing the tide of crossings. In addition, policies need to be amended not only for managing these challenges at sea, but also on land for those migrants moving to Europe or rescued by Frontex or member state personnel. Most notably, the Dublin Regulation, which calls for entry-point states to bear ultimate responsibility for migrants and asylum-seekers, merits reevaluation. Since many member states along Europe's southern border have been burdened with a disproportionate number of migrants, the law's stipulation that asylum-seekers remain in the first European country entered and the requirement that the entered country bears ultimate responsibility for examining asylum applications may be an inequitable manner to manage the crisis. While we are mindful that northern member states have also been affected by a rise of asylum applications, we ask consideration by this Council of a more thoughtful and holistic approach to distribute asylum review requests.

C) Proposed Solutions

This Union has a responsibility to our citizens to be forthright regarding the capabilities and limitations that we may bring to bear in responding to the migration crisis. The challenges we face are nuanced and complex; we cannot prevent all illicit border crossings and we cannot deport or refuse entry to all asylum-seekers. While we have an obligation to protect the territorial integrity of our borders, we also have a humanitarian duty to help those fleeing violence and persecution or those with aspirations for a better life for their loved ones. As a result, the following strategies to consider are varied in scope and purpose, but fall into several broad categories. It is important to note that these offered recommendations exclude any references to improving the economic conditions in migrants' countries of origin and instead focus on more immediate options.

Border Protection: While it is essential to craft policies pertaining to those already within Europe, member states must initially contain illegal migration and prioritize resources to keep illegal migrants outside of European borders. While legitimate asylum seekers deserve a chance to stay in Europe depending on the totality of circumstances associated with both their travel to Europe and the context in which they departed their home nations, illegal entrants must be turned back. In order to ensure improved deterrence, we call for the establishment of “structured border zones” or “hotspots” in high-traffic areas (i.e. southern Italy) to quarantine those arriving, fingerprint and register them, and expedite the deportation of those deemed to have entered illegally. To accomplish this more effectively, European police and border agencies need to obtain expanded law enforcement powers that have thus

far been traditionally solely in the jurisdiction of national authorities. As a result, we urge the adoption of a more robust border protection approach that entails both surveillance and search and rescue capabilities. It should utilize our collective arsenal of resources, including submarines, warships, drones, and helicopters to carry out this mission. In addition, intelligence gathered by these forces should be employed to disrupt traffickers' business and interdict vessels transporting migrants across the sea.

Resettlement of Migrants: While contentious amongst some in our Union, this Presidency calls on all EU states to consider a plan that establishes a mandatory quota of migrants for each member state to absorb as a short-term policy choice in the spirit of European solidarity. This approach would apply a more equitable manner of managing the financial and social responsibilities associated with those already in Europe across the EU and relieve an unfair burden of responsibility on nations like Italy and Greece. In order to accomplish this, we reiterate our request that those member states not part of the Schengen zone and that have the option to opt out of EU asylum policy, such as Great Britain and Denmark, reconsider their stance and partake in the refugee-sharing proposals. As a goodwill first step, we encourage member states to consider an initial intake of 60,000 Syrian and Eritrean asylum seekers currently in Italy and Greece and resettle them across the Union over the following two years. Nevertheless, given that more than 600,000 people sought asylum in the EU last year and the figures for new arrivals this year are much higher, a lasting long-term solution must be forged lest such ad hoc actions become the norm in Europe's immigration policy.

Flexible and Scalable Legal Frameworks: A wide array of legal and diplomatic tools—conventional and unconventional alike— ought to be mobilized to contain the burgeoning migratory crisis. In addition to bolstering border check points across key entry points in southern Europe, member states must develop a common set of measures in order to quicken asylum processing and deporting those whose claims are rejected. In addition, EU development funds, trade agreements, economic incentives, and diplomatic pressure should be deployed as leverage on migrants' countries of origin to encourage them to sign readmission agreements with the EU.

