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Rédacteur en chef / Editor in Chief : Rosmarie Carotti

Tél. / tel.: 00352 4398 - 45506 - e-mail : rosmarie.carotti@eca.europa.eu

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TOWARDS IMPLEMENTING EUROPEAN PUBLIC SECTOR ACCOUNTING STANDARDS

By Vítor Manuel da Silva Caldeira, President of the ECA

In considering the response to the economic and financial crisis facing Europe, Parliament asked the Commission to prepare a report examining the suitability of the International Public Sector Accounting Standards (IPSASs) as a basis for consistent statistical reporting by all Member States.

The Commission response was a report which favoured the development of standards to be based on IPSASs: the "European Public Sector Accounting Standards" (EPSAS).

Algirdas Šemeta, the European Commissioner for taxation, customs, statistics, audit and anti-fraud, has overall responsibility for the Commission response. In his view *'The prospect of further fiscal and economic intervention in the EU highlights the need for harmonised public sector accounting standards in order that budgetary decisions at a national level can be assessed at an EU level.'*

In the current public financial crisis in Europe, when EU Member States act as a guarantor for other Member States' public debt, the opaque, and heterogeneous, and often cash-based accounting systems applied by many Member States are no longer suitable and call for a reformed and harmonised public sector budgeting and accounting system (www.epsas.eu).

On 29/30 May 2013, Eurostat hosted a conference on implementing European Public Sector Accounting Standards (EPSAS) in EU Member States. One of the speakers was ECA President Vitor Caldeira.

Chairman,

Distinguished speakers,

Ladies and gentleman,

I would like to thank you Mr Radermacher and EUROSTAT for organising this conference and inviting me to express the views of the European Court of Auditors about the context for developing European Public Sector Accounting Standards.

Accounts may not be considered exciting. Statistics may not be all that at first sight they seem. And audit might not be quite what some suppose.

But what public accountants, statisticians and auditors do really matters. In particular, we have an important shared responsibility to help warn citizens of risks to their financial interests.

Among other things, citizens expected to be warned that a financial and economic crisis was coming.

We know in retrospect that the signs were there, but not the whole picture: in reality public debts and deficits were higher than reported and governments turned out to be more heavily exposed to the financial sector through implicit guarantees than many anticipated.

Vital information - which could have helped to identify the risks and take mitigating action - was lacking.

We also know now that better systems of public accounts, statistics and audit could have provided that information.

With citizens' trust in the EU at an all-time low, putting such systems in place is now a priority.

As professionals specialised in promoting transparency and accountability, I believe public accountants, statisticians and auditors have a greater responsibility than ever to be part of that solution.

European Public Sector Accounting Standards could prove to be a crucial component, bringing fuller, clearer, and more comparable information on public finances across the Union.

Ladies and gentleman,

We should be under no illusions: implementing EPSAS will be a great endeavour and a huge challenge for all involved.

The Commission's report in March to the Council and European Parliament makes that very clear.

In drawing together the results of extensive consultation and analysis, the Commission confirmed the main elements of its own experience in implementing an IPSAS-based accounting framework.

As the EU's external auditor, the ECA had a privileged position from which to observe and contribute to that process.

At the outset, we observed that:

- a governance structure and procedure had to be put in place in order to turn IPSAS into a complete set of useable accounting rules;
- the financial regulation governing the implementation of the EU budget had to be updated; and
- investment was required to upgrade accounting systems and to develop in-house expertise.

The whole process lasted a number of years and it took place in phases.

Producing accruals-based financial statements represented an additional accounting burden for the Commission, as it decided to continue in parallel with its existing system of modified cash-based budgeting. Both sets of figures are reported.

Despite the time and extra resources involved, the ECA's annual audits revealed many benefits.

There was a general improvement in the underlying accounting records during the process. And European institutions and other bodies harmonised their accounting treatments as well as the presentation of their financial reports.

As a result, the quality of the annual EU accounts improved from year to year.

Most important of all, transparency about the underlying economic reality of the Union's finances has improved.

To give you a few examples:

- First, the accounts now consolidate a range of "European" bodies, providing also a fuller picture of EU investments;
- Second, despite running a balanced budget throughout its existence, the EU financial statements show it has significant net liabilities. This is mostly a result of its pay-as-you-go pensions system.
- Third, the extent to which long-term legal spending commitments exceed the appropriations provided in the annual EU budget is now much clearer.
- Fourth, there is detailed information about the EU's exposure under the various financial support mechanisms for Member States in need.

I could go on. But I hope these examples show that EU stakeholders are now better informed than they were previously.

The potential for public scrutiny has also been increased. The new disclosures invite discussion, which might not otherwise have taken place.

In short, the additional information available makes the Commission more accountable for the implementation of the EU budget.

And what has proved true for the EU budget could also prove true for the European public sector as a whole. That is provided certain conditions are met.

An important pre-condition is that public sector accountants, statisticians and auditors work together at the outset to help policy makers to get it right.

For example, there are difficult decisions to be taken about the structure and process for producing and maintaining a complete set of EPSAS. These will have to be reflected in law at EU and national level.

In this collective endeavour, I believe public sector auditors have a special contribution to make.

Again, the ECA's own experience with respect to the Commission may provide some useful insights.

I believe the ECA contributed to both effective decision-making and successful implementation of accruals-based accounting by the Commission:

- we helped convince EU policy makers of the potential benefits of adopting an accruals-based approach;
- we provided our views on the necessary legislative changes when the time came; and
- we contributed to the standard setting process.

But most important of all, we contributed to the implementation of accruals-based accounting through our audits.

As the auditor of all the EU's institutions and other bodies, we were ideally placed to promote not just compliance with the new rules but also the completeness of the accounts and the comparability of accounting treatments applied by all the different entities implementing them.

As the Commission phased in accruals-based accounting over a number of years, the Court's audit results fed into each successive phase.

Ultimately, the Court was able to give an unqualified audit opinion on the reliability of the EU accounts prepared under the accruals basis.

But at the outset of the process we had to be careful. We did not want our efforts to promote a high-quality accounting framework to compromise our independence as auditors.

So – true to type – we followed a prudent approach.

As a result, the Court only participates as an observer in the body proposing the accounting rules of the Commission.

We believe this arrangement ensures the impartiality of any audit findings or recommendations we may have regarding how general accounting principles have been interpreted in the Commission's accounting rules and applied in practice.

Ladies and gentlemen,

I have explained to you the Court's first-hand experience of the development and implementation of IPSAS-based public sector accounting standards, and the contribution that an external auditor can make.

In advance of this conference, the SAIs of the Member States and the ECA held a seminar to exchange our respective views on this matter.

My distinguished colleagues from the Finnish and French SAIs will no doubt tell you more about the experiences in the different Member States as well as present the views of the national SAIs.

But before that, I would like to make one more point about the broader European context of implementing EPSAS.

Being able to present a fair picture of the state of public finances within the accounts will undoubtedly contribute to improving transparency and accountability. But transparency and accountability needs to be strengthened in other areas as well.

For the ECA, the audit of the reliability of the EU's accounts represents a relatively small part of the work we do.

A major part of the Court's work involves carrying out performance audits that assess the economy, efficiency and effectiveness with which the EU achieves its policy objectives.

From this perspective and in our experience, reliable financial information needs to be matched by reliable non-financial information about the results of implementing EU policies.

By that I mean, not just the economic outcomes but also the relevant social or environmental outcomes. The financial and economic crisis has impacted not just the livelihoods of EU citizens, for some it has devastated their lives and it has left the younger generation more uncertain about its future.

In this context, transparency is essential not only to take the right decisions in order to build trust in fiscal data and strengthen financial stability, but also to provide assurance to citizens' that their broader concerns are being addressed. In particular, we need to estimate the costs, benefits and risks to future generations of decisions taken now.

Improving transparency in this way may also go a long way towards being able to provide a true and fair view of the added-value of EU Membership.

I believe that would make an important contribution to strengthening the EU's democratic legitimacy and accountability, while also contributing to sustainable public finances across Europe and fostering our societies' solidarity - a core value of our Union.

Chairman, ladies and gentlemen,

Improving transparency is essential. Implementing EPSAS is an important initiative towards that goal.

It behoves Europe's public accountants, statisticians and auditors to work together to help make it happen. This conference provides a good place for us to start that process.

Thank you for your kind attention.

Farewell interview with **Mr Ovidiu ISPIR**, Member of the ECA from Romania, whose mandate expired on 30 June 2013

By **Rosmarie Carotti**



Mr Ovidiu ISPIR, leaving Member of the ECA

R. C.: Before joining ECA, you have been Member of the Romanian Court of Accounts and you have had a role in coordinating of the audit of EU pre-accession funds ISPA and SAPARD in Romania. How did you live the experience as a Member of the ECA and what did your designation mean to you and your country?

