Parliamentary hearings of the Commissioners-designate

An analysis of the portfolios of the von der Leyen Commission

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Contents

Foreword 1

Parliamentary hearings of the Commissioners-designate: A decisive step in the investiture process 3

Portfolios of the Commissioners-designate

Vice-Presidents
Frans Timmermans European Green Deal 11
Margrethe Vestager A Europe fit for the Digital Age 19
Valdis Dombrovskis An Economy that Works for People 27
Josep Borrell Fontelles A Stronger Europe in the World (High Representative of the Union for Foreign Affairs and Security Policy) 35
Maroš Šefčovič Interinstitutional Relations and Foresight 43
Věra Jourová Values and Transparency 47
Dubravka Šuica Democracy and Demography 51
Margaritis Schinas Promoting the European Way of Life 55

Commissioners
Johannes Hahn Budget and Administration 59
Phil Hogan Trade 63
Mariya Gabriel Innovation and Youth 67
Nicolas Schmit Jobs and Social Rights 71
Paolo Gentiloni Economy 75
Janusz Wojciechowski Agriculture 79
Thierry Breton Internal Market 83
Elisa Ferreira Cohesion and Reforms 89
Stella Kyriakides Health 93
Didier Reynders Justice 97
Helena Dalli Equality 101
Ylva Johansson Home Affairs 105
Janez Lenarčič Crisis Management 109
Adina-Ioana Vălean Transport 113
Olivér Várhelyi Neighbourhood and Enlargement 117
Jutta Urpilainen International Partnerships 121
Kadri Simson Energy 125
Virginijus Sinkevičius Environment, Oceans and Fisheries 129
Foreword

This compendium brings together a set of Briefings\(^1\) prepared by the European Parliamentary Research Service (EPRS) to assist Members of the European Parliament in gaining an overview of the parliamentary hearings of Commissioners-designate, which took place from 30 September to 8 October 2019, with additional hearings on 14 November. These public hearings form the backdrop to Parliament’s confirmation vote on the College of Commissioners put forward by Ursula von der Leyen, following her own election as Commission President by the European Parliament in July 2019. In addition to an overview of the process, setting it in its historical and political context, this volume contains a briefing on each of the Commissioners-designate and their portfolios. Each of these briefings highlights some of the key issues and recent developments in the portfolio, as well as recalling the Parliament’s activity in the area in the last parliamentary term.

For further information on a range of topics relevant to individual hearings, please see the following publications:


See also:

*Fact Sheets on the European Union*, European Parliament

‘In Focus’ policy papers on the *What Europe does for me website*, European Parliament

The European Parliament’s *Think Tank* website provide access to the full range of research publications prepared to assist Members in their parliamentary work.

\(^1\) Certain briefings have been amended to reflect the *revised portfolio titles* announced by the President-elect on 13 November 2019.
Parliamentary hearings of the Commissioners-designate
A decisive step in the investiture process

SUMMARY
The hearings of the Commissioners-designate before the European Parliament's committees are a necessary ingredient in informing Parliament's decision to give its consent to, or reject, the proposed College. Each Commissioner-designate appears before a single hearing, involving one or more parliamentary committees, after responding to a written questionnaire and presenting his or her declaration of interests.

In past hearings, the main points of criticism have been some candidates' lack of specialist knowledge of their portfolio, their vague answers and reluctance to make commitments, the existence of possible conflicts of interests in relation to the assigned portfolio and concerns regarding the integrity of the candidate. From the 2004 investiture on, Parliament has used its role in the appointment of the Commission to press for the replacement of certain controversial candidates and to force adjustments to certain portfolios, although it can only reject or accept the College as a whole.

Whilst some experts warn of excessive politicisation of the hearings, others welcome the increased accountability of the Commission to Parliament, and see the deepening political link between the two as a step towards further democratisation of the EU decision-making process. Hearings have become critical for Parliament's holding the Commission to account, and are gaining in significance as a means for Parliament to take a greater role in agenda-setting at EU level.

This is a further updated and expanded version of a 2014 briefing by Eva-Maria Poptcheva.
Parliament's role in the appointment of Commissioners

Ever-increasing influence

Commissioners were originally appointed by common accord of the Member States’ governments for a renewable term of office of four years (Article 158 TCEE). The Commission was composed of nine members, with small Member States appointing one Commissioner, and large Member States (France, Germany and Italy) two. The founding Treaties did not involve the European Parliament in the procedure leading to the appointment of the Commission, although Commission Presidents used to deliver a general policy statement before Parliament when taking office. Once the Commission was in office, Parliament could adopt a motion of censure of the entire College. Parliament pushed to be involved in the investiture procedure in the 1970s and 1980s, to enhance the democratic legitimacy of the Commission. Although not required by the Treaties, Parliament’s efforts led to the introduction of a vote of confidence in the designated Commission as early as 1981.

However, it was not until 1993, with the Maastricht Treaty, that Parliament formally gained a role in the appointment process. The Treaty aligned Parliament’s and Commission’s terms of office (5 years) and provided for Parliament to be consulted by Member States’ governments before nominating the President of the Commission. Similarly, the Treaty required the President and Commissioners to be subject as a body to a vote of approval of Parliament (Article 158 TEC). Parliament adapted its Rules of Procedure, to provide for the nominated President to make a statement, followed by a debate, in Parliament (Rule 29) and for the nominated Commissioners to appear before parliamentary committees (Rule 29a) before the vote of approval. The first Commission subject to such ‘hearings’ was the Santer Commission in 1995, although President Jacques Santer accepted the new procedure only after receiving assurances from the Parliament’s President that there would be no parliamentary vote on individual Commissioners-designate. The model for ‘confirmation hearings’ was those held by the US Congress on presidential nominations to judicial and executive posts.

The Amsterdam and Nice Treaties introduced further modifications in the composition of the Commission and the appointment procedure. With a view to the future enlargement of the Union towards the east, the Treaty of Nice provided for a reduction in the number of Commissioners, through the adoption of the principle of ‘one Commissioner per Member State’ (Article 4, Protocol on the enlargement of the European Union). The five large Member States (France, Germany, Italy, United Kingdom and Spain) thus lost their second Commissioner, a provision that was first applied to the first Barroso Commission (2004).

As for the appointment procedure, the Amsterdam Treaty gave Parliament a greater role in relation to the election of the President of the Commission, holding a separate vote of approval (not only being consulted) for the candidate nominated by the Member States (Article 214 TEC). Similarly, as of the Treaty of Amsterdam, Commissioners-designate would have to be nominated by the Member States by common accord with the President-elect of the Commission (and not only in consultation with him/her), a change that gave the President-elect of the Commission the formal power to veto the list of Commissioners. The Treaty of Nice involved the Council in the procedure as the institution formally in charge of nominating both the President (in this case, in the composition of Heads of State or Government) and the Commissioners by qualified majority. Consensus of all Member States was no longer required by the Treaties for nominating the candidate for the presidency (Article 214 TEC), although it has remained the rule in practice. However, in 2014, Jean-Claude Juncker was nominated by qualified majority, with two Member States voting against him.

The current situation

After the entry into force of the Lisbon Treaty, the link between the appointment of the Commission and European elections and, therefore, the parliamentarisation of the process leading to the appointment of the Commission, became more explicit, with the Treaties obliging the European Council to ‘take into account the elections to the European Parliament’ when proposing a candidate
for the Presidency of the Commission. Moreover, they confer to the Parliament the power to ‘elect’ (and not only to approve) the President of the Commission. This modification paved the way for the Spitzenkandidaten process, which led to the election of Jean-Claude Juncker in 2014. After the 2019 European elections, however, none of the Spitzenkandidaten were successful, with Ursula von der Leyen eventually elected the Commission’s President in July 2019. For the other members of the College, the Lisbon Treaty introduced several changes relating to the composition of the College, the criteria for selection and the appointment procedure.

Composition of the College: Possible reduction in the number of Commissioners?
The growing number of Commissioners (from 9 to 28), caused by successive EU enlargements and the decision to stick to ‘one Commissioner per Member State’, has led to concerns relating to the Commission’s capacity to act and adopt decisions as a collegiate body, to ensure coordination among Commissioners and to avoid competence overlaps and inefficiencies. The Lisbon Treaty envisaged a Commission that would consist of a number of members corresponding to 2/3 of the number of Member States as from November 2014, unless the European Council decided otherwise through a unanimous decision (Article 17(5) TEU). The composition of the Commission would have to guarantee equal rotation among nationals of the different Member States, as well as to reflect the demographic and geographical range of all Member States, as required by Articles 17(5) TEU and 244 TFEU. However, this provision has not yet been applied, as the European Council decided in 2013 to maintain one Commissioner per Member State for 2014-2019, and in June 2019 decided not to change this for the 2019-2024 Commission. In any case, the 2019-2024 Commission is expected to have only 27 members, as no UK candidate has been nominated. With the UK due to leave the EU on 31 October, the UK government communicated its intention not to nominate a candidate, and not to oppose adoption of the list of candidates, in August 2019.

Criteria to be fulfilled by Commissioners-designate
The Lisbon Treaty also introduced changes in relation to the criteria to be used when selecting the members of the Commission. The Commissioners are to be selected taking into account their general competence and independence, but also their European commitment, a criterion introduced in the Lisbon Treaty. Independence, including from national governments, is a requirement clearly linked to the characterisation of the Commission as the EU institution promoting the general (and not national) interest of the Union (Article 17(3) TEU). Despite this, some authors suggest that Member States try to influence the Commission through the appointment of loyal Commissioners (i.e. persons belonging to the government party) or through nominations that would guarantee them an important portfolio for their Commissioner (i.e. nominations of senior or high-profile politicians). Parliament’s Rules of Procedure include other criteria to be taken into account when evaluating the future Commissioners, that is to say, specific knowledge of the portfolio, communication skills and gender balance (Article 1, Annex VII).

Nominating the Commissioners: Who does what?
As regards the nominations of Commissioners and the High Representative of the Union for Foreign Affairs and Security Policy, who is also a Vice-President of the Commission (Article 17(5) TEU), the Lisbon Treaty provides for two different appointment procedures. The High Representative is appointed by the European Council, acting by a qualified majority, with the agreement of the Commission President (Article 18(1) TEU), whereas all the other Commissioners are proposed by the Member States’ governments and nominated by the Council in common accord with the President-elect of the Commission (Article 17(7) TEU). The composition of the Commission therefore does not usually reflect the political balance in the European Parliament but rather among national governments, with pan-European party politics playing a minor role in the selection of individual Commissioners-designate. This feature clearly distinguishes the EU’s institutional framework from parliamentary democracies, where the composition of the government tends to represent the majority in Parliament, to whom the national executive is also collectively responsible. However, with Parliament’s role in the procedure strengthened, a clear majority in Parliament could in future try to put pressure on the Council to take the results of European elections more into account when
nominating Commissioners. Similarly, the role played by the President-elect of the Commission in the nomination process seems to be evolving; while it is true that the President-elect is not able to shape the College in the same way as prime ministers usually do in parliamentary democracies, their current power to veto future Commissioners and to attribute responsibilities within the Commission has allowed Presidents-elect to lobby for specific candidates or for certain profiles, as Ursula von der Leyen promised to do to ensure gender balance within her College.

On 5 August 2019, the European Council, in agreement with Ursula von der Leyen, the President-elect of the Commission, appointed Josep Borrell Fontelles as High Representative. On 10 September 2019, the Council nominated, by common accord with von der Leyen, the rest of the candidates proposed as members of the Commission, made up of 12 women and 13 men. On the same day, the President-elect presented the structure of the future Commission aiming to reflect the priorities set out in her Political Guidelines. The future Commission would have eight Vice-Presidents, including the High Representative, with three Executive Vice-Presidents (Timmermans, Vestager and Dombrovskis) assuming a double role as Commissioners dealing with a specific portfolio and coordinators responsible for one of the core topics of the President-elect’s agenda. The other Vice-Presidents will have only the latter role, except for the High Representative, responsible for the European External Action Service and also the external aspects of the work of all Commissioners. All members of the College will work through different Commissioners’ Groups and Commissioners’ Project Groups, which will be created in order to ensure better coordination on each of the President-elect’s priorities. Each such group will be chaired by the relevant (Executive) Vice-President.

The final steps of the procedure: Parliament’s vote of consent.

Once the candidates are nominated, the Commission needs to obtain the consent of Parliament by a majority of the votes cast (Rule 125(7)) before being appointed by the European Council. ‘Hearings’ of Commissioners and the High Representative are not stipulated in the Treaties, but required under Parliament’s Rules of Procedure (Rule 125 and Annex VII). They are a necessary counterpart to the requirement of obtaining Parliament’s consent, which would have no substance if Parliament could not examine the aptitude of the candidates.

According to the Treaties, once Parliament has elected the President of the Commission by a majority of its component Members, it can only refuse or accept the Commission in its entirety and not individual Commissioners-designate – just as many parliaments in parliamentary democracies cannot vote on individual members of government other than the prime minister. This is a consequence of the collective responsibility of the Commission as a collegiate body. However, the threat to vote down the designated Commission has proven to be a powerful means to encourage national governments to replace Commissioners-designate opposed by Parliament and some see this as a step forward towards Commissioners’ individual responsibility to Parliament, a trend that would ultimately test the collegial character of the Commission.

The hearings procedure

The procedure for holding hearings is set out in Rule 125 of Parliament’s Rules of Procedure and in Annex VII thereto. Once future Commissioners are nominated and taking into account the allocation of portfolios within the College, Commissioners-designate are requested by Parliament’s President to appear before the appropriate committees or bodies. The hearings are organised by the Conference of Presidents, on a recommendation from the Conference of Committee Chairs. The chair and coordinators of each committee are responsible for the detailed arrangements. Hearings are held in public and are broadcast live.

Examination of the declarations of interests of Commissioners-designate.

Each Commissioner-designate is subject to a single hearing, but before that, the Parliament’s Legal Affairs Committee examines the declaration of financial interests presented by each Commissioner-designate to confirm that there is no conflict of interests in connection with their future portfolio in the Commission. After the 2014 hearings, the Legal Affairs Committee analysed the process and the extent of Parliament’s scrutiny over the declarations of interests. The Rules of Procedure were then
modified in 2016 to make the examination of the declaration of financial interests of Commissioners-designate a precondition for the committee responsible holding a hearing.

According to the current Rules of Procedure, if the Legal Affairs Committee is not satisfied by the declaration of financial interests presented by a Commissioner-designate, it can request supplementary information and invite the Commissioner-designate to a discussion. If a conflict of interest were to be identified, the Legal Affairs Committee would draw up recommendations aimed at resolving the conflict and, as a last resort, may conclude that the Commissioner-designate would be unable to take up their duties at the Commission. In that case, the Rules of Procedure provide that Parliament’s President informs the President-elect of the Commission, who would decide on what steps to take. Although the consequences of a negative evaluation of the declaration of interest made by a Commissioner-designate are unclear, Parliament’s Rules of Procedure provide for the suspension of the appointment procedure as regards the specific Commissioner-designate until a solution to the conflict of interests is found or the President-elect decides on what steps to take. However, if the President-elect of the Commission were not to take note of the negative opinion, it could put at risk the approval of the whole Commission by Parliament.

Parliament has also attempted to reinforce scrutiny over the future Commission through extending the scope of the declarations of interest, as they were considered too narrow and ambiguous. Following Parliament’s calls to modify the 2011 Code of Conduct for Commissioners, the 2018 Code of Conduct broadened the scope of the declaration of interest that members of the Commission have to present to include, among other things, all financial interests of a value of more than €10 000 (regardless whether they are likely to constitute a conflict of interest); the financial interests of minor children, where those might be considered capable of giving rise to a conflict of interest; and membership of associations, political parties, trade unions, NGOs or other bodies if their activities are intended to influence or affect the exercise of public functions. Similarly, the new Code of Conduct provides for Commissioners-designate to make their declaration of interest available to Parliament in due time to allow its examination.

Organisation of the hearings: Committee responsible and allocation of time.

Once the Legal Affairs Committee has examined the declarations of Commissioners-designate, hearings take place before the appropriate committees or bodies. If the portfolio of a Commissioner-designate falls within the remit of one parliamentary committee, only that committee will be involved in the hearing (committee responsible). Hearings may, however, involve more than one parliamentary committee. If the portfolio of a Commissioner-designate falls equally within the remit of more than one committee, he/she shall be heard jointly by those committees (joint committee). Conversely, if the portfolio of a Commissioner-designate is mainly within the remit of one committee and only to a limited extent within that of others, they will be heard by the committee mainly responsible, with the other committee(s) also participating (associated committees). The portfolios often fall across the remits of different parliamentary committees, thus in the 2014 hearings, there were nine hearings with joint committees and nine with associated committees. For Commissioners-designate (or Vice-Presidents) with cross-cutting competences, a different format may be used provided that the committee responsible is involved. As it is impossible to involve all committees in individual hearings, even if the portfolio touches on their remit, Parliament proposed a different format following the 2014 experience: a meeting of the Conference of Presidents or of the Conference of Committee Chairs open to members of the committees responsible. In 2014, a hearing before the Conference of Presidents open to all Members was the format used for the First Vice-President, Frans Timmermans, whose competences had a distinctly horizontal nature.

Committees submit written questions to the Commissioners-designate before the hearings. Commissioners-designate receive two common questions drafted by the Conference of Committee Chairs. The first is on their general competence, European commitment and personal independence. The second is on the management of the portfolio and their cooperation with Parliament. The Committee responsible for the hearing drafts five policy-specific questions about
their main priorities and legislative initiatives. In the case of joint committees, each may ask three questions. Sub-questions are not allowed. Associated committees only participate in the hearings, where they can ask oral questions. The curriculum vitae of the Commissioners-designate and their answers to the written questions are made available on Parliament’s website before the hearings.

Each hearing lasts three hours. Commissioners-designate make an opening statement of no more than 15 minutes. A session of questions and answers follows. In the 2014 hearings, the Conference of Presidents decided to have 45 single questions and answers. Therefore, no committee used a systematic question and answer ‘ping pong’, although some allowed certain ‘ping pong’ questions and answers or occasional follow-up questions. Aiming to make hearings more flexible and dynamic, Parliament’s current Rules of Procedure provide for an oral hearing of up to 25 questions, with a follow-up question to be asked immediately by the same MEP within their allocated time. Speaking time is allocated to Members taking into account the size of each political group (including the non-attached Members), as required under Rule 171. In order to avoid repetition, questions are grouped by topic. Commissioners-designate may also make a brief closing statement.

