


Blagoj GJELEVSKI

THE DESERTEC PROJECT AND ITS IMPACT ON THE EU POLITICAL INTEGRATION AND INSTITUTIONALIZATION

Introduction

 On January 7, 2011, on the press conference for the handover of the Presidency over the Council of the European Union to Hungary, the Hungarian Prime Minister Victor Orban, when identifying the major priorities in the following 6 months, emphasized the issue of energy security. According to him, the cooperation in the field of energy production and creation of energy security in the EU will be an issue of high priority in the next period. The problems of energy security and the creation of renewable sources of energy are not concerns of the national governments only. In January 2009, the German Association of the Club of Rome and certain members of the TREC network created the DESERTEC Foundation, with the mission to implement the DESERTEC Solar Energy Project. (DESERTEC Red Paper). It is the world's biggest, and by far the most complex solar energy project in Europe, North Africa and the Middle East. This project is currently still in

The author is master student at the Faculty of Law "Iustinianus Primus" in Skopje

the planning phase, and the start of its construction is to be expected within the next few years. Its full completion is planned by 2050. The \$555.3 billion DESERTEC project aims to turn Sahara's vast sunlight into electricity that should supply 15 percent of Europe's energy demand. (Renewable Energy Articles). Considering the great amount of money that is needed for its implementation, the companies involved (ex: Siemens, Deutsche Bank, ABB, E-On and others), and the importance of the results from this project, there is a high probability that this project and its implementation will have a huge impact on the development of the EU.

The essential question, to which this paper will try to give an answer, is to what extent and in which aspects the DESERTEC project will influence the EU political integration and institutionalization. As starting points for explaining and answering that question, this paper will use the Neo-functional theory¹, the revised Neo-functional theory,² and the theory created by Sandholtz and Stone Sweet, which emphasizes the role of supranational governance. All of the variables from this project - the amount of resources required (human, financial and technological) the actors involved and the benefits of its implementation - placed into the patterns and schemes provided by these theories, will have a great impact on the EU integration and institutionalization. That influence will have the form of increased supranational authority in not only energy policy, but also in policies that have not been deeply affected so far, mainly in the domains of security and defense policy, as well as in fiscal policy. Integration won't be deepened and broadened only in other „policy” domains, but also in the voting rules of the EU decision-making process.

The arguments in favor of the hypothesis will be structured analytically, in four main parts. First, the theories relevant for predicting and explaining the outcomes of this project and named above will be elaborated. The second part will contain an explanation and elaboration of the DESERTEC Project itself. The third part will give some examples of the spill-over effect (the main concept and argument of neo-functionalism), and will compare it with DESERTEC. And finally, the paper will try to anticipate, in more details, the possible outcomes from the implementation of this project regarding the development of the EU institutions and rules.

1 Created initially by Ernst Haas, and broadened by Leon Lindberg. See: Haas B., Ernst. „The Uniting of Europe”. Stanford University Press, 1968

2 Created mainly by Schmitter, but even by Haas himself.

I THEORETICAL FRAMEWORK

I-1 Neo-functionalism

Neo-functionalism, as the main theory on which this essay is basing its arguments, is the most refined, ambitious, and criticised theory of regional integration. (Niemann, p. 12). It was developed mainly by Ernst Haas and Leon Lindberg in the 1950s and 1960s in response to the establishment of the European Coal and Steel Community (ECSC) and the European Community (EC). (Ibid). Neo-functionalism seeks to explain not only the static decision-making under stable political conditions, but also the dynamic political transformation over time. (Moravcsik, pp. 349-389). It sees the European Integration as a process, rather than an end state. However, Neo-functionalism has an important limitation: it focuses exclusively on the extension of the integrative process to new tasks and on the expansion of common authority. It says nothing about the incorporation of new members, which has been a major dynamic feature of the EU. How, when, why, and under what conditions a regional organization will expand territorially is simply not contemplated by the neo-functionalist approach. (Ruggie et al., pp. 271-296). That is why, in forecasting the outcomes, the paper will not give any predictions related to the territorial integration of the EU. Predictions will be given only regarding the expansion in new policy domains, the increased competencies of the EU supranational institutions and in altering the voting rules (mainly in the Council of EU). Nevertheless, the original accounts of Haas and Lindberg were revised and modified by a number of authors, such as Philippe Schmitter, Stuart Scheingold and Joseph Nye, and eventually by Haas and Lindberg themselves. (Niemann, p. 13). The revision came as a result to the political circumstances in the 1970s and early 1980s during the time of the “empty chair crisis,” when the relevance of some of the major Neo-functionalist arguments and concepts were put under question. Although there are some differences after the revision, the outcomes of the revisions are not of importance for the topic at hand. Here, the concepts of neo-functionalism and neo-neo-functionalism will be taken as a whole, as a synthesis that provides explanations and predictions.