Mr Ovidiu Ispir: Indeed, before becoming Member of the European Court of Auditors I was member of the Romanian Court of Accounts and I worked in the department dealing with the coordination and audit of the ISPA and SAPARD pre-accession funds. Moreover, I was one of those who created an Audit Authority within the Romanian Court. This Audit Authority is an independent management body responsible for the audit of all EU funds granted to Romania. Over time this authority has acquired an excellent reputation for its professionalism and independence. The Audit Authority received its initial accreditation from the Commission and is subject to regular evaluation to ensure that the accreditation remains valid.

For me the nomination as Member of the ECA in Luxembourg and the transition to a new working environment was not especially difficult, given my former activity as auditor at the Romanian Court. Moreover, knowing about the EU ISPA and SAPARD funds, made it easier for me to get familiarised with other EU funds I was afterwards to audit during my mandate.

Of special interest and importance for me were the opportunities I had to present special reports and chapters of our annual report to the press and to committees of both the European and Romanian parliaments. And I have to say that a keen level of interest was shown at these presentations in how EU money is being spent. Such presentations gave me an opportunity of not only providing clarification related to technical issues but also contributing to a better understanding of the role the ECA plays in defending the financial interests of citizens and improving the overall financial management of the EU.

R. C.: Romania is still criticised for failing to meet the rule of law and is urged to accelerate its reforms and fight corruption. How much have things changed in Romania since you became a member of the ECA and how much could you affect these changes?

Mr Ovidiu Ispir: The issues you mention here are scrutinised by other institutions within the European Union and represent some specific commitments given by Romania in the judicial area. As auditor I cannot comment on these issues as they are outside my mandate as Member of the ECA. But I would like to add that every time I have had the opportunity – during interviews, presentations of the annual report, discussions with members of the Romanian Parliament or representatives of different Romanian institutions – I underlined examples of good practice in order to suggest that having a correct approach and people fully dedicated to carrying out policy objectives can only contribute to doing things better and improving the way we are perceived.

R. C.: After the expiration of your mandate as Member of the ECA, do you see a role for yourself in still bringing the European idea closer to Romania?

Mr Ovidiu Ispir: It is much too early to comment on this; however, should it be requested, I will gladly share my experience of over 30 years of activity. The last 6 years as ECA Member opened to me new perspectives and a global understanding of European financial policies, of the sometimes extremely complex mechanisms through which these funds are collected and disbursed. The

European idea has always been well perceived in Romania and, despite many problems, Romanians are fervent supporters of the European Union. We might say that Romanians, in spite of all odds, still see the glass half full!

R. C.: How much is Romania affected by the financial crisis and what are the most feared risks of it for the country?

Mr Ovidiu Ispir: Romania has not escaped the negative effects of the current financial crisis and for example there have been massive salary cuts for public administration staff, high rates of unemployment and a considerable decline of purchasing power. However, Romania was able to go through this acute phase easier than some other countries, as it is not in the Eurozone. I have also to add the substantial role the European Social Fund has played in mitigating the effects of the crisis so far.

However, the longer the crisis continues, in my opinion, its negative effects will gain a new momentum with rising unemployment among the youth, increasing impoverishment and weaker social integration.

R. C.: As I have got to know you also as a philosopher, what is your vision and advice for the future?

Mr Ovidiu Ispir: You know, recently I had a dream! And my dream was that all the European institutions, all of them, moved to Bucharest, and all of a sudden the town became more animated, more beautiful, and more colorful. There was a sparkle everywhere, a new energy in the way of living, of thinking and of acting. The people were happy, there were no... contradictions between institutions, and a new currency called Progress was launched. Isn't this a very nice dream?

Coming back to your question and reality, I believe that the European Union will continue to exist, because it would be a tragedy if such a wonderful idea and a bold construction was to be abandoned, regardless of the causes, whether of euroscepticism or crises of whatever kind.

I also believe that in the future, European added value will be the leading indicator in conceiving and evaluating projects financed through European funds and as long as EU public spending exists, an external auditor should and will exist as well!

ENGAGEMENT SOLENNEL DE DEUX MEMBRES DE LA COUR: Mme ILIANA IVANOVA, DE BULGARIE, ET M. GEORGE PUFAN, DE ROUMANIE

Par Rosmarie Carotti



Mme Iliana Ivanova, nouveau
Membre de la Cour de Bulgarie



Au centre: M. Skouris, Président de la Cour de Justice



M. George Pufan, nouveau
Membre de la Cour de Roumanie

Mme Iliana Ivanova, de Bulgarie, et M. George Pufan, de Roumanie, ont pris, le 10 juillet 2013, devant la Cour de justice de l'Union européenne, l'engagement solennel prévu par les traités pour tous les Membres de la Cour.

Mme Iliana Ivanova et M. George Pufan ont pris leur fonction en qualité de Membre de la Cour, respectivement le 1^{er} janvier 2013 et le 1^{er} juillet 2013.

Tous les Membres prennent l'engagement solennel, dans l'intérêt général de l'Union, d'exercer leurs fonctions en pleine indépendance, de ne solliciter ni accepter, dans l'accomplissement de leurs devoirs, d'instructions d'aucun gouvernement ni d'aucun organisme, et de s'abstenir de tout acte incompatible avec le caractère de leurs fonctions. Ils s'engagent également solennellement à respecter, pendant la durée de leurs fonctions et après la cessation de celles-ci, les obligations découlant de leur charge, notamment les devoirs d'honnêteté et de délicatesse quant à l'acceptation, après cette cessation, de certaines fonctions ou de certains avantages.

MM. Tonio Borg, de Malte, et Neven Mimica, de Croatie, les nouveaux Commissaires en fonction depuis le 1^{er} juillet 2013, ont également assisté à la séance solennelle.

Dans son allocution, M. Skouris, Président de la Cour de Justice, rappelle que bien qu'aucune modalité ne soit expressément prévue à cet égard, l'engagement solennel est une pratique bien établie depuis des décennies. Après avoir invité le greffier à donner lecture des décisions du Conseil portant nomination de MM. Tonio Borg et Neven Mimica, M. Skouris déclare que les nouveaux Membres de la Commission rejoignent un Collège en fin de mandat, dans un contexte de crise économique sans précédent.

M. Skouris insiste sur l'importance primordiale du rôle joué par la Cour des comptes européenne, qui exige une indépendance totale à l'égard des autres institutions européennes, d'une part, et des États membres, d'autre part. La Cour contrôle si les dépenses publiques sont légales, effectuées au moindre coût et réalisées en vue de l'objectif qui leur a été fixé. Ses activités contribuent à garantir que le système européen fonctionne de manière efficace et transparente.

Dans son introduction à l'engagement solennel des Membres de la Cour des comptes, M. Vítor Manuel da Silva Caldeira, Président de la Cour des comptes européenne, souligne que cette cérémonie qui rassemble plusieurs institutions de l'Union se déroule au moment où la Croatie rejoint la famille européenne. Cela devrait rappeler à tous le rôle de chaque institution et, en particulier, les fondements de l'Union européenne: vivre ensemble, dans la paix et la prospérité!

De fait, depuis ses 35 ans d'existence, la Cour des comptes n'a jamais rempli un rôle aussi essentiel.

L'Europe traverse la pire récession économique depuis sa fondation, et la confiance des citoyens dans l'Union est en berne.

Cependant, la Cour des comptes observe que toujours plus de décisions en matière de dépenses sont prises au niveau de l'Union européenne, sans qu'y soit toujours associé un niveau approprié d'obligation de rendre compte.

Face aux développements en matière de gouvernance économique et financière, la Cour, avec les institutions de contrôle nationales, a attiré l'attention des responsables politiques de l'UE, à plusieurs reprises, sur l'importance de tenir dûment compte des principes de transparence, d'obligation de rendre compte et de contrôle public.

La CdCE a notamment souligné la nécessité:

- d'établir un cadre cohérent en matière d'audit et d'obligation de rendre compte;
- de reconnaître l'importance du contrôle externe des finances publiques dans la législation de l'UE;
- de renforcer les dispositifs d'audit concernant l'union bancaire;
- de porter une attention particulière aux dispositifs de contrôle des finances publiques dans le domaine de la discipline budgétaire;
- d'améliorer la transparence et la cohérence, du point de vue de l'audit, des instruments de stabilisation financière.



By Ville Itälä, Member of the ECA from Finland

Timing, timing, timing

An excellent dinner today is not good or even edible tomorrow. This was the dilemma I was faced with the Special Report on European Globalisation Adjustment Fund (EGF). When I was appointed as the reporting member for this audit task, preparations were already in full swing. The Audit Planning Memorandum (APM) foresaw the normal 18 month timeline. Thus, the report was to be adopted by the Chamber II in November this year and the publication was foreseen in 2014. No problem, I thought then in April 2012. But as the time passed, it became evident that the legislative procedure for the new 2014-20 EGF was approaching its climax much earlier than end of 2013 or early 2014.