The 2019 hearings are scheduled to take place from 30 September (afternoon) until 8 October. The Vice-Presidents-designate and Executive Vice-Presidents-designate will appear last, with the final day focusing on the latter three. Eleven hearings are scheduled to take place in the joint committee format, sometimes with additional associated committees (9 cases). Ten further hearings are scheduled to take place with associated committees. In many cases, invited committees will also participate. The Executive Vice-President hearings will be held by the relevant parliamentary committees, since evaluation by the corresponding committees of their suitability for their important operational portfolios was considered crucial by Parliament.

Evaluation of Commissioners-designate after the hearings.

The chair and coordinators of the committee responsible for the hearing (or of the joint committees) meet in camera after the hearing to evaluate the Commissioner-designate's suitability to be a member of the Commission and their suitability to deal with the assigned portfolio. There is one single evaluation letter for each candidate, including the opinions of any associated committees. If the coordinators unanimously approve or reject the Commissioner-designate, a letter of approval or rejection will be submitted. If coordinators representing a majority of at least two-thirds of the committee membership approve the candidate’s performance, the letter of approval will state that the candidate was approved by a large majority of the committee and minority views will be mentioned if requested. If the two-thirds majority is not attained, the coordinators shall request further information from the Commissioner-designate through written questions and, if they are still dissatisfied, can request a resumed 1.5-hour hearing subject to the approval of the Conference of Presidents. If the coordinators are still unable to reach the two-thirds majority, the chair will convene a committee meeting and call a vote, first, on the candidate’s suitability to become a member of the Commission and after on their suitability to carry out the duties assigned. Committees' evaluation letters are to be transmitted within 24 hours of the completion of the evaluation. Those letters are examined by the Conference of Committee Chairs and conveyed to the Conference of Presidents to ensure horizontal scrutiny of the evaluation results. The Conference of Presidents then declares the hearings closed and authorises the publication of all letters of evaluation, which are then published simultaneously.

After the hearings have concluded, the President-elect presents the College of Commissioners and its programme in plenary. The Presidents of the European Council and of the Council are invited to attend. The statement is followed by a debate, and any political group or at least one-twentieth of Members of Parliament (low threshold) may table a motion for a resolution. Finally, consent to the Commission as a whole is given by a vote in plenary, whereby the majority of the votes cast, by roll call, is necessary. The new Commission can then be formally appointed by the European Council, acting by qualified majority.

Parliament's Conference of Committee Chairs will examine the evaluation letters for all hearings on 15 October. On 17 October, the Conference of Presidents will aim to declare the hearings closed. Parliament is then expected to vote in plenary on the Commission as a whole on 23 October.
Parliamentary hearings of the Commissioners-designate

Critical issues in past hearings

The first Commission subjected to hearings was the Santer Commission in 1995, where the parliamentary committees made many critical comments on certain Commissioners-designate, and asked for Irishman Padraig Flynn to be assigned a different portfolio. The main point of criticism in the hearings was the lack of specialist knowledge of some candidates on their portfolio, as well as their vague answers and reluctance to make commitments, invoking the collegiate decision-making of the Commission. This led in subsequent hearings to Commissioners-designate preparing more thoroughly on the concrete policy fields and even making concrete commitments and signing commitments proposed by a parliamentary committee – a practice established by the Economic and Monetary Affairs Committee in 2010, with Joaquín Almunia, Michel Barnier, and Olli Rehn.

Parliament pressed for the first time for the replacement of a Commissioner-designate in 2004. Amongst other things, Italian nominee Rocco Buttiglione drew sharp criticism due to his comments on the role of women and on homosexuality. President-elect José Manuel Barroso was obliged to ask Parliament to postpone its vote, and came back with two new Commissioners-designate and a change in another portfolio. Buttiglione’s appointment was withdrawn by the Italian government, and Franco Frattini was nominated and inherited the Justice, Freedom and Security portfolio from his unsuccessful predecessor. Latvia also withdrew Ingrida Udre’s nomination, due to her possible involvement in political and legal malpractice, and Andris Piebalgs was nominated instead. Hungarian nominee László Kovács, who had been criticised due to his lack of preparation and specific knowledge on his future portfolio (Energy) was assigned a different portfolio (Taxation and Customs Union). In 2009, the focus fell on Bulgarian nominee Rumiana Jeleva, whose business dealings and her competence in her portfolio were questioned in the hearing. As a consequence, the Bulgarian government withdrew her nomination and proposed Kristalina Georgieva instead.

In 2014, Slovenian nominee Alenka Bratušek, a former prime minister, was rejected by the Committees on Environment, Public Health and Food Safety, and Industry, Research and Energy as the Vice-President for Energy Union due to her poor knowledge of the portfolio and ethical concerns linked to her appointment as Commissioner-designate by a government headed by herself. Slovenia withdrew her nomination and appointed Violeta Bulc, who took up her duties as Commissioner for Transport. Hungarian nominee Tibor Navracsics did receive a vote of approval as Commissioner-designate, but not for the proposed portfolio (Commissioner for Education, Youth, Culture and Citizenship), with MEPs criticising the attribution of competences related to citizenship due to his close ties with the Hungarian prime minister. Both negative votes were followed by changes in the initial portfolio allocations made by President-elect Juncker in order to secure Parliament’s approval.

Strengthening the Commission’s democratic accountability

The hearings of Commissioners-designate have contributed to increasing the political dynamic in relations between Parliament and Commission, similar to that found in the national context. Many experts and stakeholders credit the procedure with having further politicised the European Commission, and therefore also the EU decision-making process, which is seen by many as a necessary step towards further democratisation. Similarly, it is widely agreed that the hearings play a major role in the Commission’s accountability to Parliament. Whilst seen as an ordeal, once passed it strengthens the new Commissioners’ positions. This is all the more important given Parliament’s increasing efforts to shape, together with the Commission and Council, the Union’s annual and multiannual programming (Article 17(1) TEU). Hearings could therefore become the starting point for stronger political agenda-setting at EU level.

However, the growing politicisation of the parliamentary hearings is not universally welcomed. Some point out that a parliamentary-based Commission would not be independent enough and would not have the legitimacy to carry out its traditional duties, for example, of acting as guardian of the Treaties or monopolising the right of legislative initiative. Criticism has been expressed by some experts that the Commissioners-designate are tested in the parliamentary hearings on their
competence in the portfolio assigned whereas the Treaties stipulate that the Commissioners be chosen on the ground of their ‘general competence and European commitment’. Moreover, the focus on the political views of individual Commissioners-designate is seen by some as contradictory to the Parliament being able only to approve or reject the Commission as a whole. The possibility of Parliament rejecting the whole College because of the bad performance of one Commissioner-designate is thus seen as a disproportionate measure. Some argue that MEPs’ far more aggressive interrogation of candidates from opposing European political families than of those belonging to their own results in a power struggle not only within the institutional triangle of EP, Council and Commission, but also between the political groups in Parliament. This may be seen to reduce the future ability to build stable majorities throughout the legislative period.

MAIN REFERENCES


ENDNOTES


8 Thomas Beukers, op. cit., p. 53.

9 For a detailed analysis of the whole process, see Thomas Beukers, op. cit.


11 Sergio Fabbrini, op. cit., p. 580.

12 Julie Smith, op. cit., pp., 68-69.

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Frans Timmermans
Vice-President: European Green Deal

Hearing due to be held on Tuesday 8 October at 18.30 hours.
European Parliament committee responsible: Environment, Public Health and Food Safety (ENVI).

Frans Timmermans, born in 1961, was the Party of European Socialists' lead candidate in the 2019 European Parliament elections. First Vice-President of the European Commission since November 2014, Timmermans’ current responsibilities include better regulation, inter-institutional relations, the rule of law, the Charter of Fundamental Rights, and sustainability. During his term of office he has led the work on the circular economy and plastics strategies, including legislative proposals to reduce plastic pollution and phase out single use plastic products. He was also closely involved in the EU’s negotiation, adoption and implementation of the United Nations (UN) sustainable development goals. With regard to the rule of law, he was in charge of the Commission’s measures to protect judges in Poland from political control.

Following postgraduate studies in European law and French literature, Timmermans began his professional career in 1987, as a policy officer in the Dutch Ministry of Foreign Affairs and served as Deputy Secretary of the Dutch embassy in Moscow from 1990 to 1993. From 1994 to 1995, he worked for EU Commissioner Hans van den Broek, and was Senior Advisor and Private Secretary to Max van der Stoel, the High Commissioner on National Minorities of the OSCE, from 1995 to 1998.

Timmermans became a Member of the Dutch Parliament for the Partij van de Arbeid (Dutch Labour Party) in 1998, and was re-elected five times. He was Minister of European Affairs from 2007 to 2010 and served as Minister for Foreign Affairs of the Netherlands from 2012 to 2014.

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019
Background

President-elect Ursula von der Leyen has designated Frans Timmermans as Executive Vice-President responsible for the European Green Deal. His mission letter puts him in charge of an ecological transition that would help protect the planet and the environment, and make Europe the first climate-neutral continent, while ensuring a just transition for those most affected. Like the seven other Vice-Presidents, he is to steer and coordinate a thematic group of Commissioners. As Executive Vice-President, he will have responsibility for the climate action portfolio, as well as chairing the College of Commissioners in the absence of the President.

The President-elect has tasked Frans Timmermans with presenting the European Green Deal within the first 100 days of the new Commission's mandate and with coordinating work on a new Just Transition Fund. Also in the first 100 days, he should present a new European Climate Law that sets a climate-neutrality target for 2050. A new European Climate Pact should bring together regional and local authorities, civil society, industry and schools to agree on commitments to change behaviours. Tax policies should be reformed in line with climate ambitions, which includes work on a border carbon tax and a review of the Energy Taxation Directive. Another task is mainstreaming biodiversity across all policy areas and work on the Biodiversity Strategy for 2030. Further objectives include the EU zero-pollution ambition, the circular economy and a new 'Farm to Fork' strategy for sustainable food. Moreover, Timmermans is to work on reducing the transport sector carbon footprint and ensuring the blue economy contribution to climate objectives.

Europe has long been a global leader in environmental protection, and notably a champion of global climate action. The EU is committed to taking action to limit global warming to well below 2°C above pre-industrial levels, in line with the 2015 Paris Agreement. The European Union's nationally determined contribution – its international commitment – is a 40% reduction of greenhouse gas (GHG) emissions by 2030, compared to 1990. A long-term EU low carbon strategy is under development, based on the Commission's 'clean planet' strategy, published in November 2018.

For the period to 2020, the EU's targets are: a 20% reduction in GHG emissions compared to 1990; a 20% market share for renewable energy sources; and a 20% improvement in energy efficiency. These '20-20-20' targets were agreed by EU leaders in 2007, and enacted in the 2009 climate and energy package. With a 22% reduction in GHG emissions by 2017, the EU is likely to achieve its 2020 GHG target. Achieving the 2020 targets for renewable energy sources and energy efficiency will be more challenging, and will require additional efforts by Member States.

The EU Emissions Trading System (ETS) is the main instrument for achieving GHG reductions in the electricity sector and other energy-intensive industries. For sectors not covered by the ETS, the Effort Sharing Regulation establishes national emission targets for EU Member States for 2021-2030. Emissions from transport are covered by separate EU legislation. Under the EU's 2014-2020 Multiannual Financial Framework (MFF), at least 20% of the budget across all EU spending areas should be spent on actions related to climate change, and a minimum of 25% climate-related spending has been proposed by the Commission for the next MFF (2021-2027).

European citizens and populations worldwide benefit from reduced climate change impacts resulting from emission reductions. The EU aims at reducing citizens' vulnerability to climate change impacts through better coordination of adaptation measures. EU businesses benefit from a level playing field if climate policies are harmonised across Europe and worldwide. A market-based emissions trading system enables industry to reduce emissions at lowest cost. Clarity about future climate policies reduces uncertainty for investments.

While Europe has reduced its GHG emissions, global emissions have grown by 63% since 1990 and show no signs of peaking. If GHG emissions are not reduced in the near term, the internationally agreed target of limiting global warming to well below 2°C is likely to be missed. As mitigation of climate change cannot be addressed by unilateral measures in one region, a global effort was
launched in 1992 with the UN Framework Convention on Climate Change (UNFCCC), which resulted in the conclusion of the Paris Agreement in 2015.

Recent developments

Climate action

The Juncker Commission has taken a unified approach to climate and energy policy. Maroš Šefčovič was appointed as Vice-President for Energy Union, and Miguel Arias Cañete as Commissioner for both climate and energy. In line with the EU’s commitment to provide its citizens and businesses with secure and affordable energy, while also addressing the causes of climate change, the European Commission launched its European energy union strategy in February 2015. The strategy has five inter-related dimensions, one of which is decarbonising the economy. It builds on the 2030 policy framework for climate change and energy agreed in October 2014 by the European Council, which laid down key EU targets to be achieved by 2030 for emission reductions, renewable energy sources and energy efficiency.

The Commission completed all the actions outlined in the energy union strategy, following the guidelines set by the European Council. This happened mainly through a series of legislative packages, which put in place the climate and energy framework for the period up to 2030. The legislative proposals relating to the energy union were agreed by the co-legislators, often with more ambitious targets than in the original Commission proposals and European Council guidelines. A regulation on the governance of the energy union aims to ensuring coherence in the implementation of the policies by Member States and requires Member States to develop National Energy and Climate Plans (NECP) and submit regular progress reports. In June 2019, the Commission published an overall assessment of the 28 draft NECPs, together with country-specific recommendations. Member States have until the end of 2019 to submit their final NECPs.

On the international scene, the Commission played a leading role in negotiations leading to the Paris Agreement and its implementation, and other agreements. The fourth report on the state of the energy union (April 2019) takes stock of the achievements of EU climate and energy policies and points out areas where more efforts are needed.

In the last legislative term, the co-legislators adopted comprehensive legislation to enact post-2020 climate and energy policy. A revised EU Emissions Trading System (ETS) Directive, in line with the European Union’s 2030 GHG reduction target, was adopted in March 2018. Regulations on effort-sharing to reduce GHG emissions in the sectors outside the ETS, and on new rules for accounting for and reducing GHG emissions from land use and forestry were adopted in May 2018. In December 2018, the co-legislators adopted a revision of the Renewable Energy Directive that increases the 2030 target for renewable energy market share to 32 %. A Regulation concerning post-2020 emissions trading for the aviation sector, taking account of the development of a global market-based measure in the International Civil Aviation Organization, was adopted in December 2017.

To decarbonise the transport sector, the Commission presented a European strategy for low emission mobility in July 2016 and a European strategy on cooperative, intelligent transport systems in November 2016. In November 2017, the Commission adopted an action plan for alternative fuels infrastructures. A Regulation on monitoring and reporting of CO₂ emissions from heavy-duty vehicles entered into force in July 2018. Another, setting post-2020 CO₂ targets for cars and vans was adopted in April 2019, followed by a Regulation setting the first-ever CO₂ targets for heavy-duty vehicles and a revised Directive on promoting public procurement of clean vehicles in June 2019.

The Commission’s October 2018 progress report on climate action, entitled ‘EU and the Paris Climate Agreement’, estimates that full implementation of the EU legislation adopted in 2018 would result in a 45 % emission reduction by 2030. In November 2018, the Commission adopted the ‘clean planet for all’ strategy, aiming for a prosperous, modern, competitive and climate-neutral economy by
2050. It analyses scenarios for long-term decarbonisation, as a basis for a debate on the transformation towards an emission-neutral economy.

Sustainable investments

In March 2018, under its capital markets union project and as part of a broader initiative on sustainable development, the European Commission presented an action plan on sustainable finance, to facilitate investments in sustainable projects and assets across the EU.

The Commission presented a package of measures on the financing of sustainable growth in May 2018. The package includes three proposals aimed at establishing an EU taxonomy on sustainable economic activities, improving disclosure requirements and creating a new category of benchmarks to help investors measure the carbon footprint of their investments. A common language for sustainable finance (e.g. a unified EU classification system, or taxonomy) with a framework of uniform criteria would be established, as a way to determine whether a given economic activity is environmentally sustainable.

Financial benchmarks have an important impact on investment flows. Many investors rely on them for creating investment products, measuring their performance and devising asset allocation strategies. The Commission proposes to create a new category of benchmarks comprising low-carbon and positive-carbon-impact benchmarks, by amending the Benchmark Regulation. A proposed regulation on disclosures aims to integrate environmental, social and governance considerations into investors' and asset managers' decision-making processes. It also aims to increase the transparency duties of financial intermediaries towards end-investors, with regard to sustainability risks and sustainable investment targets. This should reduce investors' search costs for sustainable investments and enable easier comparison between sustainable financial products in the EU.

The legislative procedures for the proposals on disclosure and benchmarks are nearly completed, while the proposal on taxonomy awaits a decision in Council.

Circular economy

Policies to enable the transition to a more circular economy were a major focus in the last parliamentary term. In 2015, the European Commission adopted a broad package, with an action plan outlining 54 measures addressing various aspects of the circular economy and focusing on five priority areas (plastics, food waste, critical raw materials, construction and demolition, and biomass and bio-based products). A strategy dedicated to plastics was presented in January 2018. Major pieces of legislation adopted in that context include updated rules on waste, introducing in particular new recycling targets; a new Regulation on fertilising products encouraging the recycling of nutrients in agriculture; a Directive on port reception facilities for collecting waste from ships; and a Directive to curb marine litter from single-use plastics and fishing gear. A Directive to reduce the use of lightweight plastic carrier bags was adopted earlier in the term. International developments relevant to waste management in Europe include recent amendments to the Basel Convention on hazardous wastes, which will subject cross-border shipments of plastic wastes (either hazardous or hard-to-recycle) to the Convention's control mechanisms, i.e. require exporters to obtain the 'informed consent' from the receiving country before the shipment can take place. Another significant development for the EU waste sector is China's decision to ban the import of certain waste material, including plastic waste, which came into effect in January 2018. The country used to receive 85% of the EU's plastic waste exports.
Priorities and challenges

President-elect von der Leyen's political guidelines

In her political guidelines for the next Commission, President-elect Ursula von der Leyen outlines a plan for a European Green Deal that would set Europe on a path towards becoming the first climate-neutral continent by 2050. She presents this as the 'greatest challenge and opportunity of our times', requiring decisive action, investment in innovation and research, a redesign of the EU economy and an updated industrial policy. Specific actions would include extension of the Emission Trading System to the maritime sector and gradual reduction of free emission allowances for airlines. To ensure a level playing field for European companies, a carbon border tax, compliant with World Trade Organization rules, would be introduced gradually. The Energy Taxation Directive would also be reviewed. Von der Leyen promises to propose the European Green Deal in her first 100 days in office, as well as to enshrine the 2050 climate-neutrality target in a new European climate law.