Humanitarian Requirements: We must always be mindful that it cannot be the policy of this Union to simply close our borders and decline legitimate asylum requests by those in need. For example, many Syrian and Eritrean nationals arriving in the EU in high numbers can seldom be repatriated because of the risk to their lives at home. As a result, we applaud member states that have voluntarily increased their acceptance of refugees from war zones to meet the needs of such needy populations. We also underscore the need for all EU migrant policies—to include migrant detention centers—to operate consistent with Article III of the European Convention on Human Rights. Reports of overcrowded facilities that are devoid of clean water, sanitation, and proper ventilation, as well alleged mistreatment of migrants, are extremely troubling. Each of these allegations demands thorough investigation and, if validated, criminal prosecution to hold those accountable for permitting any abuses. Basic human rights must always be upheld by all member state governments—we will not stand for any violation of such norms.

Greece's Place in Europe

A) Historical Context

Following unprecedented financial turmoil after 2008, Greece became the focal point of Europe's debt crisis. In October 2009, Greece announced that its budget deficit would be twice as high as it had reported earlier, raising doubts about the security of the Greek financial and banking system. Eventually, it became untenable for Greece to borrow money in financial markets due to mounting pressures from prospective creditors. By the spring of 2010, the nation was swiftly running out of money, which could have had calamitous consequences on the stability of the Eurozone, as well as on the broader global economy. As a result, the troika — the International Monetary Fund (IMF), the European Central Bank (ECB) and the European Commission — issued the first of two international bailouts for Greece that would eventually amount to €246 billion (\$275 billion), worth more than the country's entire economic output. In exchange for this injection of liquidity, the Greek government was required to enact meaningful budget cuts and raise new revenues. It also mandated that Greece implement structural reforms across its government, leading to enhanced efficiencies, streamlined day-to-day operations, and reduced tax evasion in order to make Greece a more appealing market for international investors and private businesses.

In spite of this robust economic assistance, Greece has failed to stabilize its economic climate and economic output has fallen drastically. According to the IMF, since 2010, private consumption has dropped 30 percent, with food consumption down 28 percent. During that same time period, approximately 20 percent of the country's private businesses have closed and unemployment has surged from 10 to 27 percent. While this Council believes that austerity measures were necessary in order to help Greece reduce its international monetary obligations, we are sympathetic to Prime Minister Tsipras's concerns that the measures were overly inflexible and hampered the Greek government's capacity to adequately invest in its economy to spur economic growth. While some member states believe that our Greek partners have failed to address many of the structural overhauls required under earlier bailout accords, this Presidency is eager to cooperate with all relevant stakeholders to maintain Greece's economic stability and place in the Eurozone. That being said, we recognize that the current Greek government was elected on a platform to renegotiate bailout terms and forfeit much of Greece's outstanding debts. While we are willing to work with Athens to provide it more flexibility, we are adamant that Greece honor its commitment to the Troika and implement the reforms that it had previously agreed upon if it seeks any additional fiscal relief.

B) Negotiating Philosophy

The Luxembourgian Presidency would like to highlight the incomparable contributions by the Euro Group in leading all negotiations related to possible financial assistance to Greece. We would be remiss if we failed to recognize the group's chairman, Jeroen Dijsselbloem, for his unwavering leadership in guiding those with the responsibility for sustaining the stability of the Euro across the 19 members of the Eurozone. We hope that all subsequent discussions between Greece and representatives from this Union's institutions follow Ambassador Dijsselbloem's lead in emphasizing the restoration of trust among all parties involved in the negotiations.

The EU has long been an experiment in lofty ideas. It was founded under the supposition that all member states commit themselves to democratic self-government and the implementation of common rules such that all Europeans share a common experience that precludes the need for conflict. The Greek crisis has tested this notion of unanimity in the financial sector over the last several years, but we are convinced that Greece's destiny is its continued participation in this great European project. To maintain its place in our community of nations, the Greek government must honor the terms of assistance that its predecessors had agreed upon as stipulations for receiving monetary aid. Greece was not the sole nation in this Union which had to enact sweeping and often painful fiscal reforms as a consequence of the financial crisis. Ireland, Portugal, Spain and the Baltic states each underwent broad economic transitions and adjustments that included substantial austerity measures. As a result, there is no reason that Greece should be spared from the need to execute necessary structural reforms that will ultimately enable its economy to prosper.