There are a few maxims and assumptions from which neo-functionalists have derived most of their concepts and hypotheses and which give the general frame and picture of their main ideas. Some of them include:

1. “States are not the exclusive, and may no longer be, the predominant actors in the regional international system”

2. "Interests, rather than shared ideals or common identity, are the driving force behind the integration process, but this does not mean that: (a) their definition will remain constant once the integration process has begun and is distributing its (usually uneven) benefits. Actors can learn from their experiences in cooperative decision-making, modify their preferences, and even develop new ideas and identities; and (b) their expression will be confined to the national level once new opportunities for exercising influence have opened up within institutions at the supranational level"

3. "Decisions about integration are usually taken with very imperfect knowledge of their consequences and frequently under the pressure of deadlines or impending crises"

4. "Functions or issue arenas provide the usual foci for the integration process (at least, in Western Europe), beginning with those that are initially considered the least controversial and, hence, easiest to deal with"

5. "Actors in the integration process are plural and diverse in nature and cannot be confined groups. They include supranational persons, secretariats and associations whose careers and resources become increasingly dependent upon the further expansion of integrative tasks"

6. "Strategies with regard to integration are convergent, not identical. Actors agree upon rules and policies not because they have the same objective, but because their different preferences overlap"

7. "Outcomes of international integration are neither fixed in advance (by the founding treaty), nor are they likely to be expressed exclusively through subsequent formal agreements. They should be recognized as the transient results of an ongoing process, rather than the definitive product of a stable equilibrium." (Schmitter quoted in: Marks et al., pp. 5-6).

However, not all of these have proven equally useful, neither have they been equally verified by the experience with European integration since its institutional origin in the European Coal and Steel Community (ECSC) in 1952. There is evidence to suggest that this perspective overlooked some key variables and focused too much attention on others. (Ibid, p. 7).

Shortly, the arguments explained before can best be seen in Ben Rosamond's explanation: "Beside these assumptions which are the foundation of the neo-functional theory, perhaps the most important concept in the neo-functional armory was the idea of „spillover,” which was used to depict the mechanisms supposedly driving processes of regional integration. In Haas's original formulation, spillover referred to the way in which the creation and deepening of integration in one economic sector would create pressures for further economic integration within and beyond that sector, and greater authoritative capacity at the European level. Put simply,

the spillover hypothesis maintained that the integration of the coal and steel sectors of a group of industrialized West European countries would yield substantial benefits for key economic actors. But the full integration of the coal and steel sectors would not be accomplished without the integration in cognate sectors of the economy. An obvious example would be transport, where at least a minimum of coordination between member-state transport policies would be needed to facilitate the movement of raw materials, products and so on.”(Rosamond, p. 59).

Generally, three types of spillover have been identified: functional, political and cultivated spillover. (Niemann, pp. 29-30).

Functional spillover

For Lindberg (functional) spillover refers to „a situation in which the original goal can be assured only by taking further actions, which in turn creates a further condition and need for more action, and so forth.” Furthermore, “[I]t enables us to encompass all types of endogenous-functional interdependencies, i.e. all tensions and contradictions arising from within, or which are closely related to, the European integration project and its policies, politics and polity, which induce policy-makers to take additional integrative steps in order to achieve their original objectives.” (Ibid., p.30).

Political spillover

Neo-functionalists also pointed to the integrative pressures exerted by national elites, who realise that problems of substantial interest cannot be sufficiently solved at the domestic level. This would lead to a gradual learning process whereby elites shift their expectations, political activities and loyalties to a new European centre. As a result, national elites, including interest groups and civil servants, would promote further integration, thus adding a political stimulus to the process. Subsequently, this pressure became known as ‘political’ spillover. (Ibid., p. 34).

Cultivated spillover

Haas and Lindberg also referred to another pressure - the integrative impact of the High Authority and the Commission. They particularly pointed to attempts by these institutions to cultivate relations with interest groups and national civil servants in order to gain their support for realising integrative objectives, and to cultivate pressures vis-a-vis governments, particularly by pointing to functional interdependencies or by upgrading common interests (e.g. through facilitating logrolling or package deals). This dynamic has, therefore, appropriately been termed, „cultivated” spill-

over.(Ibid., p. 42).