The choice was to continue according to the timeline agreed in the APM or try to maximise the impact of our work. The latter option would mean trying to publish, or at least finalise, the audit work before the final negotiations between the European Parliament and the Council took place. The first option would have been – to be frank – embarrassing: to present a report to decision-makers while the decision for the next seven years had been taken barely a month or two earlier.

So, the “maximise-the-impact” was really the only option from my point of view. After short and open discussions with the audit team and the director, we were all ready to give our best effort. It meant, for example that we had to send some Statement of Preliminary Findings (SPFs) quicker than within 2 months, translations of SPFs had to be planned very well in order not to have unnecessary delays, and the directorate had to review the quality issues very efficiently. Last, but not least, we needed to get the Commission on board. To my great surprise, DG Employment and even DG Budget took the extra mile and we managed to have the contradictory meeting only 4 weeks after the Commission received our preliminary observations. Icing on the cake – in the sense of speeding up the publication of the report – was the go-ahead given by Chamber II to publish the report first in English only.

On the day of the publication (25th June), we organised a targeted presentation for the European Parliament. All the coordinators of the Committee on Budgetary Control (CONT) and the reporting member from the Employment Committee (EMPL) for the new EGF were invited. As always, the presence was not 100 per cent, but I was very happy for three reasons. First of all, the coordinators from the biggest groups were present. Secondly, all the MEPs clearly appreciated that we managed to publish the report before the final negotiations concerning the new EGF with the Council that would take place in September. Thirdly, the reporting member found very useful elements in our special report and was willing to support them in the final negotiations. I have also been contacted by the Council to present the report as soon as possible to the Member States representatives.

On the substance, the EGF has been a controversial support mechanism since its launch in late 2006. Its supporters claim that showing solidarity and providing support to redundant workers is surely important. But equally, many countries have questioned the need to have a separate EU fund – on top of the European Social Fund – because of changes in world trade patterns caused by globalisation. First reactions to the special report have shown that at least on two aspects common ground can be found. So far, I have not heard anybody disagreeing with our key findings concerning the excessive share of income support measures and very lengthy approval procedures.

Therefore I am optimistic that even if the dinner served on the 25th June was perhaps not three star Michelin, the new EGF will be directed more towards the measures providing EU added value and enabling the support to reach the redundant workers quicker. The Court’s audit will have an impact. For that, I cannot thank enough the head of unit and the audit team in the HUM unit as well as the directorate of Chamber II.

INTERVIEW WITH MR KAREL PINXTEN, ECA MEMBER, ABOUT SPECIAL REPORT N° 4 - EU COOPERATION WITH EGYPT IN THE FIELD OF GOVERNANCE

This report was adopted by Chamber III, which is headed by **Mr KAREL PINXTEN**, during the meeting in Luxembourg on 14 May 2013 (The interview took place on 10 July 2013).

By Rosmarie Carotti

R. C.: Many things have changed in Egypt since your special report, which focused on Public Finance Management (PFM) and the fight against corruption on the one hand, and human rights and democracy on the other hand. It was presented to the press on 18 June 2013. Has it maintained its value?

Mr Karel Pinxten: Absolutely. The special report remains important and relevant. The observations and recommendations were accepted by the Commission. Of course, in the meantime, the situation in Egypt has evolved, but I think that these events confirm the content and the conclusions of our audit report.

R. C.: There was a wish of Parliament to induce changes in Egypt. Did our report contribute to that?

Mr Karel Pinxten: Well, I discussed it yesterday in the Foreign Affairs Committee of the European Parliament, and one of the leading MEPs said point-blank: "That is a report which definitely will have huge political impact".

I take this opportunity to thank very much and congratulate the audit team that did a very good job and also all the other Members of Chamber III for their contribution. I am the Member rapporteur, but this is a special report from Chamber III.



From left to right, standing: Mr Karel Pinxten, Member of the ECA, Francis Joret, principal auditor, Gerry Madden, head of private office, Emmanuel-Douglas Hellinakis, private office Attaché. Seated: Julian Chapman, head of unit, Christian Geoffroy, team leader



Mr Karel Pinxten, Member of the ECA and Ms Rosmarie Carotti

R. C.: How did the report start? Was it by chance that the special report came out at this moment?

Mr Karel Pinxten: No, it was not by chance. When we choose an audit topic in Chamber III, we use the same four criteria as in the other Chambers, namely materiality, risk, relevance and coverage. The fact that Egypt was high on the agenda for the European Parliament, our main stakeholder, was one of the elements that contributed to the choice of Egypt as a priority audit.

Egypt is a very important player in the Middle East and the materiality criterion - the fact that a lot of EU money has been channelled to the country – was also important. For the period 2007-2013, Egypt received an allocation of approximately 1 billion euro, so the decision to carry out an audit on assistance and aid channelled to Egypt in the field of governance was very important.

R. C.: The audit found that overall the Commission and the European External Action Service (EEAS) have not been able to effectively manage EU support to improve governance in Egypt. How can a distinction be made between the European External Action Service and the Commission? We are talking about 1 billion allocated over the last six years; who was responsible? Up to a certain point there was no EEAS, there was only the Commission. The EEAS is responsible for policy and governance and political talk of bringing democracy to countries, which maybe do not have the same understanding of democracy than we have, is difficult.

Mr Karel Pinxten: On the one hand we have the EEAS, led by Lady Ashton, and on the other hand we have Commissioner Füle who is responsible for European neighbourhood policy. When we talk about neighbourhood policy, we talk mainly about countries neighbouring the EU on the eastern and southern frontiers - 16 in total. It is, of course, in the interest of the EU that there is peace, stability and prosperity at its borders. Put simply, Lady Ashton is responsible for policy and Commissioner Füle for implementation, and then you have some mixed responsibilities.

To be more precise, let me refer to paragraph 14 of the special report: "Following the establishment of the European External Action Service (EEAS) in December 2010, the EEAS became responsible for policy development and the overall cooperation framework and the EEAS and Commission shared responsibilities for programming assistance. Implementation of assistance remains the responsibility of the Commission".

R. C.: Did the shared responsibility between the EEAS and the Commission make the audit work more difficult?

Mr Karel Pinxten: The situation is that we have both the EEAS and the Commission, and they have to share responsibilities. We audit the EEAS; we audit the Commission. Did it make life more difficult for the team? Not necessarily.

R. C.: Sixty percent of the money was given through sector budget support and forty percent was used to finance projects. What was the greatest difficulty when auditing the government in Egypt? Were they reluctant to show evidence? Was it simply their set-up which made things difficult? How did you perceive the power of the grey eminence, the military, in Egypt?

Mr Karel Pinxten: We mention that in the report where we talk about Public Finance Management (PFM), which has to be in order if the Commission is to give budget support. We say that in Egypt military expenditure is not declared and there is also no information on presidential expenses.

Special funds amounting to approximately 4 billion euro a year are outside the state budget. We do not know, the Commission does not know, either their exact size, or the purpose for which, and the way in which they are used. Last but not least, there is no independent audit institution in Egypt.

R. C.: It is so obvious that any support should be linked to conditions that need to be met. But why do we just blame the Commission? Did the Commission accept our criticism?

Mr Karel Pinxten: Our auditee is the Commission. We don't audit the Egyptian government. If the Commission imposes conditions for assistance in the framework of governance, like the fight against corruption, respect for human rights and rules of democracy, of course, we look at the eligibility conditions. We have to be frank with the Commission. But we also recognise the fact that they did take a number of initiatives.

We say very clearly in the report that on the Egyptian side there was unwillingness and stalling and that the conditions imposed by the Commission were not met. "Court of Auditors slams the softly softly approach in Egypt" was one comment in the press. These conditions cannot just be dismissed, as they are also anchored in the Treaty on European Union and also in the Association Agreement with Egypt which entered into force in 2004.

The Commission does not contest our observations. We can therefore conclude that the Commission does in fact agree with what we say in our report.

R. C.: How do you rate budget support and how will things change in the future? Will conditions be more clearly defined and followed more closely?

Mr Karel Pinxten: Budget support can be, in certain circumstances, a good instrument. We are not against it in principle. But the conditions have to be met. One of the minimum conditions is an acceptable PFM, for example an independent audit institution.

We suggest that conditionality should be applied more rigorously than in the past, and that aid should only be given to the extent that these conditions are fulfilled.