To support the people and regions most affected by the transition towards climate neutrality, the political guidelines announce a new Just Transition Fund. The need for greater motivation and education would be addressed by a European Climate Pact, gathering together regions, local communities, civil society, industry and schools to develop and commit to a set of pledges to change behaviour, by everyone, from individual citizens to large multinational companies. A Sustainable Europe Investment Plan would help to mobilise around €1 trillion of investment over the next decade.

As part of the plan for a 'European Green Deal', the political guidelines include commitments to present a biodiversity strategy for 2030; a 'Farm to Fork Strategy' on sustainable food along the whole value chain; a cross-cutting strategy to protect citizens’ health from pollution, covering air and water quality, hazardous chemicals, industrial emissions, pesticides and endocrine disrupters; and a new circular economy action plan focusing on specific sectors (textiles and construction); as well as to tackle micro-plastics.

The strategic agenda 2019-2024, adopted in June 2019 by the European Council, sets out a vision on a climate-neutral, green, fair and social Europe. Key missions entrusted to the EU under this initiative include further improvements to the urban and rural environment; enhancing the quality of air and water; promoting sustainable agriculture; and leading efforts to fight biodiversity loss and preserve environmental systems, including oceans. The agenda stresses the need for a deep transformation of the EU economy and society to achieve climate neutrality, conducted in a way that is socially just and accommodates national circumstances. The emergence of new social movements like the 'yellow vests' and 'Fridays for future' underlines the importance of the social aspects of the low-carbon transition.

Following up on the Commission’s clean planet strategy, the EU will develop its long-term low-carbon strategy under the Paris Agreement. The European Council intends to finalise its guidance before the end of the year, with a view to the adoption and submission of the EU’s long-term strategy to the UNFCCC in early 2020. This is also a priority for the Finnish Council Presidency. A large majority of Member States favour climate neutrality in the EU by 2050 – in line with the previous Parliament’s position – but the June 2019 European Council could not reach a unanimous conclusion on the date.

In international climate diplomacy, the climate change conference in Santiago de Chile (COP 25, 2019) is expected to finalise the rulebook for the Paris Agreement by completing negotiations on article 6 (international carbon markets). Negotiations on implementing the agreements on climate action in the aviation and shipping sectors will continue in the International Civil Aviation Organization and the International Maritime Organization.

Biodiversity conservation – an important concern for a majority of citizens – is a pressing challenge. The first global assessment of the state of nature, released by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) in May 2019, points to an unprecedented and accelerating decline. It warns that human activity, responsible for significant alteration of 75 % of the land-based and about 66 % of the marine environment, is driving one million species to extinction. At its meeting in October 2020, the conference of the parties to the UN
Convention on Biological Diversity (including the EU) is expected to adopt the post-2020 global biodiversity framework, with conservation goals for the next decade. In this context, the Commission could put forward a successor to the EU biodiversity strategy, reflecting developments at international level.

Public opinion

A 2017 special Eurobarometer survey showed that protecting the environment is important for 94% of Europeans. Respondents considered climate change (51%); air pollution (46%); and the growing amount of waste (40%) to be the most important environmental issues, followed by the pollution of rivers, lakes and ground water (36%). A 2018 poll conducted for the European Parliament revealed that 75% of EU citizens support increased EU action on environmental protection.

In the Spring 2019 Eurobarometer survey, climate change and environment was one of the topics that rose in importance: 43% of respondents said that these issues should be debated as a matter of priority during the electoral campaign, a gain of 3 percentage points compared to the previous edition. Among the respondents that intended to vote in the European elections, climate change was ranked as the most important topic (55%). Combating climate change and environmental protection was the top issue in seven Member States (Sweden, the Netherlands, Denmark, Finland, Belgium, Luxembourg and Germany), two more than in the September 2018 edition.

First results of Parliament’s post-electoral survey show that among the top issues that impacted on citizens’ voting decisions, combating climate change and protecting the environment rank second (together with promoting human rights and democracy, 37%), following economy and growth (44%).

The latest Standard Eurobarometer survey released in August 2019 confirms that environment and climate change are issues of increasing concern to Europeans.

European Parliament

Treaty basis and European Parliament competence

EU environmental policy is based on Articles 191 to 193 of the Treaty on the Functioning of the European Union (TFEU). Article 11 TFEU also requires environmental protection to be taken into account in other EU policies (a process known as ‘mainstreaming’). Combating climate change has been an explicit EU objective since the Lisbon Treaty. Article 191 of the Treaty on the Functioning of the European Union (TFEU) lists climate action as one of the objectives of EU environmental policy.

Environmental policies are a shared competence between the EU and Member States, and subject to the ordinary legislative procedure (co-decision by Parliament and Council), with the exception of fiscal matters, town and country planning, land use, quantitative water resources management, choice of energy sources and structure of energy supply, which require unanimity in the Council. For the EU to become a party to international agreements, the Parliament must give its consent.

In the area of climate action, the Parliament is co-legislator under the ordinary legislative procedure. The Parliament set out its views on the energy union in its resolution of December 2015, reiterating its calls for more ambitious targets for energy efficiency and renewable energy. In the legislative process, the Parliament succeeded in raising the 2030 targets beyond the levels set out by the European Council. A parliamentary delegation participated in the annual UN climate conferences, notably the COP21 in Paris. In preparation of the 2018 climate change conference in Katowice, Poland, the Parliament adopted a resolution advocating a 1.5°C global warming target and calling for a 55% emission reduction in the EU by 2030. In March 2019, the Parliament adopted a resolution on climate change, welcoming the Commission’s ‘clean planet strategy’ and calling for an overarching approach towards achieving net zero emissions by 2050.

A strong advocate of the transition to the circular economy, Parliament has been a supporter of ambitious policies in the field to date. Its long-standing demands to the Commission in relation to resource efficiency include a call for a review of eco-design legislation and relevant product-policy
legislation, for the gradual inclusion of mandatory resource-efficiency requirements for product design, and for new public procurement procedures to encourage circular products and business models. Encouraging the uptake of secondary raw materials, e.g. by considering the introduction of requirements on minimum recycled content in specific products, and dealing with chemicals of concern to ensure the development of non-toxic material cycles, have also been important issues for Parliament in recent years.

Improving the implementation of environmental legislation is a key cross-cutting priority repeatedly underlined by Parliament over the years, most recently in relation to waste. Overarching initiatives that the Parliament has indicated that it expects from the Commission in the near future include, besides the proposal for an eighth environmental action programme, a comprehensive framework strategy on the implementation of the sustainable development goals in the EU, with a review mechanism to assess progress. In its April 2018 resolution, it called explicitly on the Commission to dedicate 'a priority area' to sustainable development, environment and climate in the new legislative term.
FURTHER READING


Climate action, European Commission (website).


A just energy transition, opportunity for EU industries, the role of hydrogen in the future and the example of energy transition in Germany, Directorate-General for Internal Policies, European Parliament, June 2019.


What Europe does for me, European Parliament (website).

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Margrethe Vestager

Vice-President: A Europe fit for the digital age

Hearing due to be held on Tuesday 8 October at 14.30 hours.

European Parliament committees responsible: Industry, Research and Energy (ITRE); Internal Market and Consumer Protection (IMCO); and Economic and Monetary Affairs (ECON).

Margrethe Vestager, born in 1968, is currently European Commissioner for Competition in the Juncker Commission, and has presided over a mandate marked by many high-profile antitrust and merger cases, not least in the digital, energy, telecom and transport sectors. She was one of the ALDE party’s list of lead candidates in the 2019 European elections, and participated in the major campaign debates. She holds a Master’s degree in economics from the University of Copenhagen. In 1991 she spent time working unpaid for the Danish Social Liberal Party at the European Parliament. In 1993, Vestager joined the Danish Ministry of Finance as a head of section, and then worked as a special consultant and Head of Secretariat at the Agency for Financial Management and Administrative Affairs.

Vestager was appointed to the posts of Minister for Education and Minister for Ecclesiastical Affairs in 1998. In 2001, she was elected to the Danish Parliament where she represented the Danish Social Liberal Party until 2014. In 2011, Vestager became political leader of the party and chair of its parliamentary group, and took up the posts of Minister for Economic Affairs and the Interior, and Deputy Prime Minister. She was president-in-office of the Ecofin Council in 2012. She is the author of numerous articles and lectures on political and institutional subjects, including the EU. In 2017 she received an honorary doctorate from KU Leuven.

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019
Background

Margrethe Vestager has been nominated to take up the role of Executive Vice-President for a Europe fit for the digital age. This will mean acting on behalf of the Commission President and helping her exercise her rights and prerogatives. The Executive Vice-President will have a dual role. The first will involve coordinating and steering work across the Commission at the helm of the thematic Commissioners’ Group on a 'Europe fit for the digital age', one of the six main ambitions of the President’s political guidelines. She will be supported in this by the secretariat-general. The second role is to oversee competition policy, with support from the Commission’s directorate-general for competition (DG COMP).

Digital transformation continues to bring unprecedented changes to every aspect of the economy and society, bringing both new opportunities and new risks. The main task of the Executive Vice-President in this respect will be to ensure that Europe makes the most of the enormous potential of the digital age. This part of the portfolio contains initiatives aimed at strengthening EU’s industry and innovation capacity, as well as its technological leadership and strategic autonomy. This will not be possible without a well-functioning single market and its cornerstone – a strong and effective competition policy. The Executive Vice-President is therefore also tasked with ensuring that competition policy and rules are fit for the modern economy and actively enforced. They should also help to make European industry stronger and more competitive.

Priorities and challenges

Public opinion

There is growing awareness among EU citizens of the important role digital technologies play in daily life. Two thirds of those responding to a 2017 Eurobarometer survey felt these technologies have a positive impact on society, the economy and their own lives. However, new technologies also bring new challenges, on which a majority of respondents felt that the EU, Member States’ authorities and companies need to take action. A 2018 survey, meanwhile, found that 54 % of EU citizens expect the EU to step up its industrial policy action.

Fostering digital transformation is higher than ever on the EU’s political agenda, and has been identified as a priority for unlocking future growth in Europe. The Commission’s 2017 white paper on the future of Europe underlined the challenges posed by the increased use of technology and automation, which will affect all jobs and industries. The Commission therefore identified further measures in areas such as the data economy, online platforms, product liability and cybersecurity.

The emergence of digital technologies, including the internet of things (IoT), robotics and artificial intelligence (AI), has shed doubt on the suitability of the current product safety and liability rules. The Commission has already announced a guidance document on the interpretation of the Product Liability Directive for 2019, to assess whether certain aspects of the directive should be updated to ensure legal clarity for users. The issue of stimulating the scale-up of European digital platforms, which are lagging behind the US and Chinese equivalents, is also likely to come up. Finland’s EU presidency programme, meanwhile, highlights importance of advancing the digital transformation of private and public sectors, in areas such as health and mobility. The EU may also need to consider stronger measures to promote the development of technology and industrial capabilities in cybersecurity and to protect 5G networks from identified security risks at national and Union level. There is also an urgent need to address the insufficient digital skills and shortages of competent workers that are preventing the digital single market from reaching its full potential. Importantly, the use of information and communications technology (ICT) by businesses has grown rather slowly in the EU, and the uptake of advanced e-business applications is low. There is therefore a need to boost the digitalisation of industry, with a heightened focus on traditional sectors and small and medium-sized enterprises (SMEs), which are lagging behind in their digital transformation. Europe is lacking in global digital champions; so far these have come mainly from the US and Asia.
The Commission has also highlighted the need to boost investment in key European digital capacities and increase digital dimension of the single market, based on data, privacy and consumer protection, which would lead to the creation of a values-based data economy. There are also calls for a fair and modern taxation policy, suited to the challenges of the digital era and ensuring a level-playing field.

The 2019-2024 strategic agenda agreed by the European Council stresses the need to ensure that the EU is digitally sovereign and its policies encompass Europe’s societal values and promote inclusiveness. To this end, the Council sees the need to address all aspects of the digital revolution and AI: infrastructure, connectivity, services, data, regulation and investment, together with an emphasis on the development of the digital services economy.

The Bruegel think-tank has recommended a strong push for public funding for AI and robotics, and the promotion of private funding for digital start-ups and scale-ups. It has also argued that the Commissioner responsible for digital issues should examine ‘how digital technologies can help the EU reach its climate and environment goals, for example through new approaches to transport’.

The CEPS think-tank has recommended that the digital portfolio focus on completing the digital single market and on digitising industry. It has stated that ‘Europe could position itself as a leader in responsible AI, as well as in specific industrial settings, such as B2B industry platforms, and new spaces in automotive (e.g. automated vehicles), as well as in healthcare, energy, and public services sectors’. It has also argued that creating homogeneous, consistent and efficient policy for data-driven innovation requires clarifications and interpretations of various crossroads between the General Data Protection Regulation, the free flow of data, copyright/text and data mining, e-privacy and cybersecurity. The EU should also push for digitised public administrations and boost its cyber defence capabilities.

**Main projects**

The most urgent task appears to be to coordinate work on a European approach to AI, including the human and ethical implications, to be completed within first 100 days, according to the mission letter to the Commissioner-designate. This task also includes examining the ways to use and share non-personalised big data in order to develop new profitable technologies and business models. To that end, in her political guidance the President-elect has pledged to prioritise investment in AI, both through the multiannual financial framework and through increased use of public-private partnerships.

Another crucial task is to co-lead work on a new long-term strategy for Europe’s industrial future, together with the Executive Vice-President for an economy that works for people. This is to be achieved by working together with the Member States and businesses of all sizes. Investment in research and innovation will be of the utmost importance in supporting policy objectives. Furthermore, the Executive Vice-President is tasked with strengthening links and seeking synergies between civil, defence and space industries. Another joint project with the Executive Vice-President for an economy that works for people is to develop a new SME strategy, to focus on cutting red tape and enhancing the digitalisation of small businesses, entrepreneurs and start-ups.

The Executive Vice-President is also tasked with coordinating work on a new digital services act. Its aim will be to complete the digital single market and upgrade liability and safety rules for digital platforms, services and products. The mandate includes ensuring that concerns regarding the working conditions of platform workers are addressed.

Finally, the Executive Vice-President will coordinate work on digital taxation. Two proposals adopted by the Commission in 2018 have stalled in the Council. In parallel, the international community, under the auspices of the Organisation for Economic Cooperation and Development (OECD)/G20 inclusive framework on base erosion and profit shifting (BEPS), which has 129 members including all the EU Member States, is attempting to resolve issues in this area. The BEPS approach
is based on soft law and its recommendations are not legally binding. The countries that have signed up to BEPS have committed to continue working towards a consensus-based long-term solution by the end of 2020. The Commissioner’s mandate in this respect includes helping to achieve this goal or, if no consensus is found within this timeframe, proposing a fair European tax. The tasks relating to the competition portfolio are discussed in more detail below.

**European Parliament**

The European Parliament has been a strong supporter of wide-reaching EU policy involvement in fostering the digital transformation of the economy and society. In its resolution of March 2018 on guidelines for the 2019 budget, the Parliament emphasised the potential of technological transformation for boosting economic growth and called for appropriate means from the EU budget to support the digitalisation of European industry and the promotion of digital skills and entrepreneurship. In January 2017, launching the debate at EU level, the Parliament called on the European Commission to examine the impact of artificial intelligence and robotics in order to fully exploit their economic potential and guarantee a standard level of safety and security. It made detailed recommendations for the future legal and ethical EU framework for robotics and AI.

Parliament has also long recognised the importance of reinvigorating European industry through comprehensive joined-up action. This was reflected in its 2017 resolution on building an ambitious EU industrial strategy as a priority for growth, employment and innovation in Europe. Breaking down barriers to the digitalisation of companies (especially innovative SMEs, start-ups and scale-ups) has been a key priority for Parliament with a view to completing the digital single market. In this respect, the European Parliament advocated swift implementation of the proposals included in the previous Commission’s digital single market strategy, in order to promote a more dynamic (digitised) economy conducive to innovation.

In February 2019, Parliament adopted an own-initiative resolution calling for a comprehensive European industrial policy on artificial intelligence and robotics in order to boost innovation and the free movement of AI-driven services and smart goods. The importance of SMEs for the success of new technologies, and AI in particular, has been recognised systematically by Parliament, which welcomed the Commission’s initiative to create an AI on-demand platform that will boost technology transfer and catalyse the growth of start-ups and SMEs. The Parliament also called on the Commission to consider the creation of a dedicated agency to provide the necessary expertise to respond in a timely way to the new opportunities and challenges arising in AI.

Essentially, Parliament has been a long-standing proponent of EU policy focused on supporting SMEs and cutting red tape. In its resolution of February 2019 on the Programme for single market, competitiveness of enterprises and European statistics, Parliament called for greater efforts to reduce the administrative burden and increase the accessibility of support programmes in order to cut costs for SMEs and microenterprises. In April 2019, in its resolution on the digital Europe programme, it also underlined a need to support SMEs intending to harness the digital transformation in their production processes, so as to allow these firms to contribute more to the growth of the European economy through a more efficient use of resources. Parliament has also asked the Commission to consider establishing an SME-specific initiative aimed at funding collaborative research access, digitalisation strategies and export market development. Furthermore, the European Parliament has called for greater consistency between trade policy and industrial policy in order to avoid relocations and further deindustrialisation in the EU.

Parliament has also asked the Commission to reflect on how public procurement could be deployed to trigger innovation systematically, particularly in the context of digitising industry.

