

# Future of Europe debates III

## Parliament hosts Heads of State or Government

### SUMMARY

As the 2019 European elections approach, deep reflections on how to shape the future of the EU are taking on greater prominence. The 'Future of Europe' debates, an initiative of the European Parliament, aim to make a tangible contribution to the broader discussion on how to reform EU policies and institutions.

The series of debates started with the invitation of the President of the European Parliament, Antonio Tajani, who announced at the European Council in October 2017 the intention to host debates during plenary sessions, as a democratic and open forum in which Heads of State or Government would be invited to express their vision of the future.<sup>1</sup>

Originally intended to run for the whole of 2018, the debates, which have to date featured the leaders of 15 Member States, will now run into 2019, approaching the 2019 European elections.

This is the third edition of a briefing designed to provide an overview of the Future of Europe debates. As usual, it takes stock of the views of the (five) most recent participating leaders (Iohannis, Merkel, Rasmussen, Anastasiades and Sánchez) on a number of key policy areas such as economic and monetary union (EMU), the EU's social dimension, migration policy, security and defence, the next multiannual financial framework (MFF), trade and climate change.

### Participants in Future of Europe debates in the European Parliament



NB: The schedule of future debates is, by definition, subject to change.

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See also the [first](#) Briefing in the series, covering the initial six leaders to speak; and the [second](#), with the subsequent four.

## Background

In-depth reflection on the 'Future of Europe' has been under way for some time in a range of different fora and institutions, stepping up a gear in the aftermath of the UK referendum, with the other 27 [EU leaders' Bratislava Declaration and Roadmap](#), and continuing with the [Rome Declaration](#), and then the European Commission's [white paper](#), as detailed in previous editions of this [briefing](#). After a first [resolution](#) in the immediate aftermath of the UK referendum, the Parliament gave a more substantial contribution to the reflection on the future of EU action. In its [resolution](#) of February 2017, the Parliament suggested ways to exploit the unused potential of the Lisbon Treaty. On the same day, it adopted a further [resolution](#) on developments requiring Treaty changes. A [fourth resolution](#), on budgetary capacity for the euro area, focussed on restoring trust in the euro area and on measures to strengthen economic governance.

The European Parliament is now due to debate a [report](#) from the Constitutional Affairs (AFCO) Committee (rapporteur: Ramón Jáuregui Atondo, S&D, Spain) on the state of the [debate on the Future of Europe](#) during February's plenary session. The various debates will all feed into the European Council meeting in Sibiu (Romania) on 9 May 2019, a meeting symbolically timed between the UK's expected withdrawal and the European elections, at which perspectives on the Union's course for the next five years should be drawn up.

## Economic and monetary union

The financial and sovereign debt crises highlighted a number of weaknesses of Europe's economic and monetary union (EMU). The framework was therefore enhanced with new EU regulations and directives, two intergovernmental treaties and a set of rules (see previous editions of this [briefing](#)).

A number of the Heads of State or Government speaking in the debate so far have explicitly mentioned the banking union as a crucial objective, in order to protect citizens' savings on a pan-European basis and reduce the exposure of individual Member States to bad loans, and made a firm commitment to further work to reach that aim. The views on how to do that, however, diverge, especially with regard to efforts needed to clean bank balance sheets of non-performing loans before deposit guarantee and bank resolution can rely on a common European financial backstop, if at all. Differences of opinion also exist with regard to the aims of a new euro-area budget, which is to be negotiated in the framework of the 2021-2017 multiannual financial framework.

*“We must seek the completion of the banking union in the framework of a renewed monetary and economic union, as well as the promotion of the capital markets union, which will mobilise funds for investment.”*

Nicos Anastasiades

While strengthening the economic governance framework mentioned above, discussions<sup>2</sup> began in 2012 on how to further [integrate](#) frameworks for the financial sector, budgetary matters and economic policy, as well as adding greater democratic legitimacy and accountability to the process. In December 2017, the Commission put forward [a first set of](#) proposals and initiatives to complete EMU, and [two more proposals](#) in May 2018.

*“Economic security is as important as border security and the Union's prosperity depends on our ability to ensure a strong monetary and economic union, capable of responding to the citizens' expectations and of facing new challenges.”*

Klaus Iohannis

provided in March 2018 in a [position paper](#) issued by the finance ministers of Denmark, Estonia, Ireland, Latvia, Lithuania, the Netherlands, Finland and Sweden. This highlights the difficulty of the negotiations: while some Member States prioritise [risk-sharing measures](#), others argue instead for further [risk-reduction initiatives](#).