R. C.: Did you get some reaction from the Egyptian government to your report?

Mr Karel Pinxten: Our report was all over the press in Egypt and on TV. One TV programme lasted for two hours and people from Egypt and from the EU working in Cairo were interviewed. This is not surprising. The Court's special report was also in the New York Times, in Le Monde, Le Figaro and the Frankfurter Allgemeine, just to name but a few newspapers. I believe that this extensive, positive news coverage is a good thing for the Court as a whole and also for our staff.

EUROPEAN COURT OF AUDITORS AWARD FOR RESEARCH IN PUBLIC SECTOR AUDITING, 25 June 2013

The award was conferred to **Mrs Mieke HOEZEN** (NL) for her research on “The competitive dialogue procedure: negotiations and commitment in inter-organisational construction projects”. The Journal has published a summary of this paper in its July/August edition.

By **Rosmarie Carotti**



Presentation of the medal and award certificate to **Mrs Mieke Hoezen** by **President Caldeira** and **Mr John Wiggins**, member of the selection committee with **Mr Manuel Henrique de Freitas Pereira**.

In his opening address, Mr Vítor Caldeira, President of the European Court of Auditors, explained that with this award the ECA wanted to demonstrate once more the institution's deep commitment to the development of public sector auditing.

The second edition of the Award paid tribute to the memory of Juan Manuel Fabra Vallés, who had contributed through his work and example to a reputation of the ECA, both as a Member (2000-2006) and, in particular, as President (2002-2005). Mr Fabra Vallés, who had also been a Member of the European Parliament, was always committed to improving the financial management of the EU.

Ms Rosa Maria Fabra Bessa, eldest daughter of Juan Manuel Fabra Vallés, expressed the thanks of her whole family for this memorial to her father, which she called a beautiful gift for his progeny. She recalled her father's difficult last years of illness when he was away from his family and country, but always firmly believed in a united Europe. Mr John Wiggins, former Member of the ECA and Member of the selection committee had personally known Mr Fabra Vallés.

The different entries examined, among other things, what determines internal audit in different types of public organisations, and how different professional groups interested in resource allocation, policy evaluation, performance audit and financial audit interact with each other. Through the application of statistical analysis to financial and other data relating to particular businesses other applicants sought to identify those businesses whose operations were affected by fraud. Some examined the application of control and audit activities by different EU and national bodies in order to make them more effective and less costly, while others sought to establish some criteria for this purpose.

The selection board looked at clarity, at the originality of the approach and at usefulness in terms of audit. The clarity of Mrs Hoezen's presentation particularly impressed the majority of the selection panel. Her inquiry into the operation of the competitive dialogue procedure seems, in fact, to open up a new series of audit questions.

Since the 1990s, public construction projects have been outsourced more and more. Contractors became involved in projects earlier and contracts had to be signed earlier. Renegotiations were frequent because of unforeseeable contingencies. The negotiated procedure was therefore one of the procedures designed by the European Commission to address the needs of a project. However its increased use became a concern to the European Commission.

A new procedure, the “competitive dialogue procedure” was therefore introduced without denying the need for a dialogue. Academic analysis and early experiences with this procedure indicated in the late 1990's that the design of this procedure could work against its objectives and cause ineffectiveness.

The objective of Mrs Hoezen's research was to explain the ineffectiveness of the procedure. Her work is an addition to the limited insight and knowledge about how procurement procedures affect negotiations and commitments as well as a practical suggestion how to optimize the effectiveness of the competitive dialogue procedure. We refer the interested reader to the full text of her paper which is available in the ECA library and on the website of the University of Twente (<http://doc.utwente.nl/80539/>).

Before President Caldeira thanked all participants for their contribution and closed the academic session, Mr Miguel Poiares Maduro, Portuguese Minister in the Cabinet of the Prime Minister and for Regional Development took the floor. In his opinion, a role of even greater relevance in the future of the European public space is reserved to the European Court of Auditors . It is his firm belief that the overcoming of the present crisis must entail the enlargement of the fiscal responsibilities of the European institutions, which presupposes the reinforcement of the European political domain to give them the necessary legitimacy, authority and efficacy. We publish an extract of his speech.

“THE EUROPEAN UNION BETWEEN RULES AND ACCOUNTABILITY”

By Mr Miguel Poiares Maduro, Minister in the Cabinet of the Prime Minister of Portugal and for Regional Development

“The economic causes of the present crisis have already been copiously studied. What is not usual is to try to understand the present crisis as having its deeper roots in failures of the European democratic systems.

As a consequence we do not tend to recognize that overcoming the present crises implies surmounting the shortcomings of those systems, through the development of a truly European political space.

But the crisis we are facing has as much an economic dimension as a political one and it reveals the democratic challenges the European states are confronted with. This is a crisis where economic problems have their origin in problems rooted in the national democratic systems.

Two narratives of the current crisis exist. Whichever we may adopt, at the very core of the explanation lies the recognition of a democratic failure.

The first is the dominant narrative in Europe today. It puts most of the blame for the crisis on some Member States and their irresponsible fiscal policies and lack of economic competitiveness.

Capital flight from those Member States, which triggered the current crisis, is a simple consequence of those irresponsible fiscal policies and underlying economic problems.

But, in the meanwhile, the interdependence generated by the Euro resulted in the financial problems of those states becoming a problem for all.

This can be presented as a democratic problem since the interests of the latter Member States are not taken into account in the former Member States' democratic process.

The second narrative sees the crisis as a product of unfettered capital flows.

After the creation of the Euro an excessive inflow of capital occurred from northern banks to several EU Member States, particularly in the south. Those banks benefited from the Euro to inject liquidity into other Member States in search of increased profits. This artificially lowered interest rates in their economies, creating a credit bubble.

When the financial crisis took place in the US and expanded to European financial institutions it was only a matter of time until markets lost confidence and suddenly cut off access to credit in those countries whose macroeconomic fundamentals and level of indebtedness were not in accordance with the level of interest rates they were allowed until then.

This narrative can (and ought) also to be presented in democratic terms. Capital movements can be presented as having a profound impact inside a state without being subject to its democratic control.

Whatever our view on capital controls it is impossible to conceive of an European internal market subject to national capital controls. *A fortiori*, it is an impossibility within a monetary union.

In fact, a stronger normative justification for the Euro might be the opportunity it offers to Europe to address the democratic challenges posed by capital flows.

As to the first narrative and the possible answer to the democratic failure explicit therein, constitutionalizing fiscal discipline may be seen as correcting it. Even those who are not particularly fond of such approach must acknowledge that this discipline is a necessity to re-establish market trust, and also to reestablish trust between Member States. But this discipline alone is also insufficient to address the current crisis, for both economic and democratic reasons.

To get an effective European answer we need to take seriously the economic part of the Economic and Monetary Union.

A Fiscal Union requires fiscal discipline. But it also requires coordination of economic policies between states towards their complementarity.

Non-complementarity of economic policies can generate a problem of collective action. What seems to be reasonable for each one individually considered may well come to reveal itself as damaging for all.

A Monetary Union also requires fiscal capacity. A regime relying exclusively on fiscal discipline to be enforced by the EU would undermine the already limited political and social legitimacy of the Union.

Either national political processes would preserve autonomy and the effectiveness of the rules would be put into question or the disciplining of national political processes by a non-political space would put democracy itself into question.

In light of the dominant discourse on the crisis it may seem to many that our choice is between a Union anchored almost exclusively on discipline and that, sooner or later, will enter into a destructive conflict with national democracies, and a Union prisoner of permanent negotiation between those national democracies, in an intergovernmental setting that is increasingly incapable of providing effective and legitimate governance.

There is an alternative.

Any answer to the current crisis has to guarantee that the costs of the adjustment are fairly distributed and legitimate politically the new powers which are being shifted to the European institutions.

The form of EU governance adopted to that effect will have to fulfill certain conditions to be both effective and legitimate. What follows is a list of those conditions.

1. *We need political authority.* Any successful model of EU governance will have to make clear that political authority stands behind the Euro and the EU.

2. *We need accountability.* The current crisis is a prime example of the need for accountability. Public speech in a context of diffuse political authority allows for everything and its opposite to be said as far as accountability is concerned, favoring manipulation by political actors.

3. *We need to re-establish mutual trust between states and between citizens.* This has been severely affected by the crisis. Some Member States and their citizens believe they are paying for the mistakes and even cheating of others. These others believe that it is the former that have not shown sufficient solidarity and are, instead, imposing a form of collective punishment on the latter. We need both the rules and solidarity to be traced back by all citizens to collective goods shared by all.

4. *We need to render both the benefits and the democratic consequences of interdependence visible to citizens.* The real source of communication by a political authority with its citizens is through the policies that it enacts and how they impact and are perceived by citizens. The benefits and costs of the European Union are only properly internalized by citizens if they are inherent in the character of EU policies, including its revenues.