Beside these three types of spillover, that put the emphasis on the endogenous dynamics of the process, there is another type of spillover developed and elaborated later, mainly by Schmitter, that analyzes and includes the impact of the exogenous factors and variables on the process of integration of European Community. This type of spillover, as explained below, is the most relevant and adequate for explaining the impact of the DESERTEC project over the further EU integration.

Exogenous spillover

„Exogenous” spillover further extends the concept of spillover to incorporate those factors that originate outside the integration process itself, i.e. that are exogenous to it. It is an attempt to take account of the fact that changes in, and pressures from, the external political and economic environment affect the behaviour of national and supranational actors. It is thereby recognized that the Community and its development need to be viewed in the global context. (Ibid., p. 32).

I-2 Theory of Supranational governance

The theoretical framework proposed by Sandholtz and StoneSweet focuses on the process through which supranational governance—the competence of the European Community to make binding rules in any given policy domain—has developed. (Sandholtz&StoneSweet, p. 1).It tries to explain mainly the institutional development of the EU. The emphasis is put on the role of transnational exchange, the capacities of supranational organizations to respond to the needs of those who exchange, and the role of supranational rules in shaping subsequent integration. They argue that supranational governance serves the interests of (i) those individuals, groups, and firms who transact across borders, and (ii) those who are advantaged by European rules, and disadvantaged by national rules, in specific policy domains. The expansion of transnational exchange and the associated push to substitute supranational for national rules generate pressure on the EU bodies to act. Generally, EU bodies, such as the Commission and the Court, respond to this pressure by working to extend the domain of supranational rules, in order to achieve collective (transnational) gains and to accomplish the purposes of the Treaties, broadly interpreted.(Ibid, p. 4).

II THE DESERTEC PROJECT

The DESERTEC Foundation was established on January 20th, 2009 in Berlin, by the German Association of the CLUB OF ROME and members of the TREC (Trans-Mediterranean Renewable Energy Cooperation) network and other eminent academics, entrepreneurs, and state officials. The purpose of the Foundation, as written in the preamble of their statute, is “within the scope of the global DESERTEC network – the promotion of building a sustainable, sufficient and low-cost energy supply by producing renewable energies in sunny desert areas and by transferring them into the regions of demand. The use of solar energy is given special emphasis here; however, wind energy and all other forms of renewable energy shall be used in this context as well. Access to clean energy is the prerequisite for climate protection, the provision of drinking water and, ultimately, for maintaining peace. Peace, after all, is increasingly imperiled due to climate change as well as energy and water shortages. The Foundation shall contribute to overcoming the obstacles on the way towards an adequate sustainable energy supply and to realizing the transition to CO₂-free and sustainable energy supply in terms of time according to climate security requirements.”(DESERTEC Statutes Preamble).

On July 13th2009, the non-profit DESERTEC Foundation started the industrial initiative DII GmbH, together with partners from the industrial and finance sectors. Its task is to accelerate the implementation of the DESERTEC Concept in the focus region EU-MENA (Europe, Middle East and North Africa). A long-term objective is to be able to meet a considerable part of the increasing electricity demand of MENA countries and, in addition to that, to cover about 15 percent of Europe’s energy demand with clean power from deserts by the 2050. Twelve companies signed a Memorandum of Understanding in Munich to establish a DESERTEC Industrial Initiative (DII). The objective of that initiative is to analyse and develop the technical, economic, political, social and ecological framework for carbon-free power generation in the deserts of North Africa. The founder companies of the DII, whose regional focus is in Europe, the Middle East and North Africa (MENA), are: ABB, ABENGOA, Solar Cevital, Deutsche Bank, E.ON, HSH Nord bank, MAN Solar Millennium, Munich Re, M+W Zander, RWE, SCHOTT Solar and SIEMENS (DESERTEC Industrial Initiative). The companies intend to establish a planning entity whose shareholders will include the DESERTEC Foundation. The Memorandum of Understanding was signed in the presence of high-ranking representatives from German and international politics. Among the DII’s main goals

are the drafting of concrete business plans and associated financing concepts, as well as the initiation of industrial preparations for building a large number of networked solar thermal power plants distributed throughout the MENA region. The aim is to produce sufficient power to meet around 15% of Europe's electricity requirements and a substantial portion of the power needs of the producer countries. All of the DII's activities will be aimed at developing viable investment plans within three years of its establishment. The initiative's clear focus on implementation is set out in the DII Principles for all future DII shareholders.(Ibid).