Parallel steps were taken at Member-State level: in September 2017, in an [address](#) at the Sorbonne, the French President, Emmanuel Macron, presented EMU reform as one of six dimensions of an initiative for Europe. A month later, Germany's then finance minister, Wolfgang Schäuble, circulated to his Eurogroup colleagues a [non-paper](#). A third view was

*“... a banking union and ultimately a European deposit guarantee system are dependent on the prior reduction of risks in the individual countries. The two are interconnected. European solidarity and individual responsibility are always two sides of the same coin.”*

Angela Merkel

This absence of consensus has resulted in only small steps being taken, and this only after intense negotiations: following several Eurogroup meetings and Euro Summits in June, October and December 2018, EU leaders [agreed](#) that the [European Stability Mechanism](#) (ESM) would provide a common backstop to the [Single Resolution Fund](#) (SRF); they announced their intention to introduce [single-limb collective action clauses \(CACs\)](#) for euro-area government bonds by 2022 and to include this commitment in the ESM Treaty; with regard to the [European Deposit Insurance Scheme](#) (EDIS), however, they noted that further technical work is necessary. The work is to be done by a high-level working group, which will report back by June 2019. In addition, while they did not agree on the need for a stabilisation function, they were more open with regard to proceeding on the design, implementation and timing of an '[instrument for convergence and competitiveness](#)', which would be part of the EU budget (inspired by the Franco-German [proposal](#) of 16 November 2018).

*‘We have to go for closer fiscal integration with stabilisation tools to offset adverse effects of the future crisis.’*

Pedro Sánchez

All Heads of State or Government who have spoken in the debate so far have shown support for the completion of EMU, including the Prime Minister of Croatia, a country not yet a member of the euro area. For all speakers, strengthening EMU can prevent further crises and support a more cohesive Union. With regard to tax policy, the views of Heads of State or Government expressed so far in the context of the Future of Europe debate diverge. Digital taxation, for example, remains for some a national instrument, whilst others favour it as an own resource of the EU. Conversely, all EU leaders who have spoken to date support common work to tackle harmful tax practices, in particular tax fraud and tax evasion, and a move towards a gradual harmonisation of the corporate tax base.

As illustrated above, so far in the debate, there has been a general convergence of the views of Heads of State or Government on completing EMU, notwithstanding differences with respect to a European deposit guarantee scheme and financing of bank resolution. This is in line with the European Council agenda and with the conclusions of its recent meetings, including Euro Summits. A number of Heads of State or Government expressed support for completing EMU by the end of the current legislative term, with one suggestion being to adopt a roadmap to reach that aim. Some considered the banking union as a key objective, and firmly committed to working further on it to avert future financial crises. On taxation, views appear to diverge, in particular on digital taxation.

## Migration

*‘We have to reach a common approach [on migration] as soon as possible. If we do not succeed in defining a European policy for [migration], we will face major trouble.’*

Klaus Iohannis

Since 2015, Europe has faced its most significant migratory challenge since the end of the Second World War. Management of migration flows will most likely remain [high](#) on the EU agenda. In a [speech](#) in December 2017, Antonio Tajani, Parliament's President, declared: 'Piecemeal responses are the opposite of effective solutions. What we need instead is a strong European strategy, genuine coordination and more pooling of resources'.

All Heads of State or Government intervening in the Parliament's Future of Europe debates were united in considering migration as one of the main challenges that the EU faces, and agreed that this challenge can only be addressed at EU level.

*‘The southern neighbourhood of Europe is facing massive migratory flows and the burden is disproportionate for first-line Member States.’*

Nicos Anastasiades

Although most Heads of State or Government have stressed the need to make progress on the reform of the common European asylum system (CEAS) and on the issue of relocation, EU leaders at successive European Council meetings have failed to achieve a breakthrough on internal aspects of migration and the EU's asylum policy. Instead, due to the domestic political situation and internal pressures in some Member States, the European Council conclusions of June 2018, October 2018 and December 2018 prioritise strengthening the EU's external borders and preventing migrants from reaching Europe in the first place, by stemming illegal migration on all existing and emerging routes, strengthening cooperation with countries of

origin and transit, particularly in North Africa, and fighting people-smuggling networks. The Commission President, Jean-Claude Juncker, expressed similar views in his State of the Union address in September 2018, when he announced the strengthening of the European Border and Coast Guard Agency, including in the area of return and cooperation with third countries. The Commission would also endeavour to increase returns by improving the EU's own capacities and by concluding new, and better implementing the existing, re-admission agreements with countries of origin and transit.