5. *We need to legitimate financial solidarity by relating it to the wealth generated by European integration and not the wealth of some states.* We must detach financial solidarity from financial transfers between states. Solidarity must be a product of the wealth that the process of European integration itself generates and be guided by the goal of a fair distribution of the benefits of integration among all European citizens.

6. *We need political integration to support the increased transfer of powers to the Union and its financial solidarity.* The starting point for this political integration must be a European political space. Any form of political integration based only on national political spaces will, as described above, both lack sufficiently clear political authority and is incapable of internalizing the democratic consequences of interdependence.

I would suggest that to achieve the above mentioned conditions, Europe needs an increased EU or Euro budget supported by real EU revenue sources; new EU policies and a different kind of policies; and more effective political authority supported by a European political space.

An increased EU or Euro budget should provide the Union with the firepower necessary to play two fundamental roles in the context of a Monetary Union.

First, by introducing policies capable of addressing the asymmetries affecting the well-functioning of the monetary union. Second, by using the EU or Euro budget to address financial emergencies like the one that the Union is currently living through.

Solidarity through transfers between states is not only limited but also undermines the social and democratic legitimacy of the Union. The citizens of Member States which at a particular moment in time would be net contributors would tend to construe it as an unjustified transfer of their funds to cover risks assumed by other Member States.

Use of the EU or Euro budget would prevent that direct link from being established. It would also signal to citizens in all Member States that their financial solidarity will be limited to their obligations towards the EU or Euro budget and is the price to be paid for the general benefits and costs of being part of the EU.

The legitimacy of this form of financial solidarity would also be made stronger by changing the character and origin of EU revenues.

What would make an increased EU budget possible, new own resources, could actually also serve to legitimate the Union. Again, I must articulate clearly and carefully what is another counterintuitive argument.

A polity, including the political authority exercised therein and the necessary solidarity between its members must be made meaningful and intelligible to its citizens not only by how it represents itself but also by what it does.

One fundamental aspect is certainly how revenues are collected and taxes organized. These are not simply a source of revenue. They are also a way for the reasons for solidarity to be made clear to the members of the polity.

In this light, the choice of EU resources should focus on the following areas: economic activity enabled by the internal market; economic activity that, while taking place in a Member State, has important

externalities in other Member States; or economic activity that Member States can no longer individually regulate and tax on their own.

The increased budget I am advocating, with a new set of political functions attached to it, would mean a whole new set of challenges to the European Court of Auditors, as the guardian of the financial interests of the citizens of the Union.

Union policies also need to be rethought in light of what justifies European integration. The European Union can increase its democratic legitimacy by more closely aligning its policy priorities to the problems that, given the ineffectiveness of Member State solutions, it should address.

It would also be important that in the future a higher percentage of Union expenditure be allocated to policies structured around citizen benefits and rights instead of simply funds allocated along national quotas.

One hears endlessly about the European democracy deficit, real and imagined. But, as I tried to underline, Europe’s real democratic deficit is to be found in its excessive reliance on national politics that have not internalized the consequences of European and global interdependence.

A Fiscal Union does require a political Union. This problem is particularly acute with respect to the Commission’s position.

To be effective and legitimate, the Commission must be able to rely on the kind of legitimacy that comes with a direct link to the outcome of European elections.

Elections to the European Parliament should be “transformed” into an electoral competition for the government of Europe. The most important step in this direction would be for the different European political groups to present competing candidates for the role of President of the Commission before the next election to the EP.

The politicization of the Commission is bound to affect its perceived neutrality and the authority it derives from being conceived as a semi-technocratic body.

But the reality is that the latter authority is already under attack. The expansion of EU and Commission powers into the core of social and economic policy issues is bound to immerse the Commission in politics.

The only question is the nature of this politics.

The extent to which European citizens from different Member States increasingly feel engaged in national elections in other Member States, particularly those understood as playing a key role in EU policies, is revealing. This signals the extent to which European citizens perceive the EU as shaping their lives.

But it also highlights the risk that they will see those lives being determined by national politics in which they have no voice. The only viable alternative is to offer such politics at European level.

The overcoming of the current crisis of the European project demands a robust progress towards the affirmation of an European citizenship, in a truly European political space, supported by an enhanced role of its already existing institutions.

This is also the case of the European Court of Auditors, whose responsibilities in warranting transparency and financial accountability to these institutions will play a decisive role in the development of the European democracy. This is required for a political solution to our current crisis.

Les services du Secrétariat général ont invité le 11 juin 2013 à une conférence sur la pensée stratégique contemporaine. Elle était animée par le **Colonel Michel Goya**, directeur du domaine "nouveaux conflits" à l'Institut de recherche stratégique de l'École militaire française (IRSEM).

Par Rosmarie Carotti



De gauche à droite: M. Christophe Péron, Directeur, M. Eduardo Ruiz Garcia, Secrétaire général et le Colonel Michel Goya

M. Eduardo Ruiz Garcia, Secrétaire général a rendu hommage à l'orateur, à sa carrière militaire mais surtout à son œuvre d'analyste et théoricien en le qualifiant d'éducateur, d'activiste même de la transformation et de la conscience sociale du point de vue de la défense. Ses travaux, dont certains ont été primés, contribuent au renouvellement de la pensée stratégique contemporaine. Ils s'appuient non seulement sur l'histoire des conflits militaires récents mais aussi, comme dans son dernier ouvrage intitulé "Res Militaris", sur des exemples de réussites ou d'échecs tirés du monde des organisations et des grandes entreprises.

Le Colonel Michel Goya aborda les défis géostratégiques en matière de sécurité et de défense auxquels l'Union européenne est confrontée. Le titre de son exposé était repris du titre du livre de Sir Norman Angell-Lane paru en 1910. La grande illusion était la guerre qui n'allait jamais avoir lieu car la mondialisation allait entraîner la paix par la prospérité et l'interdépendance.

La fin de la guerre froide et les bienfaits de la mondialisation démocratique et libérale avaient suscité des espoirs similaires de fin de la guerre et entraîné un désarmement rampant de l'Europe.

Il reste à espérer que nous ne soyons pas victimes d'une « grande illusion ».

Guerre nulle-part, insécurité partout

La tendance paraît claire. Le nombre de conflits interétatiques diminue. Pour autant le nombre de guerres civiles a également considérablement diminué. La transition démographique, la proportion de la population jeune en baisse en plusieurs pays, favorise cette tendance au refus des conflits.

La fin de la guerre froide et le développement de la démocratisation ont permis l'imposition de normes de comportement plus pacifiques entre les États, sans effacer pour autant, même s'il n'est plus au premier plan, le caractère dissuasif des armes nucléaires.

La montée en puissance d'institutions comme l'Union européenne ou l'Organisation des Nations-Unies ont permis le développement d'opérations militaires propres de stabilisation.

Si le nombre de guerres a diminué sur l'ensemble du monde, elles ont eu aussi tendance à se concentrer sur quelques régions. Surtout, dans un phénomène qui ressemble à celui de la « longue traîne », l'affrontement mondial et même les conflits interétatiques associés collectivement et surtout en Europe à l'idée même de guerre, ont fait place à une « guerre mondiale fragmentée » où de multiples petits acteurs armés s'opposent aux États et créent une situation de désordre prolongé.

La reféodalisation du monde

Avec la fin de la guerre froide et la nouvelle mondialisation, les théories d'Imbert qui décrivent les corrélations entre les cycles économiques et les guerres, ont retrouvé une certaine actualité. Les États qui ont bénéficié de ressources budgétaires importantes du fait d'une forte croissance et d'une bonne gouvernance ont rapidement développé leurs outils de défense de façon plus que proportionnelle à leur taux de croissance économique.

Ceux qui n'en ont pas bénéficié font face à des problèmes sévères d'endettement publics et ont souvent réduit leur effort militaire. Plusieurs d'entre eux ont été aussi, au moins dans un premier temps, pénalisés par un processus de démocratisation qui leur a fait perdre la stabilité autoritaire sans leur donner le jeu des contre-pouvoirs des régimes démocratiques solides.

De nouvelles organisations sont apparues, certaines relevant tout à la fois des bandes criminelles, des mafias, alors que d'autres sont des groupes politiques avec un caractère religieux de plus en plus marqué.

Les groupes politiques se substituent ainsi progressivement aux États faibles pour former des proto-États.

Dans tous les cas, les conflits actuels sont désormais très largement civils et opposent les États à ceux qui contestent leur pouvoir. Ce n'est plus la force des États qui incite au conflit mais leur faiblesse même.

La guerre pour le nouvel ordre mondial

Dans ce contexte général, le paysage militaire de la mondialisation s'est restructuré en trois temps.

Le premier est dominé par la recherche de la stabilité d'un nouvel ordre mondial sous leadership américain. Il est dominé par trois acteurs militaires : les États-Unis, l'ONU et les Alliés européens.