The importance of this project can best be seen in the support from some of the world leaders and politicians. For this project, German Chancellor Angela Merkel, said that: "We had an intense discourse on the DESERTEC project... I once again assured, that we have high interest in DESERTEC becoming reality. It is a vision today, but it has the potential to be a connecting project between the European and the African continent."(DESERTEC Endorsements).

The words of King Mohammed VI of Morocco were: "Morocco looks forward to exploring, with the European Union, all the opportunities to be created by regional projects, such as DESERTEC, in order to lay the foundations of a well-defined, safe, sustainable Euro-Mediterranean energy policy."(Ibid).

And finally, the words from the Energy Commissioner of the European Union, Guenther Oettinger: "Let me conclude by repeating that the European Commission shares the objectives of the DESERTEC Initiative as it was presented to the European Parliament in 2007. We highly welcome the support and the enthusiasm of the private companies from the EU, Middle East and North Africa in creating dynamism and furthering progress in implementing sustainable energy. (...) This is a joint project and without the political will to make it work both in the EU and in Northern Africa, the project cannot fly..."(Ibid).

It is clear from these statements that investing in sustainable energy production is an issue of high priority of the governments in the EU. They are well aware that DESERTEC, as an initiative aiming towards that objective, will not be fully implemented without their financial, technological and political support.

III EXAMPLES OF EXPANSION ON SUPRANATIONAL LEVEL

The history of the European Community has shown that its integration and institutionalization widely exceeded the frames that were set by the Treaty of Rome. Neo-functionalism, with its major concept ‘spillover’, explained above, provided so far the most possible and accurate explanation why that was the case. It gave us an answer why states were not able to stop accelerating integration of EC. However there were some periods, when integration was, seemingly hopeless, stopped. Nevertheless, those were only temporary crisis, which were resolved.³ In most of the cases, spillover, in all its variants, functional, political, cultivated or exogenous, provided an answer to the process of EC (European Community) integration and institutionalization. It has shown that problems emerging from the previous implementation of some project or policy were possible to solve only through the implementation of additional rules and policies that have deepened and broadened the scope of autonomy and authority of the supranational institutions of EC (Commission, Parliament or European Court of Justice).

There are many examples of the spillover effect. Here, two of them will be briefly explained. The first one will be the liberalization of Air transport, analyzed by O’Reilly and StoneSweet, and the second will be the creation of the European Monetary Union and the establishment of the single currency, analyzed by Cameron.

III-1 Liberalization of Air Transport

In 1984, a large majority of member-state governments were content with a protectionist, bilateral system for regulating civil aviation - a system that had existed almost as long as the industry itself. National control of air transport provided public services and employment, helped maintain state security, and facilitated industrial and trade policies. (O’Reilly & StoneSweet, p. 183).

3 Such example was the period known as empty chair crisis in 1965, when France, with De Gaulle as president, didn’t attended on EC meetings. The reason was a dispute about-financing of the Common Agricultural Policy, but more importantly the use of qualified majority voting in the EC (as opposed to unanimity). That practically meant a blockade of the European Community. The Luxemburg Compromise from January 1966, brought solution to this deadlock. There was another crisis in 1967, when France vetoed the entrance of Great Britain in the European Community.

Interest groups representing air passengers began to organize their activity at the supranational level. Instigated (and now financially supported) by the Commission, a Brussels-based transnational lobby, the Federation of Air Transport User Representatives in the EC (FATUREC), was established in 1982. (Ibid., pp. 171-172). In the preceding five years, the Commission had faced strong government opposition to what were in fact cautious initiatives. Three years later, governments voted to Europeanize the sector, expanding the domain of supranational governance and enhancing the policymaking capacity of supranational organizations.

The greatest supporters for regulatory reform in Air Transport were non-state owned airlines, potential new entrants, major businesses and consumer groups who put pressure on the Commission, but also on the states which were against regulatory reform, to liberalize this sector. The most important conclusion derived from this example, relevant in our case is the fact that, beside governments' opposition to reforms and changes, after the pressure from the actors involved in that issue, such as businesses and public opinion, governments accepted the reforms proposed by the Commission which in this case has the role of facilitator.

