

## “The EU has proven a union of solidarity”

### The first #FlorenceLive Interview with Austrian Foreign Affairs Minister Alexander Schallenberg

#### #FlorenceLive Interview 1 on Foreign Policy and Europe in Times of COVID-19, 10 June

*Edited by Jonas Brendebach (Research Associate at the STG)*

For the first #FlorenceLive Interview – part of the STG webcast series on the post-Corona world – Alexander Stubb (Director of the School of Transnational Governance, and former Prime Minister of Finland) welcomed Alexander Schallenberg (Federal Minister for European and International Affairs of the Republic of Austria). In their forty-minutes conversation, they addressed the present COVID-19 situation in Austria, challenges and opportunities of new working modes in diplomacy, Europe’s handling of the crisis and the implications for Europe’s foreign policy, multilateralism, transatlantic relations and geopolitics.

#### The Interview:

**Stubb:** A warm welcome to Austrian Foreign Minister, Alexander Schallenberg, who is joining us from his office in Vienna. We are three months in since the COVID-19 crisis hit Europe. Let me begin by asking: Where are you standing in terms of controlling the pandemic in Austria?

**Schallenberg:** Since mid-April, we were able ease restrictions step by step. Today, we announced the opening of borders to 31 countries next week, meaning the European Union and EFTA states with four exceptions, Sweden, UK, Spain and Portugal. I hope we will be able to open to these countries in July. The next big step is opening for travels to third countries. We will need European cooperation for this phase. For the time being, the measures we have adopted in Austria in getting back to a new normal, as we call it, have not shown any effect on the COVID-19 statistics.

**Stubb:** You mention the “new normal”. As a foreign minister and as a diplomat, how has this crisis affected your work with your foreign minister colleagues?

*Schallenberg: „A new element of the crisis is that neighbourhood suddenly mattered. Everybody was talking to their neighbours. It was there that the most important interaction took place”*

**Schallenberg:** It has changed everything. I would hope that most colleagues have learned the lesson that not every trip is necessary. I am a big fan of video conferences, if they are limited to five to six people. It doesn’t work for EU Council meetings, simply because there are too many people. Everybody ends up reading out their notes and there is no discussion whatsoever. Another new element of the crisis is that neighbourhood suddenly mattered. I was talking every day

by video with the Italian foreign minister and the Swiss, the German, the Czech, the Slovak and so on. There were transit issues regarding all the commuters and goods which have to be transported across the borders. It was an economic matter of utmost importance. But not only us, everybody was talking to their neighbours. It was there that the most important interaction took place.

**Stubb:** How permanent do you think this change is? By definition, as a diplomat and foreign minister you depend on contact with the outside world. Are you going to become a hybrid foreign minister?

**Schallenberg:** I would love to. But I fear I won't. Personal interaction between human beings is irreplaceable. Video conferences are tiring, and my expectation is that the conference tourism will take up again very quickly. But I would like to at least continue the regular video sessions with my Czech, Slovak, Slovenian, or Hungarian colleagues like we have been doing over the last weeks.

**Stubb:** People have criticised the European Union for the way it has dealt with the crisis. I say: In the Euro crisis, it took us four years to put up the ESM. In the COVID-19 crisis, it took us four weeks to get our acts together. Were we quite fast this time around?

*Stubb: "In the Euro crisis, it took us four years to put up the ESM. In the COVID-19 crisis, it took us four weeks to get our acts together."*

*Schallenberg: "The discussion about the recovery fund is completely normal. We will find middle ground. The European Union has proven a union of solidarity."*

**Schallenberg:** I agree. But in the public perception the view prevailed that the European Union was nowhere at the beginning. I defended the EU saying that public health is a national competence. I also said that in the way out of the crisis, especially economically speaking, Brussels will be back in business. That proves to be right.