Dès la fin de la guerre froide, l'hyperpuissance militaire américaine s'exprime avec un affrontement classique contre l'Irak en 1991. Cette épée de Damoclès américaine frappe encore en 1995 contre les Bosno-Serbes, en 1999 contre la république serbe, l'Afghanistan en 2001, l'Irak en 2003 et la Libye en 2011.

En parallèle des guerres américaines, l'ONU libérée, multiplie les opérations de maintien de la paix. Leur particularité est qu'elles ne reconnaissent pas d'ennemi. Il ne s'agit donc pas d'opérations de guerre.

Au début des années 1990, les nations européennes participent activement à ces opérations. Mais elles y rencontrent de multiples échecs. Face aux Serbes de Bosnie en 1995 puis à la République serbe en 1999, les opérations militaires reprennent la forme d'une guerre avec la qualification d'un ennemi. Les opérations prennent alors le visage d'une campagne de frappes d'une précision inédite, suivies, une fois la paix acquise, d'une présence de stabilisation par une puissante force terrestre, stabilisation qui peut cependant prendre plusieurs années avant l'atteinte d'une normalisation.

L'apparition des groupes armés

C'est à l'aube du XXI^e siècle que la réaction à l'hégémonie américaine se manifeste avec l'apparition de nouveaux acteurs capables pour la première fois de lui tenir tête. Al-Quaïda est la première organisation non-étatique à parvenir à frapper massivement.

Après ce terrorisme mondialisé, capable de contourner, les puissantes défenses militaires américaines pour mener des opérations offensives, la deuxième mauvaise surprise des Occidentaux a été la découverte d'organisations non étatiques capables de leur résister lors de expéditions de réaction en Afghanistan et en Irak.

Ces nouvelles organisations comblent ainsi le vide entre les groupes terroristes et les armées étatiques, empruntant à ces deux pôles pour constituer des structures hybrides adaptées à la menace des forces d'intervention occidentales.

Le retour de l'Ancien monde

Avec les groupes armés, les États-Unis et leurs alliés, voient réapparaître d'autres rivaux avec des États-nations non occidentaux, qui, eux, ont bénéficié de la mondialisation pour se renforcer.

On voit se profiler la reconstitution dans l'Ancien monde d'une géopolitique proche du XV^e siècle. Après une éclipse plus ou moins longue, ces puissances émergentes, auxquelles il faudra ajouter le Brésil et dans une moindre mesure l'Afrique du Sud, le Mexique, le Vietnam et quelques autres, n'ont certainement pas l'intention de se contenter d'un statut de « nouveau riche », à l'instar du Japon.

Ainsi, et alors que les budgets militaires des pays occidentaux stagnent, voire régressent, ceux de ces nouvelles puissances augmentent à grande vitesse.

L'implosion européenne

L'Union européenne, en proie à une stagnation économique persistante, est en situation délicate. Ce moindre effort financier s'est par ailleurs accompagné souvent d'une professionnalisation complète des forces qui a eu deux conséquences économiques : l'augmentation des dépenses de salaires et de fonctionnement au détriment des investissements.

Cette double réduction des volumes de forces et de l'effort de défense n'a pas empêché une augmentation considérable de l'endettement public. Les grands programmes industriels lancés dans les années 1980 n'ont pas été remis en question. On aurait pu s'interroger sur la pertinence d'acquérir ces équipements de haute-technologies prévus pour un affrontement bref et paroxysmique sur le sol européen alors que tout indiquait qu'il s'agirait désormais de combattre au loin et longtemps des organisations non-étatiques.

L'incapacité à résorber cette « bosse budgétaire » a conduit à ponctionner le budget de fonctionnement par une réduction drastique des effectifs.

Encore ne s'agit-il là que d'aspects quantitatifs. La grande faiblesse de « l'armée européenne » est son extrême hétérogénéité de structures, d'équipements mais aussi de cultures militaires.

Le point bas de l'ère des interventions occidentales

Le modèle occidental de la guerre a sans doute atteint ses limites en 2011-12.

Après le départ des Américains d'Irak à la fin de 2011, la tendance est alors au retour à l'intervention indirecte par l'emploi de moyens de frappes à distance et le soutien à des forces locales étatiques ou non.

On se retrouve dans une situation de crise qui impose un effort d'innovation. Cela passe par des associations régionales d'armées qui ont une culture commune. Un travail de longue haleine est celui d'assurer une défense commune. Il y a certainement des voies et l'UE est une grande puissance.

LE PROBLÈME QUI SE POSE C'EST UN PROBLÈME DE VISION DE L'EMPLOI DE LA FORCE, DE CULTURE MILITAIRE

Entretien avec le **Colonel Michel GOYA**

Par **Rosmarie Carotti**



R. C. : Quelles seront les évolutions militaires dans les prochaines années ? Que proposez-vous ?

Colonel Goya : C'est toujours très délicat, d'anticiper. Il est certain qu'on se retrouve avec un affaiblissement relatif des nations occidentales. À l'encontre de cette évolution, je propose de se réorganiser pour être capables de mener des opérations le plus loin possible.

R. C. : Eurocorps peut-il avoir un rôle dans tout cela ?

Colonel Goya : Le problème qui se pose c'est un problème de vision de l'emploi de la force, de culture militaire. L'Allemagne a une vision très différente de la France dans la façon dont on emploie la force armée. Des structures comme Eurocorps ne peuvent pas être engagées pour l'instant dans des opérations coercition en tant que telles à cause de cela.

R. C. : Eurocorps a pourtant une indépendance budgétaire et cela pourrait être le début d'une défense européenne.

Colonel Goya : On assiste effectivement à des formes d'intégration de forces européennes qui sont en train de se faire en ce moment, qui sont intéressantes. C'est peut-être par le bas, comme en matière économique, par ces associations que l'on peut encourager une vision stratégique commune de l'emploi de la force.

R. C. : Vous préconisez pour l'Europe un certain détachement des États-Unis. Eurocorps mise notamment sur des technologies avancées et se réfère pour cela aux États-Unis qui ont la technologie la plus avancée.

Colonel Goya : Cela n'est pas complètement faux, bien sûr, mais la haute technologie ne suffit pas à obtenir la victoire dans tous les contextes. On a bien vu dans les conflits en cours que ce n'était pas la haute technologie qui était le problème principal, c'était beaucoup plus des problèmes humains, tactiques, de méthodes que des problèmes d'équipement.

Ensuite, effectivement, les États-Unis sont en pointe. Pour ceux qui suivent les États-Unis cela offre un certain nombre d'avantages mais contraint également à un certain nombre d'obligations. Cela demande à s'aligner, à s'inter-opérer sur eux, ce qui est extrêmement coûteux. Cela oblige parfois à accepter du matériel qui est fabriqué par les Américains, je pense à la défense anti-missile qui finalement bénéficie surtout à l'industrie américaine. Je pense au projet de l'avion F35, qui est un projet de mutualisation qui peut effectivement être séduisant au départ en pensant qu'il va avoir un effet de masse, une économie d'échelle. Puis, on s'aperçoit que cette économie d'échelle n'existe pas et on se retrouve piégés par des programmes communs qui ne fonctionnent pas bien et qui plombent complètement les budgets.

R. C. : Et si l'on regardait dans une toute autre direction, vers la Russie ? Déjà en 2010 au sommet de l'OTAN à Lisbonne on parlait de développer ensemble avec la Russie un système anti-missile. Qu'en est-il de ce projet de partenariat stratégique avec la Russie ? Serait-il une voie pour l'UE ?

Colonel Goya : Probablement oui. L'acteur important aux portes de l'Europe c'est quand même la Russie, un acteur qui au passage était un allié traditionnel de certains pays, de la France notamment. On ne peut pas faire l'impasse d'une coopération avec la Russie incontestablement. Encore, faut-il avoir des intérêts communs, une vision commune du monde, ce qui n'est pas forcément le cas et qui est peut-être de moins en moins le cas.

Au fur et à mesure que la Russie va retrouver ses forces et sa puissance, elle aura sans doute la tentation d'avoir une politique autonome, de revenir à une politique de puissance.

R. C. : Apparemment la Russie aurait été favorable à un partenariat avec l'UE mais n'a pas trouvé un interlocuteur européen à ce moment.

Colonel Goya : C'est la remarque de Kissinger : L'Europe, quel numéro de téléphone ? Pour l'instant il n'y a pas encore un interlocuteur unique en Europe, il y a encore des États. Il n'y a pas une voix forte et unique de l'UE. Malgré les avancées, pour l'instant on a un peu raté la mise en place de quelque chose qui ressemblerait à un exécutif européen, à une vision politique et diplomatique commune.

