



Guten Morgen!

- 1 Wake up and get a feeling for what was in the minds of public-affairs-insiders in Berlin when they woke up while you were still asleep.
- 2 Get a bit of solid intel with a bold spin that no newsletter-journalist would dare to give and ...
- 3 No matter whether that spin was dull or genius: Be inspired for your business overseas after reading this.

PA experts in the US inspired us, for there are major changes in the EU during the crisis that require to be assessed by some PA specialists on the EU/Berlin-site. So, until June that's what we're gonna do. We'll plan to publish every Saturday morning. But we are just human and might have one drink too many on Friday evening. In any case, ping us if you need to know more before others do.

Anna

Christian

FIRST, SOME SOLID INTEL:

What about Merkel's last big project?

In July 2020, Germany is taking over the rotating EU Council Presidency (a.k.a. leading discussions between the EU Member States). This should have been Merkel's last, really big project before she retires, and the to-do-list was ambitious:

- enhance digitalization in Europe;
- find a solution to the migration topic;
- make progress with climate protection AND the EU budget;
- define an EU relationship with China at the big EU-China summit in September.

It would have suited her: the always calm and foresighted leader departing after pointing in the right direction towards the solution of the EU's biggest problems.

Enter the Coronavirus: Priorities have now shifted and the question of how to cope with the crisis overshadows everything else. However, Merkel herself has clarified that she still plans to tackle the other topics —especially climate change. This was mentioned by the Chancellor to still be a key priority for Germany and also for the future of Europe. The presidency still could become Merkel's really last, and now even bigger project.

IF she figures out how to make the complicated and long-lasting negotiations work online that is...



“Honey, this year we’re vacationing in our garden...”

The tourism industry in Europe, already suffering, will be hit even harder in summer. Not only are people insecure about going on a vacation, the inner European borders are still closed – and might remain closed for quite a while. German Federal Ministers Seehofer (Interior, CSU) and Maas (Foreign Affairs, SPD) don’t want to make any hasty decisions when it comes to opening borders – infection protection is still priority no. 1. Accordingly, the worldwide travel warning of the German Federal Foreign Office remains in place until the 14 June 2020. The tourism industry in Germany is preparing and expects models like domestic farm vacations to become extremely popular this year, while Spain (a.k.a. Europe’s number 1 holiday destination) is trying to figure out how to cope without the Germans and the Brits.

Not only US-Lobbyists with stakes in the EU find it hard to tell: Who is in charge in the EU?

Since the beginning, EU Member States have been struggling whether or not to create a Union, whether to become a Member or what to make of it. That has not changed.

- The **EU-Commission** is charged with developing and executing policies within the boundaries of the Members’ rare European Council conclusions.
- The **European Council** gives and takes competences to/from the EU-Commission in unsearchable ways past finding out* - mostly after weeks of apocalyptic posing and drama (imagine Cuomo vs. de Blasio times 10).
- The **European Parliament**, formed later, mainly talks and tries to influence, only recently it co-decides with the EU-Commission on policies (i.e. vulgo: the EU-Law).

In a Krautshell: The European Council is the Merkels and Macrons with a President Charles Michel, more of a spokesperson and fixer of the Member States internal dramas. Commission is the Government with President Ursula von der Leyen – those are the people that have the power to turn President Trump from a trade war general to a love bird of the US-EU trade relations after only one meeting. And the European Parliament continuously kicks dictators’ bums and protects citizens’ rights, e.g. with that general data protection regime that you are talking about now.

Digital blueprint for times of social distancing?

This crisis shall not dispirit us, was the mantra of the German Green party when they decided to have a digital party convention. They were the first political party to try this, and while the tech worked OK, it most certainly lacked in atmosphere and the heated debates that always have been an inherent part of a Green party congress.

What was lacking in heat, they made up in ambition when deciding on measures on how to cope with the crisis. The Greens are still the Greens, so DON’T FORGET ABOUT CLIMATE was the motto, connecting Corona measures with measures for climate protection, sustainability and carbon-saving technologies. But only favoring Corona-support measures when they simultaneously help the climate is probably not the way to fight their declining support (BIG drop in the polls from 24 to 14 percent...)

All in all, there is most certainly room for improvement, but thumbs up for trying. At least they will enter the history books with the first digital party congress.

Digital demonstrations

The 1st of May, International Labor Day, is a public holiday in Germany and traditionally full of demonstrations for higher wages and better working conditions. Not to be forgotten, the day left and fascist groups look forward to all year long: altercations with the police, massive demonstrations and demolition of property in many areas of Berlin, being their prime goal of addressing urgent issues.