In its resolution of July 2018 on the European defence industrial development programme the Parliament underlined that defence research promotes all kinds of innovation, owing to spill-overs into the civilian sector. MEPs were in favour of including research on satellite communications,
positioning, navigation and timing, autonomous access to space and permanent earth observation in the programme.

In June 2017 Parliament adopted an own-initiative resolution on online platforms and the digital single market where it stressed the need to clarify the liability regime, which is not fully suited to the new digital challenges. It recognised that platforms pose challenges to working conditions and workers' rights and highlighted the need to secure full respect for employment rights and adequate social security coverage in the digital economy. It also called for greater cooperation between online platforms and economic actors so as to fight the distribution of fake products that pose safety risks.

Parliament has also been a strong supporter of fair taxation of the digital economy and called for the scope and tax base of related Commission proposals to be widened.

**Competition policy portfolio – recent developments**

The recently adopted Directive (EU) 2019/1 introduced new rules to secure uniform application of competition law across the EU, ensuring the proper functioning of the internal market. This is to be achieved by empowering the national competition authorities (NCAs) to be more effective enforcers of competition policy, by boosting their independence, resources and powers. The directive's main provisions therefore strengthened the NCAs' investigative and decision-making capacities, allowing them to impose deterrent sanctions for breaches of antitrust rules, improved the design and coordination of leniency programmes, and provided the NCAs with sufficient human and financial resources to enforce competition rules independently and impartially.

On State aid, the Juncker Commission applied a 'big on big things and small on small things' approach. In 2017 it adopted Regulation (EU) 2017/1084, exempting a significantly larger number of smaller and unproblematic State aid measures from prior notification in exchange for strengthened controls at Member State level. The new rules were allowed by the 2014 General Block Exemption Regulation (GBER) and extended exemptions to ports and airports. They also simplified aspects of other areas, namely cultural projects and multi-purpose sports arenas, and compensation for companies operating in the EU's outermost regions. The GBER seems to have been effective in simplifying State aid control: the Commission recently announced that since 2015 more than 96% of new aid measures, for which expenditure was reported for the first time, fell within its scope. In January 2019, the Commission signalled its intention to extend seven sets of State aid rules for a period of two years (until 2022) and launched an in-depth policy evaluation in the area of State aid (fitness check), including the evaluation of functioning of the 'de minimis' rules.

The Commission recently launched a number of consultations indicating where it considered new policies may need to be introduced. The Vertical Block Exemption Regulation (VBER) for instance, which exempts certain agreements and practices from the EU's general competition rules, expires on 31 May 2022. The Commission is in the process of determining whether it should let the VBER lapse, prolong its duration or revise it, taking into account not least the influence of the digital economy on distribution processes and the findings of the e-commerce sector inquiry published in 2017, which identified many flaws.

The number of EU merger control cases has been growing recently: mergers are getting bigger and more numerous, as industries reshape globally. In two landmark cases, the Commission authorised the merger between Bayer and Monsanto (after the companies agreed to sell off businesses and assets worth more than €6 billion) and prohibited the high-profile Siemens-Alstom merger, owing to the insufficient remedies offered by the companies. The Commission has estimated that in the 2015-2018 period customer savings from antitrust and merger interventions totalled between €48 billion and €78 billion. The cases against Google perhaps drew the most publicity.
Priorities and challenges

Public opinion

According to a 2019 Eurobarometer survey, most EU citizens agree that competition between companies encourages innovation and economic growth and leads to more choice and better prices for consumers. On the other hand, fewer than half the respondents would know where to turn to with a competition-related issue. The sectors most frequently mentioned by consumers as causing problems due to lack of competition, were telecommunications and internet access, with excessive prices the biggest concern.

In her mission letter to Margrethe Vestager, the President-elect mentions that an important task for the current mandate will be to boost the enforcement of competition policy, and case detection in particular, shortening the time taken for investigations and reinforcing cooperation among NCAs and between them and the Commission. A key issue will also be to improve global cooperation among competition authorities. Taking into account the fast-paced economic changes brought about by digitalisation, the Executive Vice-President is also mandated with examining how competition rules should fit into the digital age. This will concern the antitrust regulations that will expire in the course of the mandate, and an evaluation of merger control and the review of State aid rules and guidance. Importantly, in the first part of her mandate, Vestager will need to consider launching sector enquiries into important new and emerging markets.

Furthermore, competition regime will play an important part in the new industrial strategy. A level playing field encourages businesses to invest, innovate and grow and as such is fundamental to industrial competitiveness. Vestager will be tasked with assessing how EU State aid rules could be deployed to correct market failures and where value chains need to be strengthened. This will mean focusing together with the Member States on breathing life into important projects of common European interest. Importantly, her role as Commissioner may include involvement in recalibrating EU’s relations with China and other global competitors, taking into account the distortive effects of foreign state ownership and subsidies in the internal market.

With regard to the need to keep competition policy up to date, in April 2019 the Commission published a report prepared by experts on competition policy in the digital era. While confirming that the fundamental policy goals remain unchanged in relation to the digital economy, the report advocated swifter and tougher enforcement and certain adjustments to the way competition law is currently applied. The Commission’s May 2019 Future of Europe paper, meanwhile, reiterated the need for competition rules to keep pace in an era of accelerating technological developments, notably taking into account a growing dependence on data access across industrial sectors. The main issues stemming from that paper were the need to protect competition on markets dominated by limited number of online platforms, the high significance of data and data access for competition, and the acquisition of small start-ups with high competitive potential by large platforms. The Commission has also signalled the need to examine whether the current tools at its disposal are suited to fast moving and novel digital markets. It may prove necessary to work more closely with competition enforcers across jurisdictions.

Merger control may also come into the limelight. The question as to whether the Commission should support the creation of ‘European champions’, particularly in a global economy characterised by numerous ‘superstar’ companies concentrating wealth and knowledge, is likely to remain pertinent – as illustrated by the recent Franco-German ministerial manifesto.

The European Council’s strategic agenda for 2019 to 2024, adopted in June 2019, mentions ensuring fair competition as one of main areas for discussion of priorities. The leaders will seek to ensure fair competition within the EU and on the global stage, promoting market access, and fighting unfair practices, extraterritorial measures and security risks from third countries, while securing the EU’s strategic supply chains. They also indicated the need to update the competition framework to reflect new technological and global market developments.
Another policy area that experts suggest could be addressed are remedies in competition law enforcement. The main aim of remedies is to address the consequences of anti-competitive behaviour and restore competition, but there is no systematic assessment of their effectiveness; the last report on remedies in the merger area was published in 2005. In parallel, reform of the EU leniency programme may also be needed since it has been used less frequently recently, not least considering that it has previously been useful in destabilising cartels, which inflict significant damage on consumers and the single market.

The Commission also reportedly intends to review the horizontal agreements framework, since they include for example rules on research and development which play key role in European competitiveness and the development of technology-driven markets. The General Block Exemption Regulation and the sectoral guidelines will also be under close examination, and the Commission will have to take a decision on the possible extension of the Liner Shipping Consortia Block Exemption.

**European Parliament**

**Treaty basis and European Parliament competence**

Article 3(3) of the Treaty on European Union (TEU) states that the internal market should be based on a 'highly competitive social market economy'. Articles 101 to 109 of the Treaty on the Functioning of the European Union (TFEU) set out the rules on competition as they apply to undertakings and aid provided by governments in the internal market. Protocol No 27 requires action be taken to ensure competition is not distorted. Competition policy also has its legal basis in Articles 37, 106 and 345 TFEU concerning public undertakings and Articles 14, 59, 93, 106, 107, 108 and 114 TFEU for public services, services of general interest and services of general economic interest.

The European Parliament’s involvement in competition legislation usually falls under the consultation procedure. Parliament’s role is mainly to scrutinise Commission policy. Its principal activities include annual reports on competition policy and appearances of the relevant Commissioner in regular structured dialogues with Parliament’s Committee on Economic and Monetary Affairs to explain the approach used and discuss individual decisions.

The European Parliament was co-legislator on the file on empowering the NCAs. Parliament also adopted five annual reports on competition policy indicating some preferences with regard to future developments. In January 2019 Parliament called for co-decision to be used in the competition policy setting and for efforts to avoid a purely price-centred approach, rather taking into account also how competition affects the quality of products or services and citizens’ privacy. MEPs also asked the Commission to review the Merger Regulation, considering the harmful effects of higher levels of horizontal ownership concentration. They specifically called for a revision of the thresholds used to determine whether mergers need to be reviewed by the Commission, to include factors such as the number of consumers impacted and the value of the transactions concerned. Parliament also saw a need to reduce asymmetries in access to public procurement contracts between the Union and third countries and called upon the Commission to carry out a sectoral inquiry into the advertising market. Importantly, Parliament’s recent report on competition warned that ‘digital companies constitute a specific challenge for the competition and fiscal authorities’.

Parliament also made a case for revising the effectiveness of existing competition law instruments in the digital age and developing them further if necessary. MEPs highlighted the growing impact of self-learning algorithms and artificial intelligence on the nature of cartel activity. Parliament asked the Commission to consider that control of the data necessary for the creation and provision of services is considered to be a proxy for the existence of market power. In view of the increased use of contractual restrictions on online sales by manufacturers, in their 2018 annual report on competition policy MEPs called on the Commission to review the regulation on vertical agreements and concerted practices. Lastly, Parliament called on the Commission to assess the adequacy of market definitions and EU competition rules, to take into account the evolution of global markets and the emergence of the role of major national players in third countries.
FURTHER READING

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Valdis Dombrovskis

Vice-President: An Economy that works for people

Hearing due to be held on Tuesday 8 October at 09.00 hours.

European Parliament committees responsible: Economic and Monetary Affairs (ECON) and Employment and Social Affairs (EMPL).

Valdis Dombrovskis has been European Commission Vice-President for the euro and social dialogue since November 2014. From July 2016, he has also been responsible for the financial services portfolio formerly dealt with by Commissioner Jonathan Hill, who resigned following the result of the referendum on the withdrawal of the United Kingdom from the EU. Alongside his institutional role, Dombrovskis co-chaired the European People’s Party (EPP) Economic and Financial Affairs Ministers’ Meeting, which brings together the EPP ministers ahead of meetings of the Economic and Financial Affairs Council (Ecofin).

He was elected a Member of the Latvian Parliament and became Minister for Finance of Latvia for the 2002-2004 period. He was a Member of the European Parliament from 2004 to 2009, and Prime Minister from 2009 to 2014. In 2014, he was again elected to the Latvian Parliament and then to the European Parliament, where he sat in the EPP Group.

Born in 1971, Valdis Dombrovskis holds a Bachelor’s degree in economics for engineers and a professional Master's degree in customs and tax administration, both from Riga Technical University. He also holds a Master's degree in physics from the University of Latvia. He worked as a senior economist and chief economist at the Bank of Latvia from 1998 to 2002. In 2011, he co-authored the volume How Latvia came through the financial crisis.

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019
Background

Valdis Dombrovskis has been designated as Executive Vice-President responsible for deploying an 'economy that works for people', enhancing the distinctive features of the social market economy called for in Article 3 (3) of the Treaty on European Union (TEU), and leading the work on deepening the economic and monetary union (EMU).

Following the 2015 Five Presidents’ Report, all three European institutions, Commission, Parliament and Council, jointly endorsed the European Pillar of Social Rights (social pillar) in November 2017, with a view to deepening the social and employment aspects of EMU. The implementation of social pillar principles is the responsibility of Member States in cooperation with social partners. The EU has been supporting these efforts by mobilising the main policy tools to hand, namely legislation, guidance, governance and funding. Articles 151 to 156 of the Treaty on the Functioning of the European Union (TFEU) set out the rules on social dialogue, the main aim of which is to improve European governance by involving the European social partners in decision-making and in the implementation process. An initiative labelled a 'new start for social dialogue' was launched in June 2016, aimed at involving the social partners more closely in EU policy and law-making and in the European Semester process. The European Semester is the framework for economic and fiscal policy coordination within the EU, which is centred on fiscal and macroeconomic surveillance. Set up in 2010 and revamped in 2015 to strengthen EMU, it recommends inter alia several measures to address the social consequences of economic adjustments more effectively. While reorganising the process, the Commission has engaged further with the European Parliament through exchanges of views held at some key steps in the cycle.

Industry continues to play a critical role in the European economy. It provides jobs for nearly a quarter of European workers, contributing indirectly to the generation of numerous jobs in other sectors. In 2017, there were close to 24.5 million non-financial enterprises in the EU, of which 99.8 % were small- and medium-sized enterprises (SMEs). Overall, the economic contribution of SMEs to the European economy is significant. However, many find it difficult to succeed in growing their systemic presence or in gaining access to international markets. Investment and financing have been recognised by the EU as precondition for European industry to drive industrial transformation. In this respect, the European Fund for Strategic Investments (EFSI) was launched in 2015 to trigger financing for strategic projects across the continent. Beyond this, the capital markets union (CMU), launched in 2015 has further sought to reduce the cost of raising capital, minimise barriers for cross-border investments and provide new sources of funding for EU businesses, especially SMEs.

Priorities and challenges

The EU’s future strategic priorities for 2019 to 2024 put forward by the European Council in June 2019 talk about building a climate-neutral, green, fair and social Europe. They also call for a solid economic base in line with Europe’s societal values and the principle of inclusiveness. This entails addressing fully all aspects of the digital revolution, including investment in and protection of people. Inequalities cutting across different parts of society and territories remain a challenge.

EU policies have the potential to trigger pre-distributive (e.g. policies on minimum wages) and growth enhancing measures. In this respect there are several promising avenues that might further strengthen the social dimension of the EU, such as the implementation of the social pillar. However, there remain fundamental issues to be clarified and addressed, including the agreement among Member States on whether an EU social dimension is necessary or opportune and the careful assessment of the instruments that the EU has available to design and implement its policies.

The complexity of the EU’s social dimension is such that strengthening it requires governance mechanisms in place to allow for collective problem-solving by various actors across different sectors. As for the role of social dialogue, several challenges remain. These include the need to reinforce representativeness and autonomy and the links between European and national levels of
social dialogue. Moreover, there is a need to further improve the social partners’ capacity and involvement in public policy, as well as to ensure a stable and balanced industrial relations framework. In addition, some evaluations show how certain proposals stemming from the social pillar have caused serious collateral damage in the field of European social dialogue, impacting the relationship of trust between the European cross industry social partners.

In May 2019, Member States agreed on a forward-looking strategy with clear objectives for 2030, calling for the EU to adopt a comprehensive vision for its industrial policy, in order to strengthen its strategic autonomy and rise to the challenges ahead. The agreement highlighted industry as a key driver for growth, stressing the importance of swift action to maintain its competitiveness. This is also clearly reflected in the conclusions of the European Council meeting of 20 June 2019, which called for a more assertive, comprehensive and coordinated industrial policy. In view of the above, a new comprehensive European industrial strategy is likely to be a top priority during the new legislature. The challenge here will be to balance alternative views and expectations as regards openness and protection. The choice to shift the EU’s strategic positioning from a defensive to an offensive policy stance will also be critical. An integrated approach may reach across a range of policy areas, including strengthening global trade rules, enhancing the EU’s trade defence instruments and foreign direct investment screening, ensuring equal access and reciprocity in public procurement and protecting critical value chains. Creating a business-friendly environment for all enterprises, especially SMEs and new entrepreneurs, has remained a key objective. To this end, ongoing efforts under the Commission’s cross-cutting policy on better regulation have aimed to ensure that new legislation delivers its objectives at the least cost to business and that existing legislation is checked to identify and tackle administrative burden. In her political guidelines, Commission President-elect Ursula von der Leyen took a step forward by envisaging the need for a dedicated strategy to ensure that SMEs can prosper by reducing red tape and improving access to the market.

A significant contribution to improving the business environment for EU entrepreneurs would be made by strengthening the international role for the euro. That would help in shaping global affairs, for example by expanding Europe’s responsible trade agenda, and allow for European companies to trade all over the world, while safeguarding the European social and regulatory model at home.

**Main projects**

The political guidelines promise a fair transition for all towards a green social market economy. In this context, they put forward the idea of an action plan for the implementation of the social pillar, which Executive Vice-President Dombrovskis would be responsible for coordinating. Within this, particular focus is put on policies on a fair minimum wage, a stronger social dialogue, improved working conditions for platform workers, and a European unemployment benefit reinsurance scheme. On the same path, Dombrovskis would be entrusted with leading a refocusing of the European Semester aimed at integrating the United Nations sustainable development goals.

As part of further improving the democratic accountability of EU economic governance, Dombrovskis is required to appear before the European Parliament in regular exchanges of views to be held before each key phase of the European semester cycle.

The green transition should rest on private and public investment. With this in mind, Dombrovskis would be entrusted with coordinating the work on the Sustainable Europe Investment Plan, which is supposed to unlock €1 trillion of climate-related investment over the next decade. He would also take care of relations with the European Investment Bank (EIB), helping to turn part of it into Europe’s climate bank, with the aim of having half of EIB total financing dedicated to climate investment by 2025.

The political guidelines highlight that social rights and Europe’s climate-neutrality must go hand in hand with a competitive industry. For this purpose, Executive Vice-President Dombrovskis would
co-lead the Commission's work on a new long-term strategy for Europe's industrial future and the SME strategy, in particular by enhancing SMEs’ access to finance. As outlined above, economic relations are crucial to strengthen EU industry competitiveness, therefore Dombrovskis would follow trade and economic relations with EU competitors and strategic partners.

To deepen EMU, Dombrovskis would have to coordinate the work on delivering a budgetary instrument for convergence and competitiveness in the euro area, as part of the work on supporting Member States' structural reforms aimed at fostering inclusive growth and territorial cohesion. The completion of the banking union will also be crucial (see more detail below).

European Parliament

During the 2014-2019 legislative term, the European Parliament called for new measures to modernise the world of work, social protection and access to education. On the subject of governance and funding, in 2017 Parliament returned to the idea of introducing a ‘social imbalances procedure’ to the drawing up of country-specific recommendations. Several issues connected with strengthening the social aspects of the Semester process have still to be tackled, including the importance of democratic control while deepening EMU. Parliament has made several proposals to secure financial support for new priorities, higher payment ceilings, and more synergies between the different funds, while linking spending and performance. In 2018, Parliament called for a European social economy label to establish a broader EU-level legal basis for various types of social economy players and create a more favourable legal and funding environment for them. While the Commission agreed on the importance of the proposal, it wished to look further into the feasibility of creating an EU-wide label with the stakeholders.