*‘Amongst the complex negotiations [for the CEAS], we must not lose sight of the original meaning of the reform to fulfil our duty, which derives from international conventions on the protection of human rights towards people fleeing persecution, war and conflict. Europe’s prestige is called into question when in our midst we find attitudes emerging which run counter to the very essence of humanity.’*

Pedro Sánchez

Member States have also been resettling refugees from third countries under the provisions of the EU emergency resettlement scheme and the Commission recommendation to resettle at least 50 000 vulnerable persons by the end of October 2019, focussing on the Middle East, North Africa and the Horn of Africa. These efforts are part of a wider policy to enhance legal pathways to Europe, including for economic purposes by addressing shortages of specific skills through attracting and retaining highly skilled third-country nationals.

Most Heads of State or Government speaking in the debate have stressed the need to make progress on the reform of the CEAS. Some of them stressed that their countries have made their contribution in relation to relocation and resettlement, but that other Member States were not shouldering their responsibilities.

*‘If every country wants to retain its national competence and nobody wants to hand over any responsibility to the European border guards, no matter how extensive and how competent they are, they will not be able to do their job. In this area, too, we need to forego our national competences to some degree and work together.’*

Angela Merkel

*‘But even if the challenge [of migration] is still here, we could all do a better job of explaining to the citizens what the EU and the Member States have already achieved. Quite a lot. For instance a 95 per cent drop in arrivals since the crisis of 2015.’*

Lars Løkke Rasmussen

The Future of Europe debates in the European Parliament have highlighted that some Heads of State or Government support a general increase in funding, or a more ambitious and specific initiative, such as a 'Marshall Plan' for Africa. Many of them stressed the need to step up cooperation with countries of origin and transit of migrants. The few speakers who addressed the issue of legal migration, stressed the positive implication for the development of our economies.

In the field of migration, Heads of State or Government have shown a high degree of convergence on several points, as a result of the European Council's efforts to find a common and comprehensive EU strategy since the outbreak of the migration crisis in 2015. Nevertheless, there continues to be a lack of agreement on the reform of the CEAS, which many speakers called for solving rapidly. All have acknowledged that migration is a significant challenge, which needs to be addressed jointly at EU level. Speakers have called for additional funding for EU migration policy. Many also stressed responsibility and solidarity as an important shared value. Yet, Lars Løkke Rasmussen and Mateusz Morawiecki, called for more flexibility for Member States in approaching the migration challenge.

## Social dimension

*‘How are the increasing social and economic inequalities in Europe to be tackled? In my view it is now urgently essential that we find clear responses to these questions.’*

Nicos Anastasiades

In the context of the debate triggered by

the Commission's [white paper](#) on the Future of Europe, its [reflection paper](#) on the social dimension of the EU offered three scenarios: i) focusing exclusively on the free movement of workers; ii) developing what would essentially be a multispeed Europe; and iii) genuinely deepening EMU across the EU-27. The reflection paper on [harnessing globalisation](#) highlighted the strong links between economic and social policies. The Commission proposed a holistic reference framework,



the [European pillar of social rights](#) ('social pillar'), for the development of EU labour markets and welfare states. Its 20 principles and rights reach far beyond the strict confines of social policy, and address equal opportunities and access to the labour market, fair working conditions, social protection, and inclusion. The jointly proclaimed [social pillar](#) shows the commitment of the three institutions.

The majority of the Heads of State or Government who have spoken in the Future of Europe debates have expressed strong commitment to the principles contained in the European Pillar of Social Rights, and fully acknowledged that economic and social development go hand in hand. Some stressed that the very essence of the European Union lies in achieving a closer union, and thus, that the full equality of Member States and their citizens can only be achieved by implementing the relevant social *acquis* throughout the internal market.