R. C. : La philosophie de la politique de défense a changé au Japon. Le Japon est devenu plus militariste et regarde aussi vers l'UE car il craint que les États-Unis vont réduire leurs moyens militaires à cause de la crise financière tandis que la Chine va les développer.

Colonel Goya : Oui, mais en même temps, les États-Unis ont indiqué qu'ils se réorienteraient vers le Pacifique, que leur priorité stratégique c'était le Pacifique.

Les Japonais se retrouvent dans une configuration assez proche finalement de l'UE vis-à-vis des États-Unis, à part que cette fois ils envisagent de développer, eux, leur capacité militaire dont on parle assez peu, mais qui est déjà assez conséquente. L'armée japonaise est supérieure en volume à l'armée française, par exemple.

Maintenant, c'est d'abord dans le cadre d'une politique économique qu'ils pratiquent une politique de relance, donc forcément aussi d'investissements en matière militaire. À contrario de nous, ils pratiquent un peu une politique d'expansion militaire avec l'idée de revenir à une politique de puissance et de surmonter les inhibitions historiques. Il est difficile de leur contester ce droit à la sécurité vis-à-vis des voisins.

Le regard du Japon vers l'Europe et vice-versa rentre dans un jeu qui est multilatéral, avec 5 – 6 puissances régionales qui vont jouer sur les alliances. Cela ressemble à l'échelle mondiale un peu à ce qui s'est passé en Europe au début du XXe siècle. Nous avons des points communs avec les États-Unis, mais aussi avec le Japon, une région démocratique, libérale. Nous sommes dans le même monde libre et économique. On doit peut-être décider effectivement d'une nouvelle alliance, d'une nouvelle configuration à trois, Europe, États-Unis, Japon.

La Russie aussi est tentée par une approche bilatérale avec la Chine et un jour peut-être nous assisterons à la formation de deux nouveaux blocs.

R. C. : Rien de nouveau sous le soleil, l'on pourrait dire. Pourtant, même si le nucléaire reste le déterrent pour tout le monde, la guerre est de plus en plus faite à distance par l'utilisation de drones.

Colonel Goya : Il y a là effectivement des nouvelles possibilités mais il faut un peu se méfier des emballements technologiques. Les drones sont effectivement des outils remarquables mais qui ne révolutionnent pas l'art de la guerre. La guerre à distance c'est déjà le cas avec les avions de combat. Il y en a très peu qui sont abattus maintenant et ils frappent à distance.

R. C. : Que préconisez-vous pour l'Europe dans les prochaines cinq années ?

Colonel Goya : Dans les prochaines cinq années, c'est court. C'est arriver à harmoniser un peu plus, avoir une vision stratégique commune capable de définir quelles sont les priorités, les intérêts, les menaces.

R. C. : Dans le cadre de l'OTAN ou en dehors de l'OTAN ?

Colonel Goya : Les deux. Je pense qu'on ne peut pas se passer de l'OTAN mais c'est un OTAN dont les États-Unis sont moins présents. Cela forcera les Européens d'occuper une place et d'intervenir de manière plus autonome même s'ils restent dans le cadre OTAN, la seule structure intégrée capable de mener des actions de coalition. Donc, forcément dans l'OTAN et avec une européanisation des opérations militaires, avec la nécessité pour ces nations de s'harmoniser, d'être capables de monter des opérations ensemble relativement rapidement et avec des procédures, des méthodes, une vision de l'emploi des forces qui soit suffisamment cohérente.

R. C. : D'abord la défense européenne et puis l'union politique, ou vice-versa ?

Colonel Goya : Une armée est un instrument au service d'une politique. Autant en matière économique, dans une économie de marché, on peut à la limite se passer de l'État, autant en matière militaire on ne peut pas se passer de l'État et donc, contrairement à l'économie, on ne peut pas faire précéder l'union politique par une union militaire.



Professor Roberto Dominguez

On 24 June 2013 the Centre Virtuel de la Connaissance sur l'Europe (CVCE) held a conference entitled «The Triangle EU-Spain-Latin America after the Santiago Summit» with **Roberto DOMINGUEZ**, Associate Professor in the Government Department at Suffolk University Boston. The event was held at the Château de Sanem.

The conference was introduced by **Marianne BACKES**, Director of the CVCE, and by **Susana MUÑOZ**, Member of the CVCE's Management Committee and Head of the European Studies Department.

The CVCE is an interdisciplinary research and documentation centre dedicated to the European integration process. Its mission is to create, publish and transfer knowledge in an innovative digital environment. And it is in the remarkable setting of the 700-year-old Château de Sanem that this institution pursues its activities. At the heart of the CVCE's vision is a desire to share the results of its studies and research activities on the European integration process with as broad a public as possible, driven by the conviction that it is vital to understand the past if we want to participate in the building of our future. This meeting of past and present is summed up in the CVCE's slogan: *Knowing the past to build the future*

By Rosmarie Carotti

Professor Dominguez's presentation mostly focused on EU/Latin America relations, which are part of his recent research on regional security governance in Latin America and EU/Latin America relations.

He started with an overview about what is the nature of the relation between Latin America and the EU, to examine from there the rationale and the interest of the EU in Latin America and vice-versa. He then briefly described the linkage between both regions and finally went into the case of Spain as a gateway to Latin America.

EU foreign policy

EU foreign policy is structured in different ways with regard to different regions in the world, but there are many elements that converge. If one compares Latin America to the EU or the EU with Asia, there are many similarities in the way the EU perceives these two regions that are asymmetrical.

What is the essence of this inter-regionalism? There are many actors and at least three different strategies of the EU: an inter-regional strategy, EU/sub-regions in Latin America, and bilateral relationships. These relationships are interacting simultaneously.

But there are also differences. The way the EU treats Brazil is quite different to the way it treats Honduras or Cuba. Latin America is not one set. Asymmetric positions remain even after the crisis.

An asymmetrical relationship

Although Europeans are now going through what Latin Americans went through twenty years ago, Professor Dominguez calls it is an exaggeration to talk about inverted roles. The relationship remains asymmetrical and European exports to Latin America are still high in added value while Latin American products are still mainly raw materials.

There is no interdependence. And no interdependence can play in different ways; it can deepen a relationship or cause frictions. In the case of Latin America, long-term dependence has at some time produced a relationship “back to back” where the countries do not face one another. But there is still the elephant in the room and the role of the US is extremely important. It will follow those countries where the EU has deepened relationships in Latin America. All those countries have signed free trade agreements with the US. Another important factor is the increasing role of China, particularly in the Pacific. China has become the leading investor in Latin America.

The rationale for action by the EU and Latin America

The rationale for action by the EU and Latin America are the gains. Latin America wants investment to create jobs; the EU tries to promote investment. It is a win-win situation.

Rather than going into very sophisticated theories, Prof Domingues assumes that the relationship can bring win-win situations in many cases. But why have some countries been able to get better deals from the EU than others? You can call it ideology, values, certain points of interest. But for the most countries in Latin America, it can be made into globalising more the economies, globalising more the political practices, democracy, moving into strengthening of the rule of law and reducing corruption.

Brazil is the largest economy in the region and an emerging power, but represents no more than 2% of the total external trade of the EU. Latin America as a whole, represents around 6-7% of the total external trade of the EU. This is relevant, because the intensity of the relationship is somehow low compared to China or the US, Switzerland or Russia.

From the Latin American perspective, the EU is a relevant actor in terms of trade, even if to varying degrees, but the US remains the most important partner together with, more recently, China. Looking at it by regions, there is a basic formula: the closer to the US, the greater the dependence.

The summits

In terms of relationships, the summits set the tone. They lead to broad agreements, but lack substance on specific elements. The summits are important, but because of the number of actors involved they provide only guidance. Professor Domingues considers that the most substantial part of the transatlantic relation takes place at EU sub-regions and at EU individual talks. Here is where negotiations narrow down and one can see where the interests are: free trade, investment, rule of law, democracy. Looking at the inter-regional summits of which there have been seven so far, the most recent one in Santiago, the topics are quite limited.

The EU started negotiations with Mercosur some years ago, but there has been no progress. The Andean community is dying, collapsing. The EU has tried to persuade the Andean community to integrate, but it did not work. As a result, the EU negotiated an association agreement with Peru and Colombia and both countries signed a free trade agreement with the US.

The European model

It is interesting to see that the EU insisted for a long time in negotiating with sub-regions trying to export the European model, to replicate the European experience. It did not work and the EU had to become more pragmatic - following the steps of the US for one basic reason: every time the US signs up a free trade agreement, European investments are jeopardised.