After the Troika intervened to stabilize the Greek economy, most of Greece's debt was transferred from private sector banks to the member states and official institutions. As a result, European taxpayers are collectively invested in the health of the Greek economy. European taxpayers are keen on ensuring that Greece adheres to the conditions associated with this allotment of taxpayer funds. It would be extremely duplicitous if member states in this Union, many of whom are in the midst of implementing their own far-reaching structural reforms, suddenly allowed Greece to halt or substantially reduce the pace of fiscal consolidation. As such, we urge Greece to continue to enact necessary reform measures if it seeks to continue receiving financial assistance from the Troika. Otherwise, the installments of funds will be suspended until its creditors observe demonstrable evidence of a will to implement all remaining fiscal mandates.

C) Points of Contention

Ongoing negotiations with the new Athens government have resulted in the identification of two principal objections pertaining to the previously agreed upon fiscal settlement: pension and value-added tax (VAT) reform. With regard to the former, we request that Greece eliminate both early retirement availability and increase its retirement age to 67 by 2022. Proposals to delay the retirement age change until 2036 are not economically viable. The Greek government must also quicken the pace of phasing out "solidarity grants" for all pensioners. This program, which provides a top-up bonus to poorer pensioners, should be eliminated by the end of the decade at the absolute latest. Furthermore, it is essential that the Greek government ensures that pensioners augment their contributions toward healthcare in a materially significant way. Otherwise, the Greek government will be unable to provide health services to the population in a financially sustainable manner and will never escape its economic malaise.

This Council urges Greece to modify its VAT system in order to increase revenues and incentivize greater efficiencies in the Greek supply chain. While we initially supported the Troika's proposed two-tier tax system that would impose an across the board 23 percent VAT on all goods, except food, medicine, and hotels (to be taxed at a lower amount), we are amenable to Greek requests to establish a three-tier system. This formula would include a bottom rate of 6 percent for many common items, such

as pharmaceuticals and books; 13 percent for basic food consumption; and a top-ceiling of 23 percent for everything else, to include restaurants and processed foods. As a consequence of the current fiscal situation, we insist that Greece include energy (i.e. electricity consumption) in the 23 percent bracket as well. We understand that the Greek government is concerned about the effect of the VAT on more destitute populations, but difficult tax decisions are required to raise sufficient tax revenues to reduce Greece's enormous debt obligations. In addition, it is critical that the entirety of the Greek people pay a common tax rate; hence, we unwaveringly oppose any type of VAT exemption or modified status for the Greek islands. There must be uniformity across the nation. Our proposal is expected to provide savings and new revenues equal to at least 1 percent GDP, and as such, we strongly urge Greece to give it serious consideration.

D) Way Forward

This Presidency understands the need motivating Greece's requests for a renegotiation of terms in exchange for continued financial assistance. At the same time, we are also mindful that the average Greek still earns a higher salary than the average Slovak or Lithuanian. This explains why some member states are reticent to even consider providing additional funding to Athens. If the Eurogroup determines that offering further financial assistance to Greece is warranted, we strongly believe that any loan issued via the European Stability Mechanism (ESM) should be limited in size and scope. The ESM loan should be restricted such that it can only be used to meet the debt service payments of Greece's external and internal debt obligations. If sanctioned, such a narrow loan should eliminate any prospect of Greece defaulting on its debt to its principal creditors, the ECB and IMF. Short-term funding assistance may enable the Greek economy, and more particularly, Greek banks to begin functioning once again on a more or less normal basis. This is essential since in their current form Greek banks are solvent on paper, but lending is practically at a standstill and banks are unable to play the type of role that they should be in financing new business enterprises. In addition, in the event of any issuance of ESM loans, the memorandum of understanding accompanying the loan should assert that Greece promptly fulfills its remaining structural reforms requirements and quickens the pace of fiscal reorganization. Regardless of any injection of ESM funds, it is imperative that there be a revival of confidence in the Greek economy that lifts market strength and encourages new business development.