One [question](#) for the future remains how to strengthen the social dimension in practice, and how the social pillar will contribute to the further development of social, employment and education and training policies across the EU, while mobilising the main [EU policy tools](#) to hand: legislation, guidance, governance and funding. Some first [evaluations](#) point to its potential to bring about a new policy dynamic. As for legislation and guidance, the European Parliament has called for [new measures](#) to modernise the world of work, social protection and access to education. There has been progress with regard to [implementing](#) the social pillar at Union and Member State levels, including [future initiatives announced](#) in the 2018 Commission [work programme](#), as well as improving [social dialogue](#) at all levels. In its 2019 [work programme](#), the Commission plans an initiative on identifying areas for enhanced qualified majority voting in the Council for more efficient law-making in social policy. To strengthen the social aspects of governance in terms of its *content*, the [draft joint employment report](#) at the beginning of the [2019 European Semester](#) exercise has made use of the social scoreboard accompanying the social pillar. In 2017, the European Parliament reiterated the [idea](#) of introducing a 'social imbalances procedure' in the drawing up of country-specific recommendations. Several issues around [strengthening the social aspects](#) of the Semester *process* are still to be tackled, including the [importance of democratic control](#) while deepening EMU. Finally, [the future of EU finances](#) will greatly impact on the extent to which the social dimension of the EU can be supported. Forthcoming initiatives on completing [economic and monetary union](#) include the introduction of an EU budget line dedicated to supporting structural reform and to developing a convergence instrument for pre-accession assistance. The debate on the post-2020 multiannual financial framework (MFF) and its outcomes will also be influential. The Parliament has made [several proposals](#) to secure financial support for new priorities, higher payment ceilings as well as to establish more synergies between funds, such as the Cohesion Fund and ESF+, and links between spending and performance.

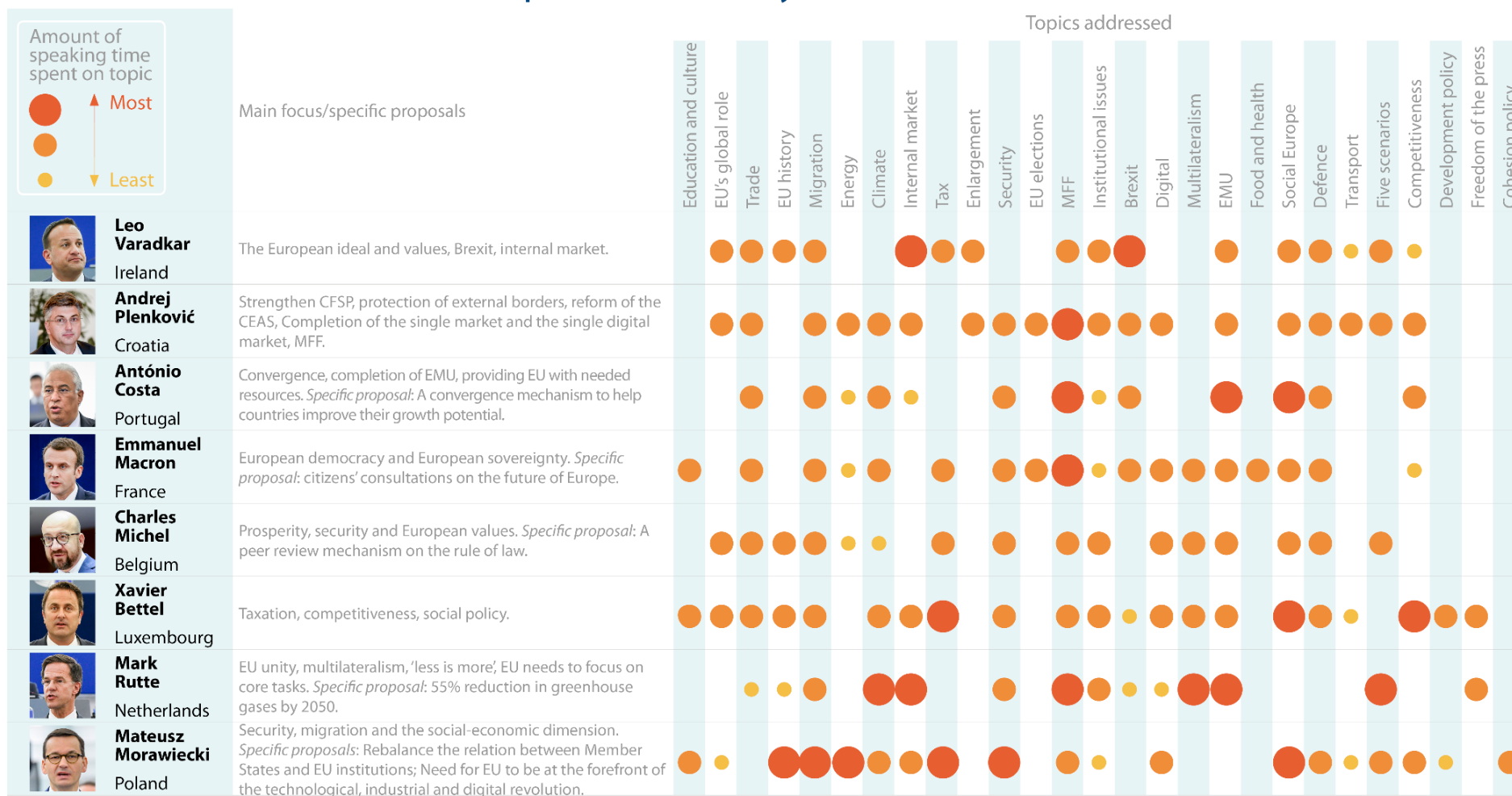
*“If Europe is to protect us, we need to protect Europe, we need to build a Europe of rights that will respect the most vulnerable. Protecting Europe means providing impetus for equal opportunities for our young people.”*