The discussion about the recovery fund is completely normal. Two countries have made a proposal, some say it's not enough, others say it's too much. We will find middle ground. The European Union has proven a union of solidarity. Although the Commission was not present at the beginning and we didn't have Council meetings, EU member states had this idea, we have to work together. Yes, I take the call of my colleague from a neighbouring state. Yes, we will have a video conference. There was the sense, this is a family. That is a feature that people sometimes forget.

If we talk about the lessons learned from the pandemic, let's not talk about competences. There are a couple of very precise lessons. For instance, we have a problem of comparability of data. The Commission could draft criteria according to which data is collected, and we agree to report all to one unit, similar to Eurostat. It would make a crisis response a lot easier in the future.

**Stubb:** Let me turn to the geopolitical implications of the crisis. In the public debate, you see mainly three power centres dealing with the crisis. One is China, one is the United States and one is Europe. In your view, how have these three coped with this situation?

**Schallenberg:** Very differently. We are witnessing a competition of narratives. The Chinese are claiming to be the country who first came out of the crisis and who is helping all the rest. There is also an aggressive narrative coming out of the U.S. For most people, I believe, there is China and the U.S., and they would not count Europe among them. The Corona crisis hasn't created anything new, but it has increased tendencies which were already existent.

Europe was not so present in the international sphere say in March, beginning of April. Then began what I would call the “mask diplomacy”. For instance, I called my colleagues in the Western Balkan states offering them to take in intensive care patients and to send aid packages.

*Schallenberg: “We see an increased tendency of the U.S. to pull back from multilateral institutions and the Chinese moving in. This is no positive development – we need both of them.”*

But now we observe something that is worrying me: the growing tensions between China and U.S. We need a rules-based international order. We need multilateralism. We see an increased tendency of the U.S. to pull back from multilateral institutions, for instance the World

Health Organisation, and the Chinese moving in. This is no positive development – because we need both of them. And we need a strong Western ally.

**Stubb:** Can I push you on this: If the two power bases are the United States and China, is there a geopolitical game that we could get involved in? People are going to make this into a black and white issue, either you’re with us or against us. How should Europe play this?

**Schallenberg:** This is an interesting point. I believe this kind of thinking – are with us or are you against us? – won’t change whether you have Donald Trump or Joe Biden in the White House. In Europe we should be aware that there is a transatlantic community of values. I am sometimes astonished, in February I met with Secretary of State, Mike Pompeo, in Washington. An Austrian journalist asked me, why are you meeting this administration? He would never ask me the same question, had I been in Moscow or Beijing. This is utterly, completely wrong.

*Schallenberg: “In Europe we should be aware that there is a transatlantic community of values. We’re staring too much to Beijing and Moscow. They are strategically important partners. But the values we share only with the United States.”*

The current president of the United States might be a challenge, but we are still in a union of values. That is also why we are so shocked to see the video of George Floyd – because it happened in the U.S., a country which is so similar to us, with checks and balances, an independent judiciary and a civil society

probably stronger than any civil society in Western Europe. We have to keep things in perspective: Seventy-five years after the end of the Second World War, we should remember what the U.S. has meant for Western Europe, from the Marshall Plan to the beginning of European integration. We’re staring too much to Beijing and Moscow. They are strategically important partners. But we share the values with the United States.

**Stubb:** I take up a question from our online audience: “Can the COVID crisis change the scope and the depth of Europe’s foreign policy? Maybe you can link this to the question on how we should deal with China or the U.S. after COVID-19?”

*Schallenberg: “How do you want Europe to have a common foreign policy, if we’re not honest among each other in Brussels.”*

**Schallenberg:** I would not see a direct link between COVID-19 and the strengthening of Europe’s Common Foreign and Security Policy (CFSP). What we lack most in Brussels is honesty. As long as we cannot talk frankly

among us about what each member state wants to do with China, we will never find common ground. We have the 16+1 or 17+1, depending on your perspective, approach of the Belt and Road

Initiative. Our relationship with Russia is similar. Transatlantic relations are very much dominated by party politics and where a government comes from. How do you want Europe to have a common approach, if we're not honest among each other in Brussels and say where we stand?