In the last term, Parliament took a general position on EMU in a number of resolutions. Three in particular, all adopted in February 2017, concern improving the functioning of the European Union building on the potential of the Lisbon Treaty; possible evolutions of and adjustments to the current institutional set-up of the European Union; and budgetary capacity for the Eurozone. In these resolutions, Parliament called for a wide range of competencies to be transferred from the national to the EU level, and recommended that the central executive role in economic governance be transferred from Council to the Commission. In the context of the annual growth survey (AGS) for the years 2015 to 2019, Parliament called, among other things, for Member States to continue to pursue growth-friendly fiscal consolidation and to implement productivity-enhancing and socially balanced structural reforms. In addition, it called on the Commission to make the necessary proposals to address the lack of proper democratic accountability in EU economic governance, for example through closer collaboration between the European Parliament and national parliaments in the context of the European Semester. Lastly, on several occasions, it expressed concern regarding the extremely low rate of Member State compliance with the country-specific recommendations. In the context of the employment and social aspects of the AGS (for the years 2015 to 2019), Parliament called, not least, for (i) measures to assist SMEs and start-ups; (ii) measures to improve employment sustainability and quality; (iii) flexibility measures within structural reforms to maintain employment and ensure job quality and security in bad economic times; (iv) socially responsible reforms; (v) measures to tackle youth unemployment and long-term unemployment; and (vi) a holistic approach to addressing the consequences of the ageing of the EU population.

During the last term, Parliament contributed systematically to the policy debate over industry, entrepreneurship and SMEs with resolutions and own initiative reports on key issues. Moreover, it continued, as co-legislator, to advocate the creation of favourable conditions for the private sector to grow and improve its competitiveness. Parliament has long recognised the importance of reinvigorating European industry through comprehensive joined-up action. This was reflected in its 2017 resolution on building an ambitious EU industrial strategy as a priority for growth, employment and innovation in Europe. Breaking down barriers to the digitalisation of enterprises (especially innovative SMEs, start-ups and scale-ups) has been a key priority for Parliament with a view to completing the digital single market. In this respect, it advocated swift implementation of the
proposals included in the Commission’s digital single market strategy. In February 2019, Parliament adopted a resolution calling for a comprehensive European industrial policy on artificial intelligence (AI) and robotics in order to boost innovation and the free movement of AI-driven services and smart goods.

**Financial services portfolio**

Executive Vice-President Dombrovskis will lead the financial services portfolio and will be supported by the Directorate-General for Financial Stability, Financial Services and the Capital Markets Union. The financial system plays a key role in supporting the EU economy. Financial institutions grant loans to households and businesses, help firms to raise capital, allow individuals to save and invest, offer insurance against risks and facilitate payments. Financial infrastructure enables market participants to conclude transactions with one another in an effective and orderly manner.

Before the 2008 financial crisis, financial services within the EU had been integrating at a rapid pace. In particular, the Commission launched the financial services action plan in 1999, a set of measures to improve the single market for financial services, which became one of the key elements of the Lisbon Strategy. The ensuing reforms focused on strengthening integration on retail markets and filling regulatory gaps. When the crisis broke out, the EU shifted the focus of its financial regulatory agenda to driving recovery and forestalling future crises, by means of improving market transparency, strengthening financial institutions, improving corporate governance and offering better protection to consumers. The need for stronger EU-wide supervision emerged, and the European system of financial supervision (ESFS) was created in 2010, followed by the establishment of the banking union in 2014.

The financial crisis particularly emphasised the global dimension of financial markets. The 2008 G20 summit in Washington agreed on a common roadmap for financial regulatory reform to tackle the global financial crisis and to ensure a level playing field. Since then, the intensity of international cooperation on financial regulation has increased, and the EU has stepped up its activity in international financial regulatory fora (such as the G20 and the Financial Stability Board) and in global standard-setting bodies (such as the Basel Committee on Banking Supervision).

**Recent developments**

As a response to the financial crisis, the Parliament and the Council adopted key pieces of legislation in 2014 to build the banking union, which currently rests on two pillars: the single supervisory mechanism, created to supervise major banks established in the euro area Member States and in other participating Member States, and the single resolution mechanism, aimed at ensuring that failing banks in the banking union undergo orderly resolution procedures. In November 2015, the Commission tabled a proposal, currently under discussion, to establish a euro area-wide integrated deposit guarantee scheme (the European deposit insurance scheme, EDIS), which would be the third pillar of the banking union. Negotiations at the political level were postponed until 'sufficient further progress has been made on the measures on risk reduction' in the banking sector. In endorsing a comprehensive package on strengthening the economic and monetary union, the European Council’s Euro Summit of December 2018 paved the way for further steps.

As part of the Commission’s ongoing work to reduce risks in the banking sector, a set of proposals building on existing EU banking rules have been adopted. They aim to complete the post-crisis regulatory agenda and to transpose international regulatory standards into EU law, while ensuring that banks can continue to support the real economy. The legislative package amends the prudential requirements for banks and investment firms, and the rules on the recovery and resolution of failing institutions including some features of the single resolution mechanism.

The recession resulting from the financial crisis has caused economic difficulties for an increasing number of EU companies and citizens in recent years, leaving them unable to repay their loans. As a result, many EU banks have accumulated high volumes of non-performing loans (NPLs) on their
To tackle this issue, the Commission adopted a comprehensive package of measures in March 2018, including a proposal for a regulation introducing common minimum loss-coverage levels for NPLs, and a proposal for a directive aimed at fostering NPL secondary markets and easing the recovery of collateral from secured loans. The Regulation was finally adopted by co-legislators in April 2019, while the proposal for a directive is currently under discussion.

On 30 September 2015, the Commission published its action plan on building a capital markets union (CMU), containing a list of over 30 actions and related legislative and non-legislative measures aimed at establishing more integrated capital markets in the EU by 2019. The CMU aims to increase funding choices for Europe’s businesses and SMEs, create more opportunities for investors, and facilitate infrastructure and cross-border investment. Among the legislative proposals adopted in this context, there is a proposed regulation that introduces a lighter regime for the prospectus of instruments issued by SMEs. Improvements were introduced in the regulatory framework for EU venture capital and high-quality securitisations. Measures to facilitate cross-border distribution and supervision of investment funds were also adopted.

In its mid-term review of the CMU action plan, published in June 2017, the Commission updated the proposed actions and added complementary measures in response to new challenges affecting EU financial markets, such as the departure of the largest financial centre from the EU due to the expected withdrawal of the UK from the EU. To make it easier for SMEs to raise capital on the markets, the legislation on prospectus and market abuse has been subject to a proposal for further amendments aimed to reduce the administrative burden and compliance costs faced by companies issuing securities on SME growth markets. Furthermore, more proportionate and risk-sensitive prudential rules for investment firms were laid down by amending the relevant existing provisions. A framework was also established for a pan-European personal pension product (PEPP), with a view to increasing investment in the EU, and to enhancing the features, cross-border provision and portability of personal pension products.

As part of the EU’s project for a CMU, an action plan on financial technology (fintech) was tabled in March 2018 with the aim to enable the EU financial sector to make use of the rapid advances in new technologies that are transforming the industry and revolutionising the way people access financial services. In this context, the Commission put forward new rules, currently under discussion, to help crowdfunding platforms scale up across the EU single market.

The Commission published an action plan on financing sustainable growth in March 2018, with the aim of boosting the role of finance in achieving the EU goal of a more sustainable economy. The action plan is a key step towards implementing the Paris Agreement and the EU agenda for sustainable development. To implement the plan, the Commission adopted three legislative proposals, two of which have reached an agreement, the third – a proposal for a regulation on the establishment of a framework to facilitate sustainable investment – is currently under discussion.

In the context of the CMU mid-term review, co-legislators agreed on a comprehensive package aimed at reviewing the ESFS by strengthening the powers, governance and funding of the European Supervisory Authorities (ESAs), and introducing targeted amendments to the European Systemic Risk Board Regulation. This initiative followed a proposal for a regulation introducing a more pan-European approach to the supervision of EU central counterparties (CCPs) and at ensuring further supervisory convergence. This framework should be complemented by a proposal for a regulation establishing a recovery and resolution regime for EU CCPs, which is currently under discussion.

In 2015, the EU adopted a modernised regulatory framework to prevent financial crime such as money laundering and terrorist financing, taking into account the 2012 recommendations of the Financial Action Task Force. This framework was further strengthened with the adoption of the fifth Anti-Money Laundering Directive in 2018.
Priorities and challenges

Risks in the banking sector have decreased significantly in recent years, thanks to more stringent supervision and to EU banks having reinforced their capital base and improved their liquidity management since 2014. The NPL stock is now close to pre-crisis levels. This made it easier for the December 2018 Euro Summit to pave the way for the next steps in the completion of the banking union. The Commission’s proposal for an EDIS would complement the EMU, improve the protection of bank customers, and further increase the stability and resilience of the financial system in the euro area and beyond. At the June 2018 Euro Summit, an agreement was reached that the European Stability Mechanism (ESM) would provide a common backstop to the Single Resolution Fund (SRF) providing a credit line to the SRF and further minimising the risk of taxpayers having to support failing banks; however, the details of the ESM’s operation have yet to be agreed.

Recovery from the financial crisis is well underway, yet achieving more supervisory convergence at the international level and preserving a level playing field with other jurisdictions (notably in view of the UK’s withdrawal from the EU) remains of utmost importance. As for the banking sector, actions should include completing the transposition of international standards on capital requirements (Basel III finalisation), while also preserving the specificities of the EU banking sector, reviewing the bank resolution framework and strengthening the anti-money laundering/counter-terrorism financing supervisory framework.

The scheduled review of the relevant legislation adopted in recent years will offer an opportunity for a further acceleration in the integration of EU capital markets. A deep and liquid European capital market will enhance private risk-sharing, make the EU more competitive and resilient, and ensure a stronger international role for the euro. The potential of the CMU to facilitate SMEs’ access to capital will be raised by the private-public fund specialising in initial public offerings of SMEs.

Following the adoption of the Commission’s action plan, the EU has already started emerging as a global leader in the area of sustainable finance. However, implementing the action plan will be a challenging task in the coming years. It will also be instrumental to the Commission’s announced strategy for green financing and the Sustainable Europe Investment Plan.

In the EU, attention is being paid to the contribution that fintech could make to increasing efficiency, strengthening financial integration and enhancing the EU’s role in financial services. Meanwhile, there is a pressing need for safe and effective common rules supporting innovation and protecting consumers. Together with the ESAs, the Commission is monitoring the development of crypto-assets and initial coin offerings, to assess whether EU-level regulatory action is required. As EU standards for new technologies (such as blockchain) are developed, their use for post-trade and for securities issuance will attract increasing attention. Furthermore, potential applications of artificial intelligence in financial services require consideration.

European Parliament

Treaty basis and European Parliament competence

Articles 49, 51, 53, 56, 59, 63, 64 and 65 of Title IV of the Treaty on the Functioning of the European Union (TFEU) relate to the right of establishment and free movement of services and capital; Article 75 TFEU concerns measures to control capital movements to combat terrorism; Articles 113, 114 and 115 TFEU address the approximation of laws; and Article 127(6) TFEU allows the European Central Bank to be entrusted with supervisory tasks for financial institutions. The Parliament acts under the ordinary legislative procedure (formerly ‘co-decision’) with the Council.

In its capacity as co-legislator, the Parliament has contributed significantly to the laying down of risk-reducing rules for the EU banking sector while preserving its ability to support the real economy. In its resolution adopted in view of the finalisation of the Basel III framework, the Parliament stressed that upcoming changes should not lead to a significant overall increase in the capital requirements for banks and should not harm their ability to finance the real economy, in particular SMEs. In
addition, in its annual resolutions on the banking union for 2016 and 2017, the Parliament called on the Commission to take the proportionality principle into account. When reviewing the prudential framework, the Parliament consistently pushed for making requirements proportionate to the size and risk profile of banks, by reducing compliance obligations for ‘small, non-complex institutions’. It also insisted that the scope of the favourable prudential treatment of SME loans be broadened and a similar treatment be introduced for exposures to certain infrastructure projects. In negotiations concerning the rules on minimum loss coverage for NPLs, the Parliament consequently secured that the requirements increase at a more gradual pace, so that banks can deal with NPLs smoothly without disruptive effects on the real economy.

In a resolution of May 2016, the European Parliament stressed that virtual currencies and blockchain have the potential to positively contribute to citizens’ welfare and economic development, including in the financial sector. However, they entail risks that need to be addressed appropriately so as to enhance trustworthiness. A proportionate regulatory approach at EU level is therefore required. The Parliament also called on the Commission to promote a shared and inclusive governance of the distributed ledger technology. In May 2017, the Parliament adopted a resolution on the influence of FinTech on the future of the financial sector, focusing on six main areas: data, cybersecurity, blockchains, interoperability, financial stability, financial and IT skills.

The European Parliament also engaged in shaping the ESFS review undertaken by the Commission in 2017. In fact, in response to a March 2014 European Parliament legislative initiative aiming to strengthen the ESAs, the then outgoing Commission identified some areas where further improvements were required in order to allow the ESAs to fully exploit their mandate. Moreover, in its resolution of 9 July 2015 on building a capital markets union, the Parliament underlined that a strong CMU needs to be accompanied by robust EU-wide and national supervision, including adequate macro-prudential instruments. Among possible options, it indicated that a stronger role in improving supervisory convergence could be attributed to the European Securities and Markets Authority (ESMA).

FURTHER READING

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What Europe does for me website, European Parliament.

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Josep Borrell Fontelles
High Representative of the Union for Foreign Affairs and Security Policy / Vice-President: A Stronger Europe in the World

Hearing due to be held on Monday 7 October 2019 at 14.30 hours.
European Parliament committee responsible: Foreign Affairs (AFET)

Josep Borrell Fontelles, born in 1947, is currently Spain's Minister for Foreign Affairs, European Union and Cooperation. An aeronautical engineer and economist by training, he first entered politics in the 1970s, serving as Secretary of State for Budget and Finance from 1982 to 1991, before becoming the Minister of Public Works in the last two González cabinets. Elected to the European Parliament in 2004, Borrell was President of the European Parliament during the first half of the 2004-2009 term, and Chair of the Development Committee in the second half.

Borrell returned to the Spanish Council of Ministers in June 2018, when he became Foreign Minister for the Sánchez government. From 2010 to 2012, Borrell was President of the European University Institute in Florence, resuming his professorship at the Faculty of Economics at Complutense University of Madrid from 2013 to 2017, where he was awarded the Jean Monnet Chair for European Integration. Borrell is a member of the Spanish Socialist Workers' Party (PSOE), affiliated to the S&D Group in the European Parliament.

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Background

The establishment of the post combining the function of High Representative of the Union for foreign affairs and security policy with that of Vice-President of the European Commission (HR/VP), together with the creation of the European External Action Service (EEAS), was a major policy shift introduced by the Lisbon Treaty in 2009. The legal definition was based on Article 17 of the Treaty on European Union (TEU), which refers to the High Representative (HR) as a member of the European Commission, and on Article 18 TEU concerning the post, role and appointment of the HR. Title V TEU (Articles 21-46) sets out general provisions on the EU’s external action and specific provisions on common foreign and security policy (CFSP), and provisions on common security and defence policy (CSDP). Declarations 13 and 14 annexed to the Treaty maintain that the CFSP and CSDP provisions do not affect ‘the responsibilities of Member States for formulation and conduct of their foreign policy’. The Treaty gave the EU legal personality; however, unanimous decision-making and limited roles for the Commission and the European Parliament reflect the continuing inter-governmental nature of CSFP and CSDP.

There was a lot of progress on CSFP and CSDP during the 2014-2019 term. Common EU positions are now much more the rule than the exception, compared with just a few years ago. The EEAS is increasingly taking the lead in coordinating responses by national diplomatic services, whereas in the past it was often side-lined. The HR/VP function is wide-ranging – from the overall steering of foreign and security policy on behalf of the EU, to building consensus between the Member States’ positions, heading the European Defence Agency and representing the EU at international meetings, for instance at the United Nations (UN). Nevertheless, some think tanks, such as the Swedish Stockholm International Peace Research Institute (SIPRI), have argued that the title of High Representative may have led to false expectations, the main task being possibly more one of coordination than representation.

The EU’s global strategy for foreign and security policy (EUGS) stated that ‘in a more complex world, we must stand united’. The call for a united foreign and security policy remains the main challenge even today, as EU countries often work on their own and Member States are reluctant to cede full responsibility to the HR/VP. As also reflected by the current HR/VP, Federica Mogherini, in her speech at the 2019 Munich Security Conference, to be efficient, the EU diplomacy and security architecture has to go beyond the traditional Westphalian order: ‘The nature of the security threats that we all face is completely different today from even a few years ago: proliferation of weapons of mass destruction, new arms races, terrorist fighters, but also the impact of climate change, or the challenges posed by the use of new technologies, for instance artificial intelligence. These are all security issues, probably the most pressing ones of our times. And yet, they all go beyond the traditional domains of security and defence policy. The same is true if you look at the conflicts, starting from those in our region, in Libya, in the east of Ukraine, in Syria’.