Pedro Sánchez

The majority of the Heads of State or Government participating in the Future of Europe debates have called for strengthened cooperation among Member States on social and employment aspects, including fair access to the labour market for all, a fair social security system and adequate pensions.

The speeches of Heads of State or Government have shown a high level of convergence in defending the values of the European social modes, as well as the need to progressively bring Member States' social models closer together. Although most Member States have expressed their support for the objectives in the Social Pillar, they vary in their ambitions and means to achieve them. Recent interventions have not focused on social aspects as much, but certain points were highlighted, such as tackling inequalities between generations and genders, addressing long-term unemployment, and investing in education and skills.

## Annex: Overview of topics addressed by each Head of State or Government



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## Trade

*‘Europe itself is a testament to how trade liberalisation brings both prosperity and peace among free people. It is our duty to safeguard free trade – even when we find ourselves under historic pressure.’*

Lars Løkke Rasmussen

International trade has become a prominent topic on the EU's agenda. Talks on new free trade agreements (FTAs), in particular with the United States and Canada, led to heated debates in civil society. The Commission responded to these developments by presenting a new EU [Trade for All](#) strategy in 2015. In 2017, it also presented a [reflection paper](#) on how to harness globalisation.

Since then, the EU has [pursued](#) various (new or updated) FTAs with trade partners around the world ([Canada](#), [Japan](#), [Singapore](#), [Vietnam](#), [Mexico](#), [Chile](#), [Australia](#) and [New Zealand](#)). In early 2019, the EU was also preparing for a possible bilateral trade deal with the [US](#).

Several Heads of State or Government have pointed out in the debates that, in international trade, EU Member States can achieve much more by working together than in isolation, and it is here that the EU brings added value. It is by being open to trade agreements with countries around the world that the EU can continue to ensure economic growth and prosperity for its citizens. Some Heads of State or Government have pointed to freedom but also fairness in trade, and that the EU should therefore engage with its partners on the basis of reciprocal commitments. The EU's role is to maintain a trade policy that protects our high social, environmental and food safety standards, while at the same time addressing the potential harmful consequences of globalisation.

*‘Not least, we are also talking about a future when the Union has a foreground role on the international stage, a future when the Member States, based on shared interests and mutual solidarity, support the Union's assertion as a global actor, having a decisive contribution to promoting the multilateral system grounded in rules.’*

Klaus Iohannis

The EU has also been actively engaged in the [establishment](#) of a [multilateral investment court](#) to address concerns about investor-state dispute settlement (ISDS) mechanisms. In addition, the EU is actively involved in the [reform](#) of the [World Trade Organization](#) (WTO) to resolve the looming deadlock on its dispute settlement system by the end of 2019, strengthen its monitoring role, and update international trade rules.

Heads of State or Government have shown a high level of convergence in their determination to support free and fair trade. A majority have expressed strong commitment to a rules-based multilateral trading system, and emphasised the role of the EU as a leading force for peace, stability and development. Some have pointed out that, although certain partners and allies have chosen to disengage from this system and pursue other paths, the EU Member States stand united, and in doing so, will continue to protect the interests of workers and consumers. Recent interventions have not focused on trade issues specifically but have stressed the importance of a strong Union on the global stage in preserving a rules-based multilateral system.