No one was sad, that due to social distancing, there were almost no riots this year. However, what is most certainly alarming are the restrictions the public discourse has to suffer. Even more so as workers’ rights are more vulnerable than ever, and the protection and health of workers is a top priority. While the German government takes workers’ rights very seriously, demonstrations are part of the democratic decision-making process and Corona impairs this. This current state may be appropriate for protecting public health at the moment, however, the reopening debates should not solely be focusing on the economy, but also on how to make sure a democracy remains a democracy.

(Un)Limited freedom above the clouds?

The Government and Lufthansa are still negotiating: The “Hansa” wants around €9 billion from the German government – but without any voting rights, just a combination credit with silent participation. There are some voices in the CDU supporting this idea, but those in charge in the Government see things differently: “€9 billion with a market capitalization of hardly €4 billion? Not gonna happen without any job guarantees and us on the board!” The state seems determined to obtain voting rights and control with two members on the supervisory board. That’s a dilemma for Lufthansa. It needs the liquidity, but as its subsidiaries Austrian, Swiss and Brussels Airlines are also filing for financial aid in their states, Lufthansa fears losing control in the process. Whenever states have had a voting right in the airline business, profitability tends to go down, Lufthansa’s fears thus, are justifiable. But 9€ billion without ANY conditions, probably not the best idea either.

*If you struggle with this expression: It’s a bible quote and supposed to say that no one has ANY clue, what the European Council is up to. Probably not even the Council.

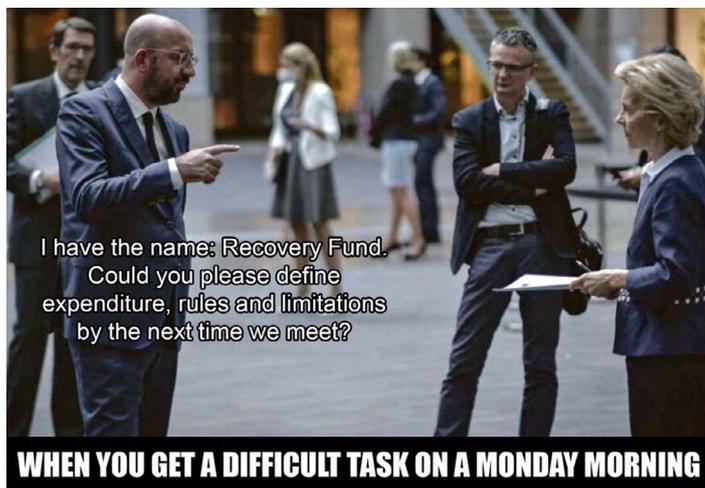


By Christian,
Founder and MD

WHAT'S ON OUR MINDS TODAY:

The destruction of the EU-Governance and the return of Ursula von der Leyen

Covid-19 caused the EU to give up on competition laws, restriction on subsidies, freedom of movement rights, open borders and some dozen other achievements for governing the EU's internal market. The budget of the EU-Commission will now be boosted by hundreds of billions of Euros for the recovery and to "reunite" the member states. Boosting the EU-Commission's governing competences in the first place might have been cheaper.



Just like in the refugee crisis regarding the protection of the EU borders, the EU-crisis prevention management for such a pandemic is just as efficient as its Military: 28 pieces without a strategy and competences for the EU-Commission.

In short: Instead of being in a position to manage the crisis, the EU-Commission is rather highjacked by the Council, well depicted in this meme circulating in the Brussels bubble last week (left [President of the Council Charles Michel](#), right Commission President [Ursula von der Leyen](#)). But Ursula – a former minister of Merkel, medical doctor, master of public health and former resident of Stanford, California, vaccinated herself against toxic power play and strikes back: On Friday, she initiated a scientific fight-back-Covid-19-fund-raising-plan to strengthen the WHO and other institutions of global significance. Today, an online conference will take place to hopefully raise 7.5 billion Euros. Charles Michel has already signed.

It was HER idea and Charles has already signed? Well, France's Emmanuel Macron, Italy's Giuseppe Conte and Germany's Angela Merkel have already supported her publicly. Norway, Canada and many other countries have followed, and on Sunday even the Pope joined! That stunt to regain the driver's seat by going global was definitely a masterclass for yedi-politicians that usually are strained by national dramas in the EU.

ABOUT KRAUTSHELL:

We just assumed that you receive way too many and way too many newsletters, while still not getting the intel you need. With "In a Krautshell" we want to give pros in corporate and public politics an executive-style glimpse into what is going on in Germany and Europe. Feel free to give us some feedback, correct bad English we Germans think to be appropriate and let us know whether or not you find it insightful what we are doing here.

We are **ERSTE LESUNG** (transl. first reading), a full-service public affairs consultancy with offices in Berlin and Brussels and your on-site support for consulting and government response in Germany and the EU.



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