Recent developments

Strengthening the EU’s common defence

At an early stage of her term, the current HR/VP presented the EU’s global strategy for foreign and security policy (EUGS), with the aim of bolstering the EU as a global actor, by linking internal and external policies, presenting an integrated approach to conflicts, and supporting multilateralism. The strategy laid the groundwork for the European Defence Fund, designed to promote the joint development of defence technology and equipment, and the EU’s initiative to integrate defence efforts among Member States, as envisaged by the Lisbon Treaty, known as permanent structured cooperation (PESCO). The European Defence Fund is expected to have a budget of €13 billion for 2021-2027. In addition, the Military Planning and Conduct Capability (MPCC) was set up within the EU military staff of the EEAS in June 2017. The EU and the United Nations have worked together in several countries in crisis, from Mali to Somalia and, in particular, with the G5 Sahel (Burkina Faso, Chad, Mali, Mauritania, and Niger), reflecting a readiness on the part of the EU to take a collective
Josep Borrell Fontelles: HR/VP A Stronger Europe in the World

approach to security and global peace. Cooperation with NATO has been taken to an unprecedented level. Work with the UN, the African Union and the Organisation for Security and Cooperation in Europe (OSCE) has also been enhanced. On the basis of proposals from the HR/VP, the Council has agreed to develop a more strategic approach to cooperation on CSDP with partners, including helping them to become more resilient and build their capacities. Finally, the Commission and the EEAS have developed a joint framework containing 22 actions to recognise hybrid threats, improve awareness of them and take steps to build resilience. The most tangible effects have been the establishment of a Hybrid Fusion Cell as part of the EU Intelligence and Situation Centre, and the European Centre of Excellence for Countering Hybrid Threats, in Helsinki.

Countering the proliferation of weapons of mass destruction and new arms races: the Joint Comprehensive Plan of Action (JCPOA) on Iran's nuclear programme

In 2015, the HR/VP's major success was to secure an international agreement to curb Iran's nuclear programme, known as the Joint Comprehensive Plan of Action. Unanimously adopted by the UN Security Council as its Resolution 2231 in September 2015, the agreement signed in Vienna by the five permanent members of the UN Security Council, plus Germany, the EU and Iran, was negotiated with the Obama administration and was perceived as a great achievement of multilateralism. However, the May 2019 move by the Trump administration to terminate the 'right to enrich' and Iran's uranium swaps with Russia could effectively kill the deal. Despite these recent events, full implementation of the nuclear deal with Iran remains a matter of European security. The HR/VP commented in June 2019 that, 'It is important for us to keep Iran fully compliant with its commitments under the JCPOA. We will continue to work in this direction with our Member States and with the rest of the international community'.

Tackling the migration and refugee crisis

The connection between internal and external events has become impossible to ignore, and EU policies have evolved accordingly. The EU has developed new financial instruments, such as the trust funds, and EU Member States are collaborating within the UN Security Council, in ways that seemed impossible just three years ago, to help resolve the migration crisis. Alongside the necessary internal reforms, development aid and fight against poverty, the EU has helped to tackle the migration crisis by securing a deal with Turkey, and by means of EU engagement in the Mediterranean area, mainly with Lebanon, Libya and Morocco. Among the tools deployed was the naval Operation Sophia, which began in September 2015. In December 2018, the operational committee of the EU Emergency Trust Fund for Africa, North of Africa Window, adopted four new migration-related programmes, with a total budget of €115 million.

In March 2019, the EU hosted the third Brussels conference on Supporting the future of Syria and the region, demonstrating the EU's commitment to political stability and the humanitarian and resilience needs of people, both in Syria and in the region, where countries such as Turkey, Lebanon and Jordan are hosting millions of Syrian refugees. The work with the African Union, the Arab League and UN is also bearing fruit. As stressed in the European Commission's March 2019 Progress report on the implementation of the European agenda on migration, for three consecutive years, irregular arrivals have fallen steadily, and current levels are a mere 10 % of their peak in 2015. However, some trends have continued in 2018 and early 2019, and show the need for sustained action, as well as responsiveness to changing circumstances. Despite these successes, in 2018, around 150 000 irregular crossings of EU external borders were detected. Furthermore, some actors, mainly humanitarian NGOs, have expressed the wish that the EU's external migration cooperation in the Mediterranean and beyond would shift from policies that focus on securing borders to policies that prioritise saving lives and refugees' safe return.

Engaging the eastern neighbourhood and the Russian Federation

The situation in the eastern neighbourhood has drawn a lot of attention, with the relative success of stabilisation efforts in Ukraine. Since March 2014, the EU has progressively imposed restrictive
measures against Russia. The measures were adopted in response to the illegal annexation of Crimea and the deliberate destabilisation of Ukraine. In addition, the HR/VP and Member States have outlined a very clear position on the Russian Federation (the ‘five principles’ announced in March 2016), which the EU has followed ever since. To combat disinformation and fake news from Russia, the EEAS set up the East Strategic Communication (StratCom) Task Force in 2015. Subsequently, the March 2019 Parliament recommendation on the follow-up taken by the EEAS two years after the Parliament’s report on EU strategic communication to counteract propaganda against it by third parties, called for the East StratCom Task Force to be turned into a ‘fully-fledged unit or even a bigger structure within EEAS’ and for a commitment ‘to ensure adequate financial resources and an adequate organisational structure’ for its future development.

Stabilising the western Balkans but facing deadlock on Serbia-Kosovo dialogue

Regarding the Western Balkans, continuation of the enlargement process and constructive regional initiatives such as the Prespa Agreement (in force since February 2019) between Greece and North Macedonia, and the Commission’s call to open negotiations with Albania and North Macedonia, expressed in the Commission’s May 2019 enlargement package, are clearly positive signs. The western Balkan strategy, adopted in February 2018, underlined the EU’s commitment to promote the political, economic and social transformation of the region. The European future of the region was also encouraged at the EU-Western Balkans summit in Sofia in May 2018, 15 years after the Thessaloniki Summit. Despite these successes, as noted in the Parliament’s resolution on the Commission’s 2018 report on Kosovo, the political dialogue between Serbia and Kosovo, supported by Parliament and facilitated by the EU as the framework to reach a comprehensive normalisation agreement between Belgrade and Pristina, ended in deadlock. The resolution also noted that an agreement between Serbia and Kosovo is a key element in both parties' paths towards European integration.

Priorities and challenges

Public opinion

According to the findings of the April 2019 Eurobarometer, EU citizens’ expectations have evolved. Foreign affairs-related policies, such as immigration, global climate change and combating terrorism, are now among the top five priorities. Economy and growth (50 %) and youth unemployment (49 %) top the agenda, followed by immigration (44 %), climate change (43 %) and combating terrorism (41 %). More than half of respondents (54 %) would also like to see the European Parliament’s role strengthened in the future, with a view to tackling these cross-border issues. According to a March 2019 survey in 10 EU countries by Pew Research Center, a median of 74 % people believe the EU promotes peace, and most also think it promotes democratic values and human rights. The Pew Research survey also confirmed the view that the fight against terrorism, global climate change and cyberattacks from third countries are perceived as the main global threats.

Defending the EU’s interests: a common European foreign policy

The main challenge the new HR/VP will face is how to foster a common European foreign policy, ensuring that EU external action becomes more strategic and coherent. Currently, the Council must vote unanimously in matters relating to CFSP – with the exception of certain clearly defined cases that require a qualified majority (e.g. the appointment of a special representative). This limits effectiveness and also extends response times. Proposing to move to qualified majority voting in specific areas of EU external relations, the Commission has identified three specific domains where this could be done: (i) responding collectively to attacks on human rights; (ii) applying effective sanctions; and (iii) launching and managing civilian security and defence missions. The need to broaden the scope of qualified majority voting in CFSP, by using Article 31(3) TEU, the ‘passerelle clause’, according to which the European Council may authorise (by unanimity) the Council to act by qualified majority in certain common foreign and security policy cases, was again supported at the European Council’s Sibiu meeting in May 2019.
Positioning Europe as a global player in the new strategic environment

Even though international relations are more and more fragmented, multipolar or 'poly-nodal', they are still determined by a main triangulation around a double alliance scheme between the United States of America (US) with the EU, and the Russian Federation with China. This scheme reflects not only common EU-US historical experience, but also EU values and interests. However, the 'America First' posture of the Trump administration has overturned this central feature of the multilateral rules-based international order and the EU must now develop its own strategic autonomy and strategic culture. This need was stressed by French President Emmanuel Macron in his Sorbonne speech on a new initiative for Europe (September 2017). It was repeated in the new strategic agenda for the EU for 2019 to 2024 adopted by the European Council in June 2019, which stated that 'the EU needs to pursue a strategic course of action and increase its capacity to act autonomously to safeguard its interests, uphold its values and way of life, and help shape the global future'. However, some scholars, such as Alina Polyakova and Benjamin Haddad, argue that the EU has yet to transform its vision of strategic autonomy into reality.

Promoting peace, investment and economic development

The situation in the EU’s southern and eastern neighbourhood, as well as in Africa, is highly fragile as the EU is facing a number of complex, interrelated challenges regarding political stability, economic development and security. To be an influential global power, the EU needs to do more to develop its military capabilities, such as the rapid deployment battlegroups, in line with the military integration proposed in the global strategy for security and foreign policy. Furthermore, as 2019 marks both the 70th anniversary of the Geneva Conventions and the 20th anniversary of UN Security Council resolution 1265 on protection of civilians in armed conflicts, the effectiveness of the ‘responsibility to protect’ principle could be assessed, focusing on wider international support and avoiding the risks of possible violation of state sovereignty.

Alongside the need for security and stability, the EU is facing global poverty and economic challenges. The EU’s External Investment Plan will continue to back its neighbours in their infrastructure priorities and support them in carrying out key investments. A recent dynamic development with regard to the EU’s eastern neighbours was the indicative trans-European transport network (TEN-T) investment action plan. Together, the projects will require an estimated investment of almost €13 billion with a view to building a total of 4 800 km of road and rail, six ports, and 11 logistics centres. There are also plans for new investment in energy infrastructures through a trans-European energy network (TEN-E) action plan. In Africa, the EU’s investments represent 40% of FDI and the continent receives on average around €22 billion in EU aid per year. Announced in 2018, a new Africa-Europe alliance for sustainable investment and jobs will create around 10 million new jobs and supply electricity to 30 million households.

Leveraging EU’s global climate change ambition

Climate change has always been a priority for EU foreign policy and will certainly remain high on the agenda. With the US withdrawal from the UN Framework Convention on Climate Change (UNFCCC), known as the Paris Climate Change Agreement, and divergent Chinese and Indian positions, the EU has become a leading force and coordinator of global efforts, showing that multilateral cooperation is the only solution to global problems. The EU could take a lead within the Talanoa Dialogue, established in 2018, as well as at the UN climate action summit in September 2019, and further leverage its influence in the domain.

Safeguarding the Arctic region

On climate change and the melting polar ice caps, the EU must also face the emergent issue of the Arctic. As stressed by the 2017 Parliament resolution on integrated EU policy for the Arctic, the EU will continue dialogue with Russia within the framework of Arctic regional cooperation, but is increasingly concerned by the stationing of Russian military forces in the region, the building and reopening of military bases, and the creation of a Russian Arctic military district. Furthermore,
China’s use of its civilian research presence to strengthen its military infrastructures is a worrying sign. Global powers’ interest in the Arctic, while including the desire to protect its environment and positive trade-related developments such as new trade routes and naval corridors, is also about access to marine resources. Like other major powers working in this area, Chinese and Russian actions are guided by self-interest, but that does not mean their goals cannot be pursued while complying with multilateral rules.

Curbing hybrid threats: cybersecurity, artificial intelligence and disinformation

The EU is likely to face increasing threats that come from the virtual word but have a real impact on the conduct of foreign policy. Cybersecurity and the vulnerability of EU technology infrastructures will combine with psychological and disinformation threats. In October 2018, the European Council called for measures to build strong cybersecurity in the EU, referring in particular to restrictive measures able to respond to and deter cyber-attacks and to the need to build an EU cybersecurity agency. In December 2018, the breakdown in talks on cyber conflicts within the framework of the UN groups of governmental experts on information and communication technology (GGEs), reflected the divide between two principal techno-ideological blocks: one led by the USA and the EU; the other led by Russia and China.

Artificial intelligence will increasingly blend into EU foreign affairs, whether at decision-making level (e.g. treatment of information), investment (e.g. pilot digital project in North Africa), or security and defence (e.g. facial-recognition systems, or autonomous lethal weapon systems). In June 2018, the EEAS and the HR/VP set up the Global Tech Panel, an informal advisory group composed of industry leaders and diplomats. In collaboration with international partners, such as the UN high-level panel on digital cooperation, the HR/VP will contribute to the new EU strategy on artificial intelligence scheduled to be unveiled in November 2019.

In the field of disinformation, following the October 2018 European Council conclusions, the HR/VP will continue to implement concrete measures to tackle disinformation, including the creation of a rapid alert system and close monitoring of the implementation of the Code of Practice on Disinformation to be signed by online platforms. The action plan also envisages an increase in the resources devoted to the issue. The EEAS Strategic Communication Task Forces and EU Hybrid Fusion Cell, and the EU delegations in the neighbourhood countries, will also be reinforced.
European Parliament

Treaty basis and European Parliament competence

The Lisbon Treaty affirms that the European Parliament must be consulted on the main aspects and choices of the CFSP and informed about the evolution of policies; Parliament may also address questions or make recommendations to the Council or the HR/VP. Twice a year it must hold a debate on progress in implementing the CFSP, including the CSDP (Article 36 TEU). The exclusion of legislative acts from the CFSP excludes any formal power for Parliament in the adoption of CFSP decisions. However, Parliament has influence on the conduct of CFSP indirectly, through its budgetary powers, including the right to amend the draft CFSP budget. In addition, international agreements concluded by the EU in the field of CFSP require consultation and consent of Parliament (Article 218 TEU). The Treaties also require that Parliament be immediately and fully informed at all stages of international negotiation processes in which the EU participates, including trade negotiations (Article 207(3) TFEU). Parliament not only holds a veto power over association and cooperation agreements with third countries and regions, but also over financial protocols with third countries, trade agreements and ratification of international agreements on issues that are internally regulated via the ordinary legislative procedure, such as environmental issues. Parliament adopts annual reports on CFSP and CSDP and on a wide range of bilateral and multilateral issues. Parliament acts as co-legislator of financial instruments of foreign policy such as the Instrument for Pre-accession Assistance (IPA), the Neighbourhood, Development and International Cooperation Instrument, or the Guarantee Fund for External Action (GFEA). The GFEA also contributes to the European External Investment Plan, which addresses the root causes of migration, the ongoing refugee crisis and security-related issues. The implementation of the interinstitutional agreement on budgetary discipline (2013/C 373/01) has also improved CFSP consultation procedures as far as financial aspects are concerned.

As with many Member States’ national parliaments, the formal role of the European Parliament in foreign policy is quite limited, the exception being its major powers relating to the adoption of international agreements and its budgetary powers. The main actors are Parliament’s Committee on Foreign Affairs and its subcommittees on Human Rights and on Security and Defence, as well as the Committees on Development, on International Trade, on Budgets and on Budgetary Control. In addition to these committees, Parliament has more than 40 inter-parliamentary delegations for relations with parliamentary assemblies from third countries, regions or international organisations and together these constitute the tools of parliamentary diplomacy. Along with institutional partners such as the OSCE, Parliament also takes part in international election observation missions.

Since 2010, Parliament has not only provided budgetary oversight of the European diplomatic service, but it has also influenced its content, in particular by requiring more systematic attention to human rights and action to promote democracy. Parliament has defended the universality and indivisibility of human rights and fundamental freedoms and respect for human dignity as part of the guiding principles of its foreign policy. Recent examples include new initiatives, such as the promotion of the freedom of religion or belief outside the EU, the fight against impunity for acts of discrimination and violence against LGBTI people. A strong position on the rule of law and human rights has also been expressed through the Sakharov Prize for Freedom of Thought, which has been crucial in supporting human rights activists in the Russian Federation, as well as in Iraq, Saudi Arabia, the Democratic Republic of the Congo and Pakistan.
FURTHER READING


ENDNOTES

1 The EU Emergency Trust Fund for stability and addressing the root causes of irregular migration and displaced persons in Africa (EUTF for Africa) aims to foster stability and to contribute to better migration management, including by addressing the root causes of destabilisation, forced displacement and irregular migration.

2 During Parliament’s April 2019 plenary session, HR/VP Federica Mogherini deplored Member States’ lack of support for Operation Sophia: ‘Obviously you see the contradiction in terms of having a naval operation without naval assets. Unfortunately the decision (sic) of Member States have been in another direction’.

3 ‘Kosovo’ – this designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the International Court of Justice Opinion on the Kosovo declaration of independence.

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Maroš Šefčovič

Vice-President: Interinstitutional Relations and Foresight

Hearing due to be held on Monday 30 September at 09.00 hours
European Parliament committee responsible: Constitutional Affairs (AFCO).

Maroš Šefčovič has served as a European Commissioner since 2009. In the outgoing European Commission, he has been the Vice-President responsible for the Energy Union. Prior to that, from 2009 to 2010, he served briefly as Commissioner for Education, Training, Culture and Youth, and then from 2010 to 2014, as Commissioner and Vice-President for Interinstitutional Relations and Administration (in the Barroso II Commission).

Born in 1966, Maroš Šefčovič studied at the Bratislava University of Economics and the Moscow State Institute of International Relations, and has a doctorate in law from the Comenius University of Bratislava. As a Slovak diplomat, he was Ambassador to Israel, and Permanent Representative to the European Union from 2004 to 2009.

A member of the SMER-SD party in Slovakia, in 2018, Maroš Šefčovič declared his intention to seek the nomination of the Party of European Socialists (PES) as lead candidate for the position of the Commission President. He later withdrew his nomination to endorse the outgoing Commission’s First Vice-President, Frans Timmermans (PvdA, the Netherlands), as the party’s lead candidate. He is author of the book Driving the EU forward – Straight talks with Maroš Šefčovič (2014).

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Background

European legislation ultimately depends on how the EU institutions – in particular the Commission, Council and Parliament – work together. Efforts to improve interinstitutional relations have been stepped up in recent years, and further improvement remains an ongoing commitment. The 2016 Interinstitutional Agreement on Better Law-Making, for instance, emphasised the importance of ‘sincere and transparent cooperation’ between the EU law-making institutions, and their ‘joint responsibility’ for high-quality EU legislation. In 2014, at the start of his term, Commission President Jean-Claude Juncker gave weight to the issue of interinstitutional relations and better regulation by entrusting the area to the newly created post of First Vice-President of the Commission, held by Frans Timmermans, also responsible for the rule of law and the Charter of Fundamental Rights. The portfolio now assigned to Maroš Šefčovič includes interinstitutional relations, better regulation and strategic foresight, to be put at the very core of better policy-making.