**Stubb:** On the economic side, one could argue that geopolitics is not anymore only about security, it is much broader. The Commission, not least in the context of the recovery package, is talking about "open strategic autonomy". How important is the concept of strategic autonomy?

**Schallenberg:** Strategic autonomy is important. One immediate consequence of the Corona crisis is what some call the "Yom Kippur effect". After the Yom Kippur War in 1973 and the subsequent oil price hikes, countries started to stockpile oil and gas to ensure independence for at least a couple of months. Today, we see the "Yom Kippur effect" in the health system. In the next crisis, everybody might need five syringes a day. We might find out they are produced in Southeast Asia and run out of syringes after two months. We cannot change production lines and we cannot force private companies to start producing simply because governments want them to. States are asked to think twice in what areas we might need products stockpiled to ensure an independence of six months.

*Schallenberg: "Globalisation will become more regional, because the pandemic has been a shock for many companies and states as far as dependency and production lines are concerned."*

Another example is a strategy for Foreign Direct Investment (FDI), where we have to get better. It is a very tricky issue involving companies which are of strategic importance and that are in private hands. Are there political or legal means to ensure these companies stay in Europe? This kind of thinking is not easily reconciled with globalisation. Globalisation will

become more regional in the coming years, because the pandemic has been a shock for companies and states as far as dependency and production lines are concerned.

**Stubb:** Let's look ahead. No one has the crystal ball, but what is the thinking in your government, including the chancellor and the finance minister, about when we will see things easing up? And how do you compare this to the financial crisis in 2008?

**Schallenberg:** We forget quickly. If I look at the headlines in 2008 and 2009, they predicted the meltdown of the European banking system, especially in Austria, since we were so exposed to Eastern European banks. Nothing of the sort proved true. I'm pretty optimistic. Although, predictions are grim. Six out of ten euros Austria gains through export. We are depending on the German automobile industry and others. If they fare badly, it will have repercussions for us. Today, we have the highest unemployment rate in Austria we ever had. In economic numbers, we haven't experienced such a shock since the 1970s.

*Schallenberg: "It might be a game changer for government policies."*

It might be a game changer for government policies. We might go back to the textbooks of the 1990s and 1980s on government spending. In Austria, we have put together a package of 38 billion euros for commerce and one-person enterprises. It doesn't stop there, we will probably end up with 50 billion euros. As the chancellor said, whatever it takes, we will do. And most countries have done the same.

*Stubb: “We can throw out all the textbooks on financial markets and macro-economics and also the growth and stability pact. Romano Prodi is probably smiling right now.”*

products and services EU-wide?”

**Schallenberg:** Good question. There are only two ways in an open economy. Either you buy a company as a state or you buy at least a 50+1 share to make sure it stays, or you create tax incentives. The third option is to stockpile. I presume that Europe will not embark on policies which

are in violation of the basic rules of the Common Market, such as the rules on state aid and the competition law. I don’t believe that governments are ready to embark on a nationalisation of industries. Where would you stop? Today it is the health business.

*Schallenberg: “Europe will not embark on policies which are in violation of the basic rules of the Common Market.”*

Tomorrow it might be energy or telecommunication. At least in Austria we will not adopt such policies.

**Stubb:** Thank you, Alexander. It was great fun for me, sitting now on the academic side of the fence, to listen to a foreign minister who has two things in his favour: One is substance, because you’ve been there, you’ve done it all over the years. And the other one is communication skills. To get out of this crisis, we will need both of those. Thanks again for joining me in this first #FlorenceLive interview and I wish you all the best in the months and years to come, when you’re trying to sort out the consequences of the COVID crisis.

**Online reactions:** On Facebook, a global audience followed the livestream with viewers tuning in from across Europe, from China, India, Indonesia, Mexico, Uruguay. The video was viewed 3700 times (as of 14 June).

**(Re)watch the conversation at [stg.eui.eu/events/FlorenceLive](https://stg.eui.eu/events/FlorenceLive)**