## Climate change and energy

*‘We are feeling the effects of climate change.’*

Angela Merkel

Three years after the [Paris Agreement](#) on climate change was adopted, the focus is now on its implementation. At international level, the Paris Agreement 'rulebook' was adopted in December 2018 by the UN climate change conference ([COP24](#)) in Katowice, Poland. At national and EU level, implementation means enacting policies to achieve the targets set out in the nationally determined contributions ([NDCs](#)) – in the case of the EU and its Member States, a 40 % reduction of greenhouse gas emissions by 2030, compared to 1990 levels.



Most of the Heads of State or Government speaking in the Future of Europe debates have mentioned climate change as a common challenge to be addressed. Some have reconfirmed their support for the full implementation of the Paris Agreement. A few have called to increase the commitments made in Paris, including by setting higher targets to achieve. They also welcomed the European Commission's [objective](#) of achieving a climate-neutral economy by 2050.

The EU has a comprehensive set of [energy and climate policies](#), including its [emissions trading system](#). It is [broadly on track](#) to achieve its climate and energy [targets](#) for 2020. These policies were reinforced in the 2015 [energy union strategy](#).

*“We are [in Denmark] well under way to reaching our goal of net zero emissions by 2050. I am happy to learn ... that the Commission has adopted the same vision of carbon neutrality. For all of Europe.”*

Lars Løkke Rasmussen

The Prime Minister of Spain, [Pedro Sánchez](#), was the only one among the most recent contributors to the Future of Europe debate to have stressed the importance of energy transition and interconnection in reducing emissions and fighting climate change. In earlier interventions, several Heads of States or Government have underlined the importance of reducing energy dependence by investing in innovation, including clean-tech energy, by relying on different types of energy, compatible with the EU's low-carbon economy objective, and by diversifying supply sources.

*“We have to bring together a global commitment on the energy transition.”*

Pedro Sánchez

To move towards a low-carbon society and achieve its international commitments ([NDCs](#)) under the Paris Agreement, the EU has revised its legislation regarding [emissions trading](#), [effort sharing](#), [energy efficiency](#), [renewable energies](#) and [energy performance of buildings](#) and introduced a new regulation regarding [land use and forests](#). In December 2018, Parliament and Council reached an agreement on legislative proposals regarding CO<sub>2</sub> emissions of [cars and vans](#) and the electricity market (a [regulation](#) and a [directive](#)). A proposal on the CO<sub>2</sub> emissions of [heavy-duty vehicles](#) is still under negotiation. The Commission proposed to raise climate-related spending in the next multiannual financial framework (2021-2027) to 25 % of the EU budget. To set the path to a future low-carbon economy, in November 2018, the European Commission adopted a [strategy](#) for a climate neutral Europe by 2050.

*“Europeans also expect us to tackle transformational challenges that are too big for a single Member State, such as European defence, climate change and digital transformation.”*

Jüri Ratas

*“Now, we should focus on the Paris Agreement and also take coordinated action aiming towards a more ambitious policy in the framework of the summit taking place in Katowice in Poland.”*

Nicos Anastasiades

The global environment has become more challenging: besides the US [withdrawal](#) from the Paris Agreement, a number of other [countries](#) have enacted only weak climate change policies. Public and private-sector investment in climate-friendly technologies such as renewable energies has [fallen](#) globally, while studies such as the United Nations Environment Programme (UNEP) [emissions](#)

[gap report](#) and the Intergovernmental Panel on Climate Change (IPCC) [special report](#) on global warming of 1.5°C indicate that efforts should be increased beyond the current NDCs to achieve the temperature targets of the Paris Agreement. As regards developing countries, many of their commitments are conditional upon the availability of climate finance, but achieving the amount set out in the Paris Agreement – US\$100 billion annually by 2020 – will prove difficult, even more so after the US stopped its payments to the UN Green Climate Fund. The EU remains committed to providing assistance to developing countries in the form of [finance](#) and expertise, and takes an active role in international [climate diplomacy](#).

There is a broad convergence of views among Heads of State or Government on the urgent need to act on climate and energy. Furthermore, most of the Heads of States or Government considered that the EU can play a leading role internationally in the implementation of the Paris Agreement whilst a few of them stressed the importance of energy transformation in reducing dependency and fighting climate change.