III-2 Creation of European Monetary Union

The necessity for the creation of a Monetary Union between the member states of EU in 1999, and the establishment of single currency came as a result of the previous establishment of a common market within the EU. The dispute in exchange-rate policy, the side effects of that dispute for the internal market, and the adverse effects of the final resolution of the dispute for both France and Germany—for France an acceleration in the price of imported goods because of the large devaluation, for Germany a substantial erosion in the price competitiveness of its exports in the French market and other markets as well—led the newly elected leaders of the two countries to propose that the EC create an Economic and Monetary Union. (Cameron, p. 199). As a conclusion, we can say that in both instances the member-states realized, paradoxically, that their national interests could best be served by extending the authority of existing and new supranational institutions in that domain of policy, along the lines first suggested by Werner in 1968. (Ibid., p. 197).

IV ANTICIPATION OF THE POSSIBLE FUTURE OUTCOMES

Considering the amount of resources required (human, financial and technological), the actors involved and the benefits of its implementation, the DESERTEC Project, as it was anticipated (DESERTEC Red Paper), will inevitably cause tremendous changes in many aspects of the institutions and actors involved in it. What will the impact be and what kind of changes it will bring on the institutions and rules of EU is the crucial question to which this paper tries to give an answer. As a tool for answering that question we use the theories and arguments of neo-functionalism and the concepts proposed from the transnational exchange theory of Sandholtz and StoneSweet. The essential arguments, taken from the neo-functionalism, are the pattern of spillover, the role of non-governmental elites and the problem solving nature of EU. The second is the concept of transnational exchange.

Before starting with the analysis on the impact of this project on the expansion of competences of supranational institutions in certain policy domains, it is important to define the notion and concept of „expansion.” Here, the definition proposed from Fligstein and McNichol will be used. According to them, „wherever the competencies in the Treaty of Rome were substantially changed to increase the scope of the European Union (either by defining new responsibilities, changing the voting rules in the Council, or changing the procedures), the competence was counted as being “expanded.” (Fligstein & McNichol, p. 88).

IV-1 Changes in the energy policy of EU

In its initial phase, as it currently is, the DESERTEC Project is mainly in the scope of energy policy. Energy policy domain was established since the Treaty of Rome in 1957 and was expanded after The Single European Act in 1986 and the Treaty on European Union in 1992. (Ibid., p. 64). Large part of energy issues are regulated on supranational level. In the last decade, as a result of the growing dependence of EU from imported energy,⁴ there were many regulations concerning these issues adopted, such

4 The EU's import dependency reached almost 54% already in 2006 and keeps growing. If nothing changes, by 2030 more than 70% of the EU oil and gas will have to be imported while energy prices will be rising in the next decades. See: .European Council. EU Energy Policy.4 February 2011. Available online at: http://www.european-council.europa.eu/media/171257/ec04.02.2011-factsheet-energy-pol_finaldg.en.pdf

as: „The third Internal Energy Market package”, „The Directive on the promotion of energy from renewable sources”(2009/28/EC), „The Directives on energy performance of buildings”(2010/31/EU), „Strategic Energy Technology (SET) Plan”(14230/09) and many others.(EC – EU Energy Policy). However, after the implementation of DESERTEC, many rules, concerning the distribution of the energy, the internal energy market, and others, will still need to be created. So the conclusion here, having in mind the logic of functional spillover defined and explained by Lindberg, is that the EU supranational authority in the energy policy will expand, as a result of the problems that will emerge with the implementation of DESERTEC, and after the pressure from stakeholders. Therefore, the possibility of expansion in the energy domain will be very high. The expansion will take the form of production of new supranational rules and increasing the number of 409 existing employees (Fligstein & McNichol, p. 72) in the European Commission in the energy domain.

IV-2 Changes in the CFSP and other policies of EU

According to the theories explained above and the size of DESERTEC, the need for changes in EU institutions and rules will not stop here. On the contrary, as anticipated, it will cause an increased demand for changes also in the domain of the EU-CFSP(Common Foreign and Security Policy). Although one of the founding fathers of neo-functionalism, Haas, explicitly excluded security and defense from his expansive logic of sectoral integration (Smith, p. 305), today many circumstances have changed. Europe has integrated up to a level that even the older neo-functionalists such Haas did not predict. And now, even this domain can be placed and analyzed through the logic of spillover, especially exogenous, whose importance Haas had neglected.