Priorities and challenges

In her opening statement to the European Parliament on 16 July 2019, before being elected Commission President, Ursula von der Leyen pledged to further strengthen the special relationship between the Commission and the Parliament. The Commission-Parliament relationship was boosted by the 2014 ‘Spitzenkandidaten process’ ahead of the 2014 elections in which European political parties nominated lead candidates for the role of Commission President, and which concluded with the election of Jean-Claude Juncker in July 2014. The lead candidate process ground to a halt after the 2019 elections, however, with the European Council nominating Ursula von der Leyen as candidate rather than nominating any of the lead candidates of the European political parties. On 16 July 2019, Parliament elected von der Leyen as Commission President by 383 votes in favour, 327 against and 22 abstentions. Against this backdrop, in her political guidelines von der Leyen stressed the need to review the EU election and appointment processes, including a reference to improving the Spitzenkandidaten process and the issue of transnational lists – both now to be dealt with under the portfolio allocated to Vice-President-designate Věra Jurová (Values and Transparency).

In her guidelines, von der Leyen also expressed support for Parliament’s right of initiative, committing the Commission to submit a legislative proposal when Parliament asks it to (Article 225 of the Treaty on the Functioning of the European Union – TFEU), in line with the principles of subsidiarity and proportionality and the Better Regulation Guidelines. She also pledged to boost Commissioners’ presence at trilogue meetings, and expressed her intention to revive the tradition of ‘question time’ – a debate in Parliament’s plenary sessions that was not used during the 2014-2019 parliamentary term.

The outgoing Juncker Commission gave new impetus to the EU’s Better Regulation agenda, which has been a feature at EU level for almost two decades, and which became a central tool in delivering on the now familiar Juncker slogan of being ‘big on big things and smaller on small things’. It is broadly agreed that a ‘better law-making culture’ is gradually taking hold within and across the EU institutions, although much remains to be done. In April 2019, First Vice-President Timmermans emphasised the need to consolidate better regulation practices within the ‘EU institutional machinery’ as, according to him, ‘we have not reached the point of no return with better regulation yet’. He also stressed the need for evidence-based decision-making, which is ever more important in a ‘post-fact world’.

The European Council’s 2019-2024 Strategic Agenda, intended to guide the institutions’ work for the coming five years, expressed a continued commitment to ‘focus on what really matters’ and reiterated the aspiration to be ‘big on big and small on small’, in line with the principles of subsidiarity and proportionality. It also stressed the need to engage with citizens, civil society and social partners, as well as with regional and local actors in this process. It once again emphasised
that good governance depends on rigorous implementation of agreed rules – an issue that is at the core of better regulation efforts.

The outgoing Commission also saw the adoption of the 2016 Interinstitutional Agreement (IIA) on Better Law-Making, which forms a central part of efforts to improve interinstitutional cooperation in law-making. The agreement expressed the three institutions’ shared commitment to promote simplicity, clarity and consistency in EU legislation, and better coordination and transparency in the legislative process. It also strengthened provisions on cooperation on programming, some of which will be applied for the first time this year. Regarding multiannual programming, the IIA establishes an obligation for the three institutions, upon the appointment of a new Commission, to ‘exchange views on [their] principal policy objectives and priorities for the new term’ as well as, ‘where possible, on indicative timing’. At the initiative of the Commission and as appropriate, the three institutions will draw up joint conclusions. These are to be signed by the three presidents and will be subject to a mid-term review and adjustment ‘as appropriate’. The IIA also envisages better cooperation on annual programming, including joint declarations setting out broad objectives and priorities for the following year. So far this has resulted in two joint declarations on the EU’s legislative priorities (2017 and 2018/2019) signed by the respective institutions. These provisions are widely seen as leading to shared ownership in EU programming and stronger political agenda-setting.

Main projects

In her mission letter to Maroš Šefčovič, Commission President-elect von der Leyen entrusts him with leading the Commission’s work on ‘interinstitutional relations, better policymaking and strategic foresight’. In line with the approach of ‘big on big and small on small’, it emphasises working together ‘where it matters the most and where it can provide the most added value’.

In continuation of recent initiatives, Maroš Šefčovič is expected to support the Commission President in further strengthening the ‘special partnership’ with the European Parliament, including ensuring that the 2010 Framework Agreement between the two institutions is upheld and the 2016 IIA implemented. He is also charged with leading ‘interinstitutional discussions on annual programming’.

Maroš Šefčovič will be in charge of relations with national parliaments, and is expected to work closely with other Commissioners on Parliament resolutions calling on the Commission to submit legislative proposals. Further, he is entrusted with coordinating the Commission’s work on better regulation, including ensuring respect for the principles of subsidiarity and proportionality. In order to ‘alleviate regulatory burden’, he is tasked with developing and applying the ‘one in, one out’ principle, according to which ‘every legislative proposal creating new burdens should relieve people and businesses of an equivalent existing burden at EU level in the same policy area’.

The President-elect calls for further strengthening the ‘culture of evidence-based policymaking’, including making full use of knowledge, information and research within the Commission. In this regard, Maroš Šefčovič is charged with leading the Commission’s work on strategic foresight, focusing on ‘long-term trends to better design laws and to develop future-oriented policies’. He will coordinate the European Battery Alliance and, drawing on the work of the Commission’s Joint Research Centre (JRC), produce an annual foresight report, with the aim of fine-tuning priorities and linking policies. The guidelines stress that making use of research and knowledge will be crucial with regard to both the digital and climate transitions, and should also feed into the debates of the Future of Europe Conference – work on which will be led by Dubravka Šuica.

President-elect Ursula von der Leyen has charged the Vice-Presidents with a steering and coordinating function. Maroš Šefčovič will work under the President’s guidance, and will be supported by the Secretariat-General in his coordination work.
European Parliament

Parliament has made use of the 'indirect' right of initiative granted it by Article 225 TFEU on numerous occasions, asking the Commission to submit proposals. It has also called for a full right of initiative, and for action to convert the remaining 'special' legislative procedures (consultation and consent) into the ordinary legislative procedure. Both issues have been embraced by President-elect Ursula von der Leyen, who has expressed support for Parliament's right of initiative and 'full co-decision power'. Parliament has also developed initiatives and created capacities for strategic and scientific foresight, such as the scientific panel for the future of science and technology (STOA), units devoted to scientific and strategic foresight within the European Parliamentary Research Service (EPRS), and through participation in the interinstitutional European Strategy and Policy Analysis System (ESPAS).

Parliament had long called for revision of the 2003 Interinstitutional Agreement on Better Law-making, a process that concluded with the entry into force of the 2016 agreement. In a 30 May 2018 resolution, Parliament took stock of the initial period of implementation of the IIA and noted outstanding issues of concern. It welcomed progress made in implementing the agreement, noting, in particular, the two joint declarations on the EU’s legislative priorities (for 2017 and 2018/2019), improved access for Parliament experts to documents and meetings concerning the preparation of delegated acts, and the operational joint register of delegated acts. The resolution also highlighted issues where implementation efforts should be stepped up and/or which remained unsatisfactory for Parliament. It called for a better flow of information from Council and for greater efforts to set up a joint database on the state of play of legislative acts to improve traceability, as required by the IIA.

FURTHER READING

Find articles on the theme of Global Trends and Scientific foresight on the EPRS blog: epthinktank.eu.

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As European Commissioner for Justice, Consumers and Gender Equality since 2014, Věra Jourová supported the First Vice-President for Better Regulation, Interinstitutional Relations, the Rule of Law and the Charter of Fundamental Rights in relation to the European Union’s accession to the European Convention on Human Rights (ECHR), as well as on ensuring respect for the rule of law and the Charter for Fundamental Rights. Her responsibilities also included fighting discrimination, EU data protection reform, and setting up the European Public Prosecutor’s office.

Born in 1964, Věra Jourová graduated in law at Charles University in Prague and obtained a Master’s degree in theory of culture from the same university. Her professional experience includes responsibilities in local, regional and national government in Czechia: as Secretary and Spokesperson of the Třebíč Municipal Office; Head of the Department of Regional Development of the Vysočina Region; European Integration Deputy at the Ministry for Regional Development; and, finally, as Minister for Regional Development in 2014 (January-October). As a member of the ANO political party, affiliated to the Alliance of Liberals and Democrats for Europe, Jourová was also elected in 2013 as a Member of the Chamber of Deputies of the Czech Parliament.

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Background

The EU is founded on a common set of values, including democracy, the rule of law and human rights (Article 2 TEU). One of the main priorities of the Juncker Commission, upholding shared EU values and fundamental rights is expected to continue as such in the European Commission’s agenda for the next term, as the remit of the future Vice-Presidency for values and transparency, assigned to Vera Jourová, includes both coordination of the Commission’s work on the rule of law and monitoring the application of the Union’s Charter, and strengthening Europe’s democracy.

Priorities and challenges

In Ursula von der Leyen’s political guidelines for the 2019-2024, the Commission President-elect commits to strengthening EU democracy through several initiatives, including improving the ‘lead candidate’ system, increasing transparency in EU decision-making and protecting EU democracy against external interference. Highlighting the need to review the way in which EU institutions are elected, the President-elect proposes to improve the ‘lead candidate’ (Spitzenkandidaten) system and to make it more visible by addressing the issue of transnational lists for European elections. Considered to afford the European Parliament a greater say in the election of the Commission President and to establish a clearer link between European elections and the composition of the Commission, the ‘lead candidate’ system was successful in 2014, when Jean-Claude Juncker was elected President of the Commission, having been appointed lead candidate by the European People’s Party. However, in July 2019 Ursula von der Leyen was nominated by the European Council, rather than the lead candidate of any European political family. The implications for EU interinstitutional and political dynamics remain to be seen, but improvement of the system and possible electoral reform is clearly a priority on the Commission’s agenda. Similarly, enhancing the transparency, accountability and integrity of EU decision-making, which is critical to overcoming criticism on (perceived) EU institutional opacity, is a key challenge for EU institutions. During the previous Commission term, debate on transparency throughout the EU legislative process was fostered by a European Ombudsman inquiry into the Council’s legislative work, the judgment of the Court of Justice in the De Capitani case, and the initiatives adopted by the Finnish Presidency of the Council to render Council’s legislative work more transparent. In addition, the proposal to create a mandatory transparency register of lobbyists covering the three main institutions, which failed to pass during the previous parliamentary term, may return to the EU institutions’ agenda. Addressing the threats of foreign intervention in EU elections and building the ‘resilience of our democratic system’, by countering disinformation whilst also preserving freedom of expression and of the press, is also expected to remain a priority, where the new Commission will have to build upon EU efforts to counter online disinformation in protecting the 2019 European elections.

Von der Leyen’s political guidelines greatly emphasise upholding the rule of law and EU values, stating that ‘there can be no compromise when it comes to defending our core values’, and commits to using all the EU tools at her disposal. In this respect, the Commission will have to address rule of law backsliding in some Member States and therefore participate in the Article 7(1) TEU procedures already triggered against Poland (2017) and Hungary (2018), as well as in possible future procedures against some other Member States. Similarly, the debate on reinforcing the current EU toolbox to respond to systemic threats to the rule of law in Member States, launched by the Commission at the end of the 2014-2019 term, is expected also to figure on the EU institutions’ agenda in the coming term. The President-elect also commits to fostering approval by the co-legislators of the proposal for a regulation on the protection of the Union’s budget in case of generalised deficiencies as regards the rule of law in the Member States and expresses her support for a comprehensive European Rule of Law Mechanism, based on objective criteria and applied to all Member States equally. Following Ursula von der Leyen’s election as President, the outgoing Commission issued a communication proposing to strengthen the EU toolbox to enforce the rule of law through various mechanisms, including a Rule of Law review cycle that would cover all Member States, ending with
the adoption of an annual Rule of Law report. However, certain aspects remain to be defined, e.g. how the mechanism would be implemented, how it would relate to existing mechanisms and if it would fall short of the EU Pact for democracy, the rule of law and fundamental rights, proposed by Parliament in the 2014-2019 parliamentary term. Finally, the European Council Strategic Agenda for 2019-2024 includes the protection of citizens and their freedoms as one of the four main priorities for EU institutions for the coming term, stressing the need to defend the fundamental rights and freedoms of EU citizens against existing and emerging threats. Focusing more on social rights and equality, the Commission President-elect commits to presenting an action plan to fully implement the European Pillar of Social Rights. As regards accession to the ECHR, since the Court of Justice issued its Opinion declaring the draft accession agreement incompatible with EU law (Opinion 2/13), the Commission has sought solutions to address the Court’s objections. However, no new draft accession agreement has yet been proposed and therefore it remains to be seen how the EU institutions will comply with the obligation enshrined in Article 6(2) TEU.

Main projects

In her mission letter to Věra Jourová, von der Leyen entrusts Jourová with the lead on the Commission’s work on values and transparency, working for a strong and vibrant EU democracy and upholding its common values. As Vice-President, Jourová will assume a steering and coordinating function, chairing the Commissioner’s Group on a New Push for European Democracy, and will play an active role in the Conference on the Future of Europe. The President-elect commits to organising a Conference on the Future of Europe in which European citizens would have a say on the future of Europe, including the processes through which the members of EU institutions are elected, and Věra Jourová will represent the Commission in the Conference in relation to the lead candidate process and transnational lists, aiming to make a proposal on both issues by summer 2020.

Continuing recent initiatives, Věra Jourová is to ‘closely monitor the implementation of the Code of Practice on Disinformation’, agreed in October 2018 with key online platforms ahead of the May 2019 European elections, and to ‘propose regulatory intervention if necessary’, based on the Commission’s assessment of the behaviour of the online platforms ahead of the elections. To address possible external threats to EU democracy, Jourová’s work should also focus on including legislative proposals to ensure greater transparency in relation to political advertising and financing of European political parties. Similarly, she should lead the negotiations on the failed interinstitutional agreement on a mandatory Transparency Register for the Commission, Parliament and Council, and work with those institutions to create an independent ethics body addressing criticism of EU institutional ethics and integrity. As media pluralism is critical to any democracy, Jourová has also been entrusted with the task of identifying risks for plurality in the media through the Media Pluralism Monitor and supporting independent journalism through cross-border projects. Aiming to increase citizen’s involvement in EU affairs, and following a recent modification of the Regulation on the European Citizens Initiative (ECI), the President-elect of the Commission also entrusted Věra Jourová with the responsibility of improving the way the ECI works.

Finally, Vice-President-designate Jourová will ‘coordinate the Commission’s work on upholding the rule of law’, working with Didier Reynders, Commissioner-designate for Justice. Regarding fundamental rights in the EU, Věra Jourová will lead Commission work to ensure the EU’s accession to the ECHR and will continue to monitor application of the Charter of Fundamental Rights. Jourová will also coordinate all initiatives to promote European identity, including the Rights, Equalities and Citizenship Programme, with a budget of €439.5 million for 2014-2020, and will lead the Commission’s dialogue with churches, religious associations, and non-confessional organisations.

European Parliament

Since its inception ahead of the 2014 European elections, Parliament has supported the ‘lead candidate’ process, considering it a way to reinforce the political legitimacy of both Parliament and Commission by connecting their respective elections more directly to voter choice, and increasing
transparency in the procedure of electing the Commission President. Parliament also supported the creation of joint constituencies, in combination with transnational lists, during the most recent reform of the European Electoral Act, although the proposals were rejected by Council. The European Parliament also voted in favour of stricter rules on transparency in EU decision-making, calling for a binding (instead of voluntary) lobby transparency register. In relation to media pluralism, Parliament has called for a greater role for EU institutions in safeguarding an independent and free media landscape and in supporting quality and independent journalism, including through financial support. Parliament has also consistently pushed for a European response to disinformation. With its budgetary power, it has supported the East StratCom Task Force, set up under the European External Action Service (EEAS) in 2015, following the European Council’s call to counter Russian disinformation. In March 2019, Members urged a robust response against propaganda aiming to undermine European democracy, high priority for strategic communication, and the adoption of legislation to protect European elections from ‘undue influence’.

Parliament has also been very active on fundamental rights. In addition to its annual report on the situation of fundamental rights in the EU (latest, January 2019), and its annual report on human rights and democracy in the world (latest, December 2018), Parliament has stressed the relevance of the Charter of Fundamental Rights as a source of primary law, and has called for an update of the 2010 Commission strategy for the effective implementation of the Charter. Parliament has also suggested initiatives to ensure better implementation of the Charter within the EU’s institutional framework, inter alia developing gender impact assessments on Commission proposals and enhancing the involvement of the EU Agency for Fundamental Rights in assessing Commission proposals’ compatibility with the Charter. Parliament has also called on the Commission to take steps towards a new draft of the EU accession agreement to the ECHR. Finally, Parliament has proved its commitment to strengthening and upholding the rule of law, democracy and fundamental rights in all Member States, calling on the European Commission to establish an EU Pact for democracy, the rule of law and fundamental rights in the form of an interinstitutional agreement.

FURTHER READING


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Additional contributions to this briefing have come from Naja Bentzen, Philippe Perchoc and Gianluca Sgueo.

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Dubravka Šuica
Vice-President: Democracy and Demography

Hearing due to be held on Thursday 3 October at 18.30 hours.
European Parliament committee responsible: Constitutional Affairs (AFCO).

A Member of the European Parliament since 2013, Dubravka Šuica was active in local politics as Councillor of the Dubrovnik City Council and Mayor of Dubrovnik between 2001 and 2009. Between 1998 and 2009, she was twice elected Councillor of the Dubrovnik-Neretva County Assembly, and from 2005 to 2009, was a member of the Board of the Union of the Association of Towns and the Association of Municipalities of the Republic of Croatia. Between 2004 and 2014, she was Vice-President of the Council of Europe Congress of Local and Regional Authorities, as well as Chair of its Croatian delegation. From 2008 to 2011, she held the post of Head of the Croatian Parliament delegation to the Mediterranean Parliamentary Assembly.

Šuica is a member of the HDZ (Croatian Democratic Union), a member of the European People’s Party. Since 2012, she has held the posts of party Vice-President, and chair of its Committee on Foreign Affairs and European Integration. Between 2000 and 2011, she was a Member of the Croatian Parliament, where she was vice-chair of the European Integration Committee and a member of the Interparliamentary Cooperation Committee.