## Security and defence

*‘The Union, honourable members, must show the world that it has chosen to be a soft power, if I can put it that way, it’s a deliberate choice, it’s not the reflection of weakness.’*

Pedro Sánchez

Recent years have seen considerable progress in EU

security and defence initiatives. The EU's 2016 [Global Strategy](#) has been implemented through an [implementation plan](#) on security and defence, the European defence action plan (EDAP) and proposals to strengthen EU-NATO cooperation following the [Warsaw joint declaration](#). These actions provided the basis for the realisation of initiatives such as the European Defence Fund (EDF), the Coordinated Annual Review on Defence (CARD) and Permanent Structured Cooperation (PESCO), which aim to tackle inherent weaknesses of the European defence market and industry, and to enhance and optimise EU defence capabilities. In June 2017, the Commission presented a [reflection paper](#) on the future of European defence based on the Global Strategy.

Most of the Heads of State or Government intervening in the Future of Europe debates have agreed that the deteriorating global security environment requires a common response from the EU and its Member States. They stressed that the ongoing efforts to strengthen the internal/external security nexus will help to counter the threats that the EU faces, and ensure the security of its citizens.

*‘The implementation of the EU’s Global Strategy has already facilitated important developments in the security and defence fields and in consolidating links between the Union’s internal and external policies.’*

Klaus Iohannis

The European Defence Fund (EDF) aims to support collaborative research in innovative defence technologies and the development of defence products jointly agreed by the Member States. In July 2018, the EU adopted a [regulation](#) for a European defence industrial development programme (EDIDP) to finance the EDF until the end of the current budget period. The [aim](#) of the regulation is to improve the competitiveness and innovative capacity of the EU defence industry, by supporting cooperation between Member States. Under the new MFF, the fund will receive increased financing, through a [regulation](#) currently being negotiated.

*‘Although we recognise PESCO as a decisive step, our vision remains the military autonomy of Europe, the creation of a Euro army.’*

Nicos Anastasiades

In December 2017, 25 Member States agreed to launch PESCO. PESCO operates on the basis of concrete collaborative [projects](#) (currently 34) and commitments, geared towards strengthening EU defence. PESCO members commit to increasing national defence budgets and invest more in defence research. As part of its efforts to step up security and defence, the EU is also aiming to improve military mobility, including through PESCO and through cooperation with NATO, as expressed in the 2018 Joint Declaration on EU-NATO cooperation.

Three out of the most recent contributors to the Future of Europe debate called to push European defence cooperation beyond PESCO and achieve a genuine European Defence Union, in accordance with the Lisbon Treaty. They spoke of a European Army, complementary to NATO, as a possible long-term development towards which the EU must work. One of them, [Angela Merkel](#), considered that further European defence cooperation would help to foster economies of scale through the joint development of capabilities.

In December 2017, the High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the European Commission (HR/VP) presented further proposals regarding the future of EU security and defence, including such actions as activating the EU Battlegroups, launching a European Peace Facility and working towards a common strategic culture within the EU. The proposal for the European Peace Facility (EPF) was presented in June 2018 as an off-budget instrument alongside the next multiannual financial framework (MFF). Overall, the proposed new MFF will mark a significant [increase](#) in EU funding for security and defence.

*‘We ought to work on the vision of one day establishing a proper European army.’*

Angela Merkel

Looking to the future of EU security and defence, in his [2018 State of the Union](#) address, Commission President Juncker proposed that leaders agree, at the meeting in Sibiu on 9 May 2019, to broaden the scope of qualified majority voting in certain areas of CFSP, including sanctions regimes and decisions on civilian Common Security and Defence Policy (CSDP) missions. In November 2018, the Council and the Member States adopted a new [Civilian CSDP Compact](#), agreeing to increase contributions to civilian CSDP missions and to strengthen EU capacity to deploy civilian crisis-management missions. Divergence of views was expressed with regard to the decision-making process. Some of the Heads of State or Government explicitly called, in line with [Juncker's](#) proposal, to expand qualified majority voting (QMV) in foreign policy, including in civilian CSDP. One Head of State, [Nicos Anastasiades](#), considered this proposal as 'counterproductive to achieving the convergence' which is needed in security and defence.

The contributions of Heads of State or Government in the Future of Europe debate have shown, with the exception of views expressed on the decision-making process, a high degree of convergence of opinions on security and defence. For example, most of them have spoken of the common threats that the EU and the Member States face, primarily referring to the 'arc of instability' present in the EU's neighbourhood, terrorism and cyber-attacks. A number have highlighted that the EU and Member States need to elaborate a common response to threats, that balances and preserves the EU's interests internationally.