CFSP, as it is now setup, deals only with a specific part of the EU external relations, whose domains include mainly Trade and Commercial Policy and other areas such as funding for third countries, etc. Decisions require unanimity among member states in the Council of the European Union, but once agreed, certain aspects can be further decided by qualified majority voting.(Guide to EU – CFSP). Even with the Lisbon Treaty (December 2009), the competences of supranational institutions have not been increased. The Commission and the EP still enjoy no hard competences. Even the influence of the Commission in the CFSP has been reduced, because only one member of it, the Human Resources, is able to make proposals on its own. The relative importance of the supranational institutions is therefore only marginal. The member states and intergovernmental ac-

tors are decisive. (Weichert).

The level of need for changes and expansion in the domain of CFSP of EU will depend on the socio-political circumstances that could emerge during and after the implementation of the DESERTEC Project. There are two most probable scenarios - radical and moderate - from which the further flow of events will depend.

■ **Radical scenario**

After the recent events⁵ in the MENA Region, where the solar plants of the DESERTEC Project are planned to be situated, a radical scenario is perhaps the most probable. The conditions required for the fulfillment of this scenario are the following: 1. Implementation of the DESERTEC Project to be in more advanced phase (large part of solar plants to be built and installed), or to be finished (together with placement of the cables under the Mediterranean which will distribute part of electricity to Europe), 2. The investment to be seriously threatened from military destruction or refusal for delivering electricity in Europe (from some terrorist group or even from the authoritarian regimes in the countries where solar plants will be implemented).

■ **Moderate scenario**

In this case, we assume that after the current revolutions democratic regimes will be established in most of the countries in the MENA region, and that there will be no threats to the implementation or functioning of DESERTEC. However, because most of the facilities will be placed in non-EU territories, the problem of regulating the process of exchange and distribution of the produced electricity will emerge. In this case, the problem will be mainly from a legal nature.

In the first case, the investment of more than 500 billion Euros from mostly European companies will be threatened, and the problem could be resolved only by actions that will seek prior changes in the EU institutions and rules, especially in the organization of CFSP.

So, in the radical scenario, three types of changes will need to occur in order for the problem to be resolved: 1. Expansion of the authority in CFSP and its High Representative; 2. Changes in voting rules towards majority voting instead of current unanimity, in order to increase decision

5 In particular the 2010–11 Middle East and North Africa protests, also known as Arab Spring, that started on 18 December 2010, first in Tunisia, and spread in Egypt, Bahrain, Libya, Algeria, Syria, Yemen and other countries.

making efficiency and 3. Creation of common European military forces. In the second case, or in the moderate scenario, only the first two changes would be necessary.

Initially, the pressure for these changes will come from the companies with huge stakes in this project, and which are directly involved in it, such as: ABB, ABENGOA, Solar Cevital, DeutscheBank, E.ON, HSH Nordbank, MAN Solar Millennium, Munich Re, M+W Zander, RWE, SCHOTT Solar, SIEMENS and others that are expected to join in the further implementation. The second wave of pressure for the changes, enumerated above, will come from business elites and groups indirectly involved in this project. Here we include many other companies, non-governmental organizations and, most important, the public opinion. The public opinion will put pressure because of the direct benefit for the citizens of EU from the electricity produced by DESERTEC. Also, from the public opinion polls conducted in the last few decades, a trend of relatively high support for policy integration in the domain of security and defense at the EU level can be noticed.⁶

However, the other kind of pressure - the one from the businesses and companies involved - according to neo-functionalism, would be the decisive point for changes towards further expansion of supranational competences of EU institutions. As mentioned above in the analysis of the neo-functionalist theory, interests, rather than common ideals or identity, are the driving forces behind the integration process. (Schmitter, p. 259). In their writings, Haas and Lindberg put considerable emphasis on the role of economic and political elites supporting the integration process. National elites are assumed to realise that problems of substantial interest cannot be sufficiently resolved at the domestic level, at least not because of the abovementioned functional-economic logic. This would lead to a gradual learning process whereby elites would shift their expectations, political activities and, according to Haas, even loyalties to a new European centre. As a result, national elites would promote further integration, thus adding apolitical stimulus to the process. Haas in particular focused on the pressures exerted by non-governmental elites. Those pressures include the altered perceptions of political parties, trade associations, trade unions, and interest groups. This implies that integration in a particular sector leads the interest groups concerned to move part of their activity to the regional

6 For more, see: Dalton, Russell and Eichenberg, Richard. „Citizen Support for Policy Integration”. Sandholtz, Wayne and StoneSweet, Alec (editors). „European Integration and Supranational Governance”. Oxford University Press, 1998. Page 258

level. Such groups may gradually shift their focus and expectations to the European level. As they become more aware of the benefits of integration, they will promote further integration. (Niemann, p. 18).