While it is a valuable member of this Union, Greece is a small Euro area member state and it cannot expect to disregard the rules of our monetary union or dictate its demands on the elected leaders of other member states, some of which are significantly larger than Greece. We want to maintain Greece's place in Europe, but our patience is finite and our support to Greece's economy is not unconditional. If Greece expects its appeals for fiscal relief to garner support among member states, it must demonstrate a more sincere willingness to make difficult and often politically unpopular decisions. Otherwise, it risks rising insolvency and high unemployment becoming customary elements of its economic system and possibly leaving the Eurozone group.

IV. Salient Foreign Policy Challenges

A) Rise of Daesh and Foreign Fighters

The rise of Daesh, otherwise known as the Islamic State of Iraq and the Levant (ISIL), presents an existential threat to western civilization and our very moral fabric. Its unparalleled brutality, sheer disregard for human life, and inhumane subjugation of thousands has shocked the world. This Union stands with its allies in NATO and the Arab League in categorically condemning Daesh's callous and vicious violence. We urge all member states to provision material support to both the Iraqi National Army and Kurdish forces fighting to reclaim large swaths of land from Daesh's hold. All member states are committed to ensuring the security of their citizens, preventing the spread of radicalization, and cooperating with international organizations and allied nations to quash the proliferation of ISIL support and propaganda. We welcome efforts to draft a new European Agenda on Security to improve cooperation between member states in not only the fight against terrorism, but also organized and cyber-crime. These threats are by their nature transnational and require EU-wide engagement. A future European Agenda on Security will cement common behavior against these perilous forces while upholding our values and respect for human rights.

We are especially concerned about Daesh's call for its supporters to conduct attacks overseas and by the continued flow of European fighters to bolster its ranks following losses from coalition airstrikes. The EU will continue to work with partner governments to stem the flow of fighters to Iraq and Syria. While thousands of Europeans have already traveled to the region, we must do a better job of stopping prospective recruits from joining Daesh. In order to accomplish this, we call on all member states to engage in a candid discussion to formulate new policies that strengthen external border controls. The existing Schengen framework must be applied vigorously to enforce all national checkpoints. In addition, this Union should swiftly institutionalize a process of executing systematic and coordinated checks on individuals enjoying the right of free movement against databases relevant to the fight against terrorism based on common risk indicators. It is critical that border checkpoint security measures are able to adapt to the heightened risks of those traveling to and from conflict zones in the Middle East in order to detain these persons and alert law enforcement officials both inside and outside of the EU of their presence.

V. Conclusion

The Luxembourgian Presidency would like to thank all member states for their avid participation in this most auspicious of settings. The policies proposed and adopted during this summit will enable us to competently address matters of extreme importance to our citizens. The relationships that we have cultivated throughout this summit will cement the realization of meaningful policies and improved cooperation by stakeholders from both the political and expert-level communities. These partnerships supply us with the technical expertise, political acumen, and necessary will to carry out new strategies intended to bring Europe closer together and apply common values to resolve our many challenges.

At this Council, member states have expressed a willingness to approach the migration crisis in Europe with both empathy and resolve. While we must ensure that territorial integrity is respected and

those seeking to willfully abuse the system are not rewarded, we must also have compassion for those fleeing the chaos and violence that has erupted near our borders. With regard to Greece's economic predicament, we have collectively conveyed our firm belief that Greece is a member of Europe and should remain a party to the Eurozone. However, Greece's political leaders must be willing to make difficult political decisions to demonstrate that it is worthy of continued financial support from this Union's institutions. Finally, all member states are firmly committed to bolstering coalition-led efforts to derail Daesh's aspirations for Middle East hegemony. Europe will spare no effort to ensure the safety of our citizens, including by stemming the flow of foreign fighters to Iraq and Syria, as well as alleviating sources of radicalization for vulnerable populations in Europe. Accordingly, this summit has drawn attention to issues that underpin the very fabric of democratic society and highlighted Europe's vow to always cooperatively strive to enact policies that advance our values globally, protect the welfare of our citizens at home, and improve the well-being of mankind as a whole.