With Mexico and Chile, the EU signed an association agreement. An association agreement is different from a free trade agreement, because it comprises political issues, co-operation and free

trade. The NAFTA agreement is free trade, so for Latin America it was quite interesting to have this association agreement which has these three components, including civil society. The same model was replicated in the case of Chile. There are hybrid agreements with Peru and Colombia. With Brazil, which is part of Mercosur, the EU cannot have an association agreement because that would be like declaring Mercosur defunct, so the EU has signed a strategic association, going deeper into consensus making and international agreement.

The role of Spain in Latin America

Coming to the role of Spain in Latin America, Professor Domingues says that there are two ways of evaluating its role. When Spain became a Member of the EU, it was the gateway to Latin America, but it would be simplistic to say that all EU policy goes through Madrid today. While Spain remains one of the most important interlocutors with Latin America, other countries also have exerted their own views with regard to Latin America. Nevertheless, there is a temporary trend where Spaniards are moving towards Latin America and for the first time Spanish companies get more income from their investments in Latin America than their businesses in Spain.

To conclude: There are three levels of interaction: inter-regional, sub-regional and individual, and different types of agendas; all of this is reflected in the complexity of the EU - Latin America relationship.

What can the EU do?

Professor Domingues considers that the EU is a driving force with regard to investment and trade, through association agreements, but also other side-relations with specific countries and regions. That agenda evolves. In the past, there was criticism about the EU deciding the priorities for these countries in Brussels. But the EU learned that this was not wise, Professor Domingues says. In the case of Columbia and Mexico, in terms of security, the expectation of what the EU can do is mostly on co-operation, on specific and targeted areas like the rule of law and the judicial system.

The EU concept of supra-nationality

The concept of supra-nationality is particularly difficult to be embraced in Latin America because of the weakness of the the rule of law in these States in. Only when Latin American countries became stronger and more confident about themselves and after they are provided incentives and rules that are more credible, will they start to talk about free trade. Professor Dominguez's expectation is that, to the extent that these countries are able to strengthen the State, they will be more willing to embrace co-operation. Democracy plays a very important role.

The *acquis communautaire*

Despite the problems, there is an *acquis communautaire*. Regionalism remains weak in Latin America somehow, but things are happening and there are competing models.

The EU is perhaps not replicable, but the EU can contribute to regionalism and a comprehensive view. The US free trade agreements do not have a comprehensive view while the EU association agreements comprise a whole package. From a European perspective, there are many similarities in seeking to devise broad region-to-region strategies, also with regard to Asia, if one excludes China.

IN JULY 2013 THE COURT WELCOMES THE NEW EU MEMBER STATE CROATIA AND THE NEW ECA MEMBER FROM CROATIA:

Mr Neven MATES, whose mandate goes from 15.07.2013 to 14.07.2019



IN JULY 2013 THE COURT SAYS:

HELLO TO

WILLEMS	Hilde
NEMET	Julija
BAJRAMOVIC	Vedran
DAGILIENE	Gaile
AQUILINA	Karen
ALAVANJA	Biljana
AZEVEDO MARTINS ALVES	Sofia
KOLITSCHOVA	Katerina
BRANCALEONI	Isabelle
CIPRIANI	Chiara
MINICH	Mateusz
SORENSEN	Niels
SENATOR	Piotr
PRUSZKO	Paulina
DE NEVE	Jean-Louis
HAI	Di
DUGULEANA	Lucia
GRAJDURA	Grzegorz
SIDOLI	Erica

GOODBYE TO

FUENTES	Santiago
GOMEZ	Elisa
RUCIRETA	Maria Annunziata
ENDNER	Stephan
NIELSEN	Mogens Uhd
LEPPALAHTI	Jenni
BRANSTETTER	Beata
TIMMER	Stella
VAGO	Anna-Maria
BARANYI	Marton
BOERSMA	Erik
NERI	Beatrice

SPECIAL REPORT N°3/2013



HAVE THE MARCO POLO PROGRAMMES BEEN EFFECTIVE IN SHIFTING TRAFFIC OFF THE ROAD?

Since 2003, the Marco Polo programmes have financed projects that shift freight transport from road to rail, inland waterways and short sea shipping so as to reduce international road freight traffic, improve the environmental performance of freight transport, reduce congestion and increase road safety. Given the many weaknesses observed, the ECA considers the programmes not to be effective (they did not attain their output targets and had no impact in shifting freight off the roads; there are no data to assess the expected benefits; there were not enough project proposals; the limited quantities reported shifted are uncertain; many projects were of poor sustainability and would have started even without EU-funding). The ECA therefore suggests discontinuing the Marco Polo programmes and, in order to strengthen performance in possible future transport services support schemes, the ECA recommends making funding conditional upon a detailed ex ante assessment of the potential demand, and only if such a potential exists, prescribes clear rules and conditions to respect for future funding.

SPECIAL REPORT N°5/2013



ARE EU COHESION POLICY FUNDS WELL SPENT ON ROADS?

ECA audited a sample of EU co-financed road projects in Germany, Greece, Poland and Spain. The audit found that, although the projects increased security of travellers and reduced travelling time, some roads were built larger and over complex than were the actual traffic requirements. Significant cost differences exist between countries audited. The ECA recommends analysing the causes of the cost differences and more realistic planning for future road projects.

By Vítor Caldeira, President



Dear Massimo,

Today, 18 July 2013, a month has gone since you passed away. Just two days ago I attended the Mass celebrated in your memory in the Crypt of the Cathedral of Luxembourg, in the presence of your son Filippo.

That was another moment to remember the extraordinary person you were. You had many accomplishments: an eminent magistrate and constitutionalist, a professor, a lawyer, a statesman. And I think we can all agree that your wisdom, commitment and humanism have always helped keep the Court moving forward in the right direction.

When you left the Court in December 2011, you wrote to me saying “The past six years have been very important to me, not only from a professional point of view, but also due to the ‘Human factor’, and the warm relations which I could establish with all of you”.

As you said once, Massimo, your European experience was very stimulating, in particular because you believed in the benefits of dialogue and exchange with colleagues coming each one from a different country. This was a way to understand that, in the final analysis, every man is the same. “*Ses attentes, ses aspirations, les objectifs qui le guident, quand il est bien orienté bien sûr, sont toujours identiques*”. This illustrates your humanism.

During the period we worked together, I could testify your profound rigour and ecumenical spirit. As a man of deep faith, you practised them every day. For you, before the public role, you cared and looked after the human being with whom you interact.

I benefited very much from the rigour of the eminent jurist, magistrate and professor, after my election as president of the Court in 2008, during the preparation of the new Rules of Procedure of the Court. I experienced your believe in the benefits of working together with national audit institutions when, in 2008, you played a major role for the establishment of a cooperation protocol with the Italian Corte dei Conti. You thought indeed that “if we surmise that the Community and national institutions are increasingly destined to converge, audits too must become more integrated. This is because, in delegating competence and powers, we automatically also delegate responsibility. We must therefore set up mechanisms which will allow the proper functioning of individual administrations to be assessed in terms of an overall vision. All in all, given the tendency for management systems to join forces, the same should ultimately happen for the task of audit”¹.

1 ECA Journal, September 2006, page 8.

The last audit, for which you acted as “rapporteur”, was precisely an audit on the assessment of programme closure for regional policy for the period 2000-2006, involving a coordinated audit with the Italian Corti dei Conti, and reported in the Court’s Annual Report published in 2012. You handed over to another colleague the responsibility for that task when you accepted the challenge to serve as a member of the Italian Government in December 2011. That was you, Massimo: to be at the service of the institutions and of the others!

In 2010, during the annual seminar in Rome, all the college of the Court experienced your warm hospitality. It was an occasion of intense exchange of ideas between Court members and with different Italian institutions involved in the management and oversight of EU funds in Italy. Again you gave us testimony of the way you always conducted yourself in your professional career. As you said once, «mon expérience professionnelle a toujours eu comme référence les intérêts de la collectivité; j’ai été appelé à un engagement constant vers la réalisation du bien commun; ou, si l’on veut, vers les attentes du citoyen, ce citoyen dont la perspective dépasse de plus en plus les frontières nationales : le citoyen de l’Europe, donc, plus que celui des États individuels»².

The last time we met was on the occasion of the official inauguration of the Court’s new building on 8 May 2013. I found you very serene and happy, although a little tired, full of plans for the future, always witnessing your humanity and generosity.

Dear Massimo,

We all will remember your smile, the smile of the man of deep faith that always believed that “nous œuvrons tous pour le citoyen européen, en ayant toujours présent à l’esprit (...) que l’étoile polaire de notre travail est l’Homme, la personne humaine, et donc la réalisation de ses attentes et de ses espoirs”³.

It was a privilege working with you between 2006 and 2011 and to be honoured with your friendship, sharing your vision of the world and life.

Grazie mille, Massimo!

Vítor Caldeira

2 ECA Journal, September 2006, page 10.

3 ECA Journal, September 2006, page 9.

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