Another proof in favor of the arguments elaborated previously is the study conducted by Fligstein and McNichol in which they found strong statistical correlation (zero order correlation was 0.41) between the number of organizations in a policy domain and the corresponding amount of legislation.⁷

Hence, the interests of the elites, which in this case are very powerful companies, will cause these elites, with all their available resources, to put pressure for further integration in the domain of CFSP. The pressure will occur in two ways: firstly, through their national governments, and secondly, directly in Brussels. The main goals of their pressure would be to achieve changes in supranational rules and organization of institutions in the EU, then changes in the voting rules, and in the radical scenario creation of Joint European Forces. The answer of why NATO will most probably not act as a substitute to the need for creation of Joint European Forces lies mainly in the fact that it is extremely difficult for such decisions to be adopted in an institution where consensus and unanimity are the pivotal voting rules and principles. And it is very probable that non-European countries members of NATO will oppose the possible involvement of NATO in military operations concerning only the interest of European projects and companies.

Thus, the creation of Joint European Forces will become a necessity. And supra-nationalization of the domain of defense is no longer an impossible goal. (Smith, p. 332). The foundation for claiming that is given by the Treaty on European Union, in the Article J.4, paragraph 1: „The common foreign and security policy shall include all questions related to the security of the Union, including the eventual framing of a common defense policy, which might in time lead to a common defense”. (Treaty of the EU, J. 4).

However, it is not excluded that some countervailing forces will occur, such as nationalism, which will oppose the further integration, because the fear of diminishing nation-state power and sovereignty. Another, and probably a valid argument in favor of the opponents to the creation of Joint European Forces would be that it may also cause a need for expansion in other domains, such as fiscal policy, taxation and so on. As we can see,

7 For more see: Fligstein, Neil and McNichol, Jason. „The Institutional Terrain of the European Union”. Sandholtz, Wayne and StoneSweet, Alec (editors). „European Integration and Supranational Governance”. Oxford University Press, 1998. Page 78

the logic of spillover gives a frame and prediction for the events that will follow after the implementation of the DESERTEC Project, concerning European integration. And we can finish with the words of Caporaso which explain, very briefly and clearly, all the arguments, previously elaborated. „Each time the EC faces a challenge it responds through institutional restructuring and policy changes. These changes, then represent adaptations to shifting pressures from outside and inside.”(Caporaso, p. 350).

CONCLUSION

Considering the theoretical arguments proposed by the neo-functional theory and the theory of Sandholtz and StoneSweet, and also the practical examples of spillover in the history of European integration, we can assert with high level of accuracy that there is a high probability that the implementation of the DESERTEC Project, as it is anticipated by its creators, to cause changes in the EU rules and institutions towards greater supranational authority. But the changes will come gradually. They would be preceded by pressure coming mainly from business elites directly involved in this project, but also from the public opinion in EU. The level of pressure will depend mainly on whether the existence and functioning of DESERTEC Project (energy production and distribution to Europe) will be threatened militarily or only legally. The need for changes, which we anticipate will occur in the energy policy domain and in the domain of Common Foreign and Security Policy, will contain two aspects: firstly, in the expansion of competences and authorities of EU institutions (mainly of the Commission, but also and European Parliament) in the existent, but also in the new policy domains, and secondly, changes in the voting rules (from the current unanimity to qualified majority or absolute majority voting). The third, and the most ambitious and controversial change, could be the creation of Joint European Forces, separate from NATO.

Abstract

The DESERTEC Project is anticipated to be a huge investment in building solar plants in the region of Middle East and North Africa for covering up to 15-20% of the EU electrical energy demands. The main goal of this paper is to estimate the impact of the DESERTEC Project on the EU integration. The theories of neo-functionalism and of supranational governance, as proposed by Sandholtz and StoneSweet, are taken as theoretical starting points for explaining and predicting the outcomes of this project. Emphasis is put on the main neo-functionalist argument - the concept of spillover. This paper tries to show that the problems that will occur with the implementation of DESERTEC Project will cause business elites involved in it to put pressure on their governments and Brussels for the expansion of supranational authority in the domains of energy and Common Foreign and Security Policy.