## Multiannual Financial Framework

*‘We are hopeful we will achieve, if not a conclusion of negotiations, at least significant progress in sensitive parts of this budget [during the Romanian Presidency].’*

Klaus Iohannis

Each year, the EU's budget is negotiated

within the limits set out in the seven-year multiannual financial framework (MFF). The MFF, besides being a financial plan, gives a vision of the EU's long-term priorities. With the current MFF for the 2014-2020 period entering its final phase, the preparation of the 2021-2027 MFF is already under way. The proposal, tabled by the Commission on 2 May 2018, takes into account the financial coverage of the engagements of the [Bratislava](#) and [Rome](#) declarations, the challenges identified during the debate on the [future of Europe](#) as well as the loss of a major contributor due to the UK's withdrawal.

All Heads of State or Government who have spoken on this issue outlined which policy priorities, in their opinion, deserve funding in the next MFF. Some stressed the need to develop new policies (such as security, innovation and the digital economy), others highlighted the contribution of the 'traditional' areas (the common agricultural policy – CAP – and cohesion policy), and some stressed the need for a balance between the two. Many Heads of State or Government have expressed their readiness to contribute more to the EU budget. Only Mark Rutte called for the EU budget to shrink after Brexit. Many of the others, however, stressed the need to provide the EU with a budget that matches its needs and ambitions. Around one-third of the Heads of State or Government addressed the creation of new own resources for the EU. Some stressed the need to avoid additional taxes for EU citizens. Only one, Emmanuel Macron, called for the end of all rebates after Brexit.

*‘Our union is worth a lot more than 1% of GNP. The money has to be spent prudently. We need the capacity to address the priorities that derive from the transnational challenges we face.’*

Pedro Sánchez

The MFF package includes legislative [proposals](#) on the 2021-2027 MFF, on own resources to finance the EU budget, and on linking the EU budget with the rule of law. This is completed with a series of further legislative proposals for new and continued spending programmes and funds under the next MFF. The Commission also proposed new instruments to strengthen the link between the EU budget and the European Semester. Changes were also envisaged on the revenue side, including modernisation of the current own-resources system, a basket of new resources, and gradual

*‘We want an ambitious budget that includes the necessary spending to address the current common challenges, ... such as the transition to digital integration, the promotion of sustainable development, climate change, innovation, migration, the rise of extreme nationalism, asymmetric threats and the fight against terrorism.’<sup>9</sup>*

Nicos Anastasiades

elimination of rebates. This reform, according to the [Commission](#), could be an opportunity to depart from the obsolete concept of Member States' net balances or 'fair return'.

Both Parliament and the Commission had sought to make an effort to reach agreement on the package before the May 2019 European elections. Meeting this deadline would help allow the new programmes to start on 1 January 2021, and avoid the delays that hindered the implementation of previous financial

frameworks. However, on 13 December 2018, the European Council decided to continue work at the level of the Council with a view to achieving an agreement only in autumn 2019.

There has been no clear convergence of views among the speakers to date on the next MFF. Opposing views persist as to funding of the CAP and cohesion policy. Some Heads of State or Government strongly reject any cuts, while others call for their consolidation and modernisation. Nevertheless, many of them agree that more initiatives should be funded in the areas of external relations, security and defence, and migration. Many have expressed willingness to contribute more to the EU budget, with some calling for additional own resources for the EU. Some, such as Anastasiades and Costa, stressed the need to focus the MFF on upgrading the quality of EU citizens' lives. Different to earlier interventions, most of the recent speakers hardly addressed this topic, or not at all.

## ENDNOTES

<sup>1</sup> The quotations presented in this briefing, taken from the speeches as published by the leaders' offices, represent a limited selection illustrating the six topics addressed in this text. For the full speeches, and the subsequent discussions with Members of the European Parliament, the verbatim record and video recording of each debate can be found on the plenary section of Parliament's website: [Leo Varadkar](#); [Andrej Plenković](#); [António Costa](#); [Emmanuel Macron](#); [Charles Michel](#); [Xavier Bettel](#); [Mark Rutte](#); [Mateusz Morawiecki](#); [Alexis Tsipras](#); [Jüri Ratas](#); [Klaus Iohannis](#); [Angela Merkel](#); [Lars Løkke Rasmussen](#); [Nicos Anastasiades](#), and [Pedro Sánchez](#).

More information is available on the European Parliament homepage on [Future of Europe](#).

<sup>2</sup> The term 'discussions' is used to refer both to Commission initiatives and to deliberations of the Presidents of the European Commission, the Euro Summit, the Eurogroup, the European Central Bank and the European Parliament.

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