Резиме

Се очекува проектот ДЕЗЕРТЕК да претставува огромна инвестиција која ќе опфаќа изградба на соларни постројки во регионот на Северна Африка и Блискиот Исток за покривање на околу 15-20% од целокупните потреби за електрична енергија на Европската Унија. Главната цел на овој труд е да го процени влијанието на проектот ДЕЗЕРТЕК врз интеграцијата на ЕУ. Неофункционалистичката и теоријата за супранационално владеење, предложени од Сандхолц и Стоунсвит, ќе бидат земени како теоретска рамка за објаснување и предвидување на можните исходи и последици од овој проект. Посебен акцент е ставен на основниот неофункционалистички аргумент, концептот на спиловер (spillover). Овој есеј се обидува да аргументира дека проблемите кои ќе се јават со имплементирањето на ДЕЗЕРТЕК ќе предизвикаат актерите, главно бизнис елитите инволвирани во проектот, да извршат притисок врз нивните влади, но и директно врз Брисел, кон проширување на супранационалната власт во домени на енергијата и заедничката надворешна и безбедносна политика.

BIBLIOGRAPHY

- Rosamond, Ben. „*Theories of European Integration*”. Palgrave, 2000.
- Sandholtz, Wayne and StoneSweet, Alec. „*European Integration and Supranational Governance*”. Oxford University Press, 1998.
- Caporaso, A. James. *Regional Integration Theory: „Understanding Our Past and Anticipating Our Future*”. Sandholtz, Wayne and StoneSweet, Alec (editors). „*European Integration and Supranational Governance*”. Oxford University Press, 1998.
- Ruggie, G. John, Katzenstein, J. Peter, Keohane, O. Robert and Schmitter, C. Philippe. „*Transformations in World Politics: The Intellectual Contributions of Ernst B. Haas*”. Annual Review Political Science 2005.8: 271-296
- Moravcsik, Andrew. „*The European Constitutional Compromise and the neofunctionalist legacy*”. Journal of European Public Policy 12:2 April 2005: 349-386
- Schmitter, C. Philippe. „*Ernst B. Haas and the legacy of neofunctionalism*”. Journal of European Public Policy 12:2 April 2005: 255-272
- Marks, Gary, Scharpf, W. Fritz, Schmitter, C. Philippe and Streeck, Wolfgang. „*Governance in the European Union*”. London: SAGE Publications Ltd, 1996
- Niemann, Arne. „*Explaining the Decisions in the European Union*”. New York: Cambridge University Press, 2006
- Fligstein, Neil and McNichol, Jason. „*The Institutional Terrain of the European Union*”. Sandholtz, Wayne and StoneSweet, Alec (editors). „*European Integration and Supranational Governance*”. Oxford University Press, 1998.
- O'Reilly, Dolores and Stone Sweet, Alec. „*The Liberalization and European Regulation of Air Transport*”. Sandholtz, Wayne and StoneSweet, Alec (editors). „*European Integration and Supranational Governance*”. Oxford University Press, 1998.
- Cameron, David. „*Creating Supranational Authority in Monetary and Exchange-Rate Policy: The Sources and effects of EMU*”. Sandholtz, Wayne and StoneSweet, Alec (editors). „*European Integration and Supranational Governance*”. Oxford University Press, 1998.
- Dalton, Russell and Eichenberg, Richard. „*Citizen Support for Policy Integration*”. Sandholtz, Wayne and StoneSweet, Alec (editors). „*European Integration and Supranational Governance*”. Oxford University Press, 1998.
- Smith, Michael. „Rules, Transgovernmentalism, and the Expansion

of European Cooperation”. Sandholtz, Wayne and StoneSweet, Alec (editors). „*European Integration and Supranational Governance*”. Oxford University Press, 1998. DESERTEC Foundation. Red paper-An overview of the DESERTEC Concept. Available online at: <http://www.desertec.org/en>

Renewable energy articles. Available online at: http://www.renewables-info.com/renewable_energy_info/desertec_solar_energy_project_info.html

European Council. EU Energy Policy. 4 February 2011. Available online at: http://www.european-council.europa.eu/media/171257/ec04.02.2011-factsheet-energy-pol_finaldg.en.pdf

A Guide to the European Union. Common Foreign and Security Policy (CFSP). Available online at: http://www.delaus.ec.europa.eu/new-zealand/eu_guide/cfsp.htm

Weichert, Thomas. „*Lisbon Treaty and CFSP. Will there be increased Integration?*”. UNIVERSITEIT TWENTE MA thesis, 30.06.2010. Available online at: http://essay.utwente.nl/60287/1/MA_thesis_T_Weichert.pdf

“Treaty on the European Union: Article J.4”. Official Journal of the European Communities (OJEC). 29.07.1992, No C 191, pp. 59.