Born in 1957 in Dubrovnik, Šuica graduated in 1981 from the Faculty of Philosophy of the University of Zagreb and became a teacher of English and German languages and literature. She also holds a degree from the University of Buffalo in the United States.

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Background

A higher turnout in the May 2019 European elections demonstrated European citizens’ renewed desire for a greater say in the evolution of the European Union. European Commission President-elect von der Leyen appears to agree, and has created the first Commission portfolio dedicated to democracy and demography, linking it to a Conference of the Future of Europe, to start in 2020 and run for two years.

A recent loss of faith in democracy can be detected as resulting from deeper changes in our society, including a lack of effective action on adverse economic circumstances affecting certain social and regional groups. Statistics illustrate a connection between these negative tendencies and demographic developments: population decline can be observed across parts of eastern and southern Europe and some central regions of France and Germany. Recent trends in immigration stemming from non-EU countries may even start to alter the demographic balance in a few EU regions. Important demographic contrasts can be observed between the core and periphery, both at EU and Member State levels, such as population increase in certain urban areas (especially capital cities) and coastal areas. Conversely, peripheral, rural, mountainous and sparsely populated areas are affected by depopulation. Insufficient and inadequate social measures, especially concerning working parents, young people, children and the elderly also contribute to changing EU demography. Despite significant recent developments, such as a new Directive on Work-Life Balance, the Youth Guarantee, and pensions systems developments, much remains to be done.

Priorities and challenges

The new Commission will have to deal with a number of democratic and demographic challenges, the most important being: ensuring citizen participation in decision-making; tackling poverty and social inequality; reducing ‘brain drain’; and ensuring equality between genders, age groups, national and cultural identities and regions.

A new push for democracy in Europe is one of the six headline ambitions of the political guidelines for the next European Commission. Citizens should play a leading and active part in setting the priorities of the EU. One democratic aim is to achieve more transparency throughout the legislative process. President-elect von der Leyen is planning that the Commission propose a new European democracy action plan, to address the threat of external intervention in European elections, and make legislative proposals to ensure greater transparency regarding paid political advertising, as well as clearer rules on the financing of European political parties.

Full implementation of the European Pillar of Social Rights at EU and Member State level is a priority not only in the Commission’s political guidelines, but also under the 2019-2024 European Council Strategic Agenda. An important part of the pillar is further improvement in work-life balance: parents and people with caring responsibilities should have the right to take suitable leave, to flexible working arrangements and access to care services. Significant progress has been made in this area (such as the Work-Life Balance Directive), but the new Commission will have to coordinate work on better reconciliation of work and family life and on ensuring full implementation of the directive.

At European level, there is a broad and clear consensus that action is needed to address child poverty and social exclusion, which endangers 25 million children under the age of 18 in the EU. To promote children’s and young people’s wellbeing, and support young people throughout their childhood and into their adult life, the new Commission will need to tackle protection of children’s basic rights, such as adequate healthcare and education.

Pension systems, and in particular public pension schemes, have ensured that older people in the European Union are largely protected against the risk of poverty. However, such systems come under pressure as life expectancy rises and the number of births declines in the EU. For this and other reasons, Member States are encouraging the establishment of private pension savings, to
soften the burden of ageing populations on social security schemes and to complement public pension benefits. The recently adopted Pan-European Pension Product (PEPP) could provide a further step in this direction.

**Main projects**

The Conference on the Future of Europe, which President-elect von der Leyen envisages running for two years from 2020, should bring citizens of all ages from across the EU together with representatives of civil society and European institutions. The idea is to offer a platform where citizens' major concerns can be freely expressed, in order to take them into account in the work of the institutions. The Vice-President-designate for Democracy and Demography should work together with the Parliament and the Council to agree on the concept, structure, timing and scope of the conference, and to facilitate citizens' participation.

The Commission also seeks to help affected social and regional groups of citizens to respond in the best possible way to the challenges of demographic transition. Based on the work of Eurostat, Vice-President-designate Šuica should prepare, through an extensive mapping exercise, an analysis of the impacts of demographic change on these different groups and identify actions to be taken. In this context, she is tasked with coordinating the elaboration of a long-term vision for rural areas, by addressing issues such as demographic change, connectivity, the risk of poverty and limited access to services.

Also in the context of demography, Vice-President-designate Šuica is expected to present a green paper on ageing, analysing long-term impacts of an ageing society on care and pensions, and the ability of social protection systems to deal with the needs of the ageing population.

Another priority of the new Commission is to focus on children's needs and rights. Through the establishment and the coordination of the new Child Guarantee, the Commission will seek to ensure that children can access the services needed to grow up healthy and safe. This work will be complemented by a comprehensive strategy on the rights of the child.

**European Parliament**

The European Parliament contributed substantially to the discussion on the Future of Europe, holding Future of Europe debates from early 2018 to April 2019. Heads of State or Government were invited to address Parliament’s plenary sessions, with full freedom to express their views and to debate their position on the future development of the EU with Members of the European Parliament. In the political guidelines for the next European Commission, Ursula von der Leyen points out that the Commission intends to give a stronger democratic role to the European Parliament, as representative of the voice of European citizens, in initiating legislation. Von der Leyen indicates that the Commission is committed to responding with legislative proposals to the Parliament’s resolutions calling for legislative acts (under Article 225 of the Treaty on the Functioning of the European Union).

In a 2013 resolution, the European Parliament welcomed the introduction of a Pan-European pension product (PEPP), proposed by the Commission to develop both funded, complementary occupational pensions and individual schemes. In 2018, the Parliament also decided to respond to the Commission’s recommendation on the tax treatment of PEPPs, with a resolution based on an own-initiative report, calling on the Council to put forward proposals to incentivise PEPP savers, such as: giving the same tax relief to the PEPP as is given to national products; specific PEPP tax relief harmonised at EU level in a multilateral tax agreement between Member States; and granting a specific (fixed amount or percentage) subsidy to PEPP savers.

A 2016 Parliament resolution on work-life balance pointed out that social welfare rights are not always granted throughout the entire duration of parental leave, and called for the extension of the minimum duration of parental leave. Another resolution adopted the same year highlights that
matching citizens' expectations in terms of fair working conditions lies at the heart of a 'competitive and inclusive economy' that benefits from both women's and men's talents.

In 2015, the European Parliament adopted a resolution on 'Reducing inequalities with a special focus on child poverty', calling for the introduction of a European Child Guarantee that would use EU structural funds to fight growing rates of poverty among children in Europe, and promote their social inclusion and general wellbeing. In 2018, the Parliament went a step further, calling on the Commission and all Member States to establish a special fund dedicated to the Child Guarantee.

**FURTHER READING**


[What Europe does for me website](http://whatfor.me), European Parliament.

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BRIEFING
Hearings of European Commissioners-designate

Margaritis Schinas
Vice-President: Promoting the European way of life

Hearing due to be held on Thursday 3 October at 18.30 hours.
European Parliament committees responsible: Civil Liberties, Justice & Home Affairs (LIBE) and Culture & Education (CULT).

Margaritis Schinas has most recently served as Chief Spokesperson of the European Commission since 2014, and Deputy Director-General of the Commission’s Directorate-General for Communication since 2015. Born in 1962, he obtained a law degree from the University of Thessaloniki, which he then complemented with degrees in European studies from the College of Europe in Bruges and in public administration and policy from the London School of Economics (LSE).

Schinas began his career in the European Commission in 1990, and has held a number of senior positions, including in the cabinets of different Commissioners, as well as the post of Deputy Head of the Bureau of European Policy Advisers (BEPA - the predecessor to the European Political Strategy Centre, EPSC). During this period, he represented the Commission on the Board of the European Union Institute for Security Studies.

From 2007 to 2009, Margaritis Schinas served as a Member of the European Parliament, representing New Democracy, affiliated to the European People’s Party at European level. As a Member, he was active in the Committee on Budgets, as well as the Delegation to the European Union-Turkey Joint Parliamentary Committee. He was the rapporteur for two opinions, one on publication and translation obligations of certain types of companies, and the other on the deployment and commercial operating phases of the European programme of satellite radionavigation.

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EPRS | European Parliamentary Research Service
Authors: Anita Orav and Sofija Voronova
Members’ Research Service
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Background

In Ursula von der Leyen’s mission letter to Margaritis Schinas, the European Commission President-elect specifies that the ‘European way of life’ entails solidarity, peace of mind and security. It also requires ensuring that workers are able to adapt to the evolving labour market, by equipping them with the necessary skills, including digital. She points to the need for well-managed legal migration, for smooth integration of migrants and refugees, and for common solutions on migration and security, based on European values and responsibilities. The Vice-President for ‘Promoting the European way of life’ will therefore be in charge of coordinating a wide range of policies, ranging from education, culture and sport to integration, migration and security, even if some of these do not have an entirely obvious link to the title of the portfolio.

Education, culture and sport can play an important role in building a resilient, competitive and inclusive society. EU education policy is focused, inter alia, on measures to encourage youth mobility, acquisition of digital skills, and vocational training that allows adaptation to evolving labour markets and industrial change. Sport can also be used as a tool for engaging with varied social groups and communities. Moreover, education offers opportunities for better integration of migrants and refugees, as well as helping to prevent radicalisation.

Migration from third countries to the EU was highly topical during the 2014-2019 parliamentary term. Following the 2015 peak in the number of migrants arriving in EU countries, the Commission proposed a European Agenda on Migration, aiming to address the immediate challenges created by the increasing migration flows, and equip the EU with better tools to manage migration in the long term. Despite the Commission's efforts to reduce the incentives for irregular migration, secure the EU's external borders, redefine EU asylum policy and provide the EU with a new legal migration policy, many of the proposals presented by the Commission during the last term are still to be adopted by the co-legislators.

Security was also high on the agenda during the 2014-2019 term, not least due to the wave of terrorist attacks that hit Europe. In 2016, the concept of a Security Union emerged, following the review of the 2015 European Agenda on Security focusing on three main priorities to be addressed: terrorism and radicalisation, organised crime and cybercrime. There is also a growing understanding that the traditional divide between internal security and external defence hampers effective response to global threats. There is, therefore, a need for coordinated action and an integrated approach to protect the collective security of the Union.

Priorities and challenges

Public opinion

According to the Delivering on Europe survey conducted in 2018, the first areas where EU citizens would like the EU to intervene more are the fight against terrorism and unemployment (77 % and 76 % respectively). Also, more than 70 % of respondents across Europe are in favour of more EU intervention on migration (72 %) and protection of external borders (71 %). Finally, coming just after security and defence policy (68 %), Europeans called for more EU action on the equal treatment of women and men (65 %, which is an increase of 10 percentage points compared to 2016). Another survey showed that more than half of young EU citizens (53 %) identify education and skills as the top priority for the EU.

In line with citizens' expectations, education policies have not only maintained their relevance, but have gained more importance with increased funding proposed for programmes such as Erasmus+ and the European Solidarity Corps in 2021-2027. In her political guidelines for 2019-2024, Commission President-elect von der Leyen supported the European Parliament's proposal to triple the Erasmus+ budget, and also committed to achieving a European education area by 2025, emphasising the need to improve access to quality education and learning mobility. She also announced an update of the digital education action plan to improve digital literacy and skills.
Current trends suggest migratory flows to Europe will continue, which means migration management will remain high on the EU agenda. Von der Leyen’s political guidelines announce a ‘New Pact on Migration and Asylum’, including relaunch of the Dublin reform, and stress that a fresh start and a new way of burden-sharing are required. She proposes to focus on two elements: firstly, reinforcement of the European Border and Coast Guard Agency to a standing corps of 10 000 border guards by 2024, earlier than the current target of 2027; and secondly, the need for a modernised and truly common EU asylum system. The Commission President-elect also emphasises the need for a more sustainable approach to search and rescue, moving from ad hoc solutions to a permanent system, as well as updating the return policy rules.

Internal security will continue to be a top priority, with terrorism, radicalisation and cybercrime remaining important challenges, as well as tackling money laundering and terrorist financing more efficiently. Cybercrime is a persistent threat, with the number and level of sophistication of cyber-attacks increasing over recent years. The EU needs to enhance its resilience and response to attacks by state and non-state actors, to protect itself from malicious interference. The EU will also have to increase security-related funding in its budget, and invest more in security research. Pooling of resources, cooperation and information-sharing are essential aspects, according to the European Council strategic agenda 2019-2024. Finally, an important challenge for the ninth legislature will be to follow up and evaluate implementation of the security measures adopted during the last term.

**Main projects**

Ursula von der Leyen has assigned a wide range of tasks to the Vice-President for ‘Promoting the European way of life’, in three main areas: skills, education and integration, finding common ground on migration and security union. The Vice-President will therefore coordinate and ensure coherence between these policies, chairing a group of Commissioners with related responsibilities, and working under the guidance of the Commission President, supported by the Commission Secretariat-General.

On education, labour mobility and integration policy, the Vice-President will aim to provide young people with new skills and opportunities, making full use of programmes such as the European Solidarity Corps and DiscoverEU. Other tasks include work on the education agenda, on life-long learning and cross-border learning, and on achieving the European education area. Culture and sport policy can be expected to contribute to bring communities closer together, including better integration of migrants and refugees. The Vice-President will also coordinate efforts towards establishing a Union of equality and diversity, including fighting discrimination, combating gender-based violence, developing a new European gender strategy and contributing to empowering women and girls.

Vice-President-designate Schinas will also be tasked with creating pathways to legal migration, to attract the skills and talents of the European economy and labour market need and lack, and cooperating with the Commissioner for Jobs to develop a better match between jobseekers and vacancies. The main goal of the overall approach to migration is to find common ground and relaunch a policy based on shared responsibility and solidarity. Work should start on a ‘New Pact on Migration and Asylum’, addressing issues such as external border control, asylum and return policy, the Schengen Area, and cooperation with third countries of origin and transit. Moreover, cooperation with the High Representative/Vice-President for Foreign Affairs and Security Policy (HR/VP) should ensure coherence between the external and internal dimensions of migration.

Close cooperation with the HR/VP is also necessary to bridge the gap between internal and external security policies and to create a ‘culture of cooperation between the two dimensions’. Coordinated responses will also be needed to prevent, detect and respond to hybrid threats. The main task of the Vice-President will therefore consist of ensuring the coherence of all security related policies, while continuing to work towards a ‘genuine European Security Union’.
European Parliament

The European Parliament has consistently stressed the importance of adequate funding for education, culture, youth and sport. Parliament proposes to triple the Erasmus+ budget for 2021-2027. In its resolution on the New Skills Agenda for Europe, Parliament voiced the need to promote lifelong learning, develop digital skills and media literacy at all levels of education, and to foster intercultural dialogue to facilitate the integration of migrants, refugees and asylum-seekers into the labour market and society. It also called for an ‘ambitious and targeted’ revision of the Blue Card Directive to enhance rules on entry and residence of qualified third-country nationals.

The European Parliament has adopted several own-initiative resolutions addressing migration. In its resolution on the situation in the Mediterranean and the need for a holistic EU approach to migration, Parliament developed a set of recommendations, including a substantial reform of the Dublin Regulation and a centralised EU asylum system. Parliament also highlighted the need for a comprehensive labour migration policy, and for better integration of migrants, in order to meet the Union’s goals for smart, sustainable and inclusive growth and to fill gaps identified in the EU labour market. Regarding external border policy and Schengen, Parliament emphasised the need for effective border management, with high common standards applied by all Member States and an effective exchange of information between them. In 2017, the Parliament also adopted a resolution on the role of EU external action in addressing refugee and migrant movements.

During the eighth legislative term, the European Parliament adopted several resolutions addressing the European Agenda on Security, as well as specific issues such as anti-terrorism measures, prevention of radicalisation and cybercrime. In particular, Parliament insisted on the need for an in-depth evaluation of EU counter-terrorism policy. In 2017, Parliament set up a Special Committee on Terrorism (TERR) to assess the terrorist threat in Europe, examine counter-terrorism measures and their impact on fundamental rights, and identify possible gaps. In its resolution on the TERR Committee findings, the Parliament recommended consolidating the EU institutional framework, stepping up efforts to prevent and counter radicalisation, enhancing cooperation and information exchange, better protection of external borders, providing adequate resources for EU bodies in charge of counter-terrorism, and enhancing the response to the needs of victims of terrorism.

FURTHER READING


What Europe does for Me website, European Parliament.

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Johannes Hahn
Budget and Administration

Johannes Hahn has considerable experience in the European Commission, first as Commissioner for regional policy in the Barroso II Commission (2010-2014). In the Juncker Commission, he is responsible for European Neighbourhood Policy and enlargement negotiations. In this role, among other tasks, he worked jointly with the EU's High Representative for Foreign Affairs and Security Policy, Federica Mogherini, on the 2015 revision of the European Neighbourhood Policy, which placed greater focus on regional stabilisation, resilience and security, and on the new enlargement strategy for the Western Balkans, adopted in 2018.


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Background

Reporting directly to the Commission President, the Commissioner for budget and administration has to ensure that the European Parliament and the Council, the two arms of the EU budgetary authority, provide the EU with the necessary financial means to carry out its various policies, and meet related objectives. This involves the smooth functioning of the annual budgetary procedure, as well as the establishment of the multiannual financial framework (MFF) – the legally binding planning tool that sets the maximum allocation of resources ('ceiling') for each major category ('heading') of EU spending for a period of at least five years. Other tasks in the budgetary domain include: managing the rules that govern the EU budget; promoting sound financial management of EU funds; strengthening the fight against fraud affecting the budget; preparing the EU's annual accounts; reporting on budget implementation; and steering the European Commission’s input into the budget discharge procedure, the annual process that ensures ex-post democratic oversight at political level as to how the EU budget has been used. In addition, the broad portfolio includes administration and involves responsibility for the personnel and infrastructure policies of the European Commission, which cover multiple aspects such as human resources strategy, gender balance, digitalisation, and protection against security threats.

Compared to national budgets, the EU's annual budget is relatively small, since it amounts to around 1 % of its Member States' gross national income (GNI), which represents some 2 % of total public spending in the EU. Nevertheless, in some countries, the EU budget may represent a significant source of resources for investment (in 2017, between 4.47 % and 11.2 % of total public spending in 13 Member States, mainly among those that joined the EU after April 2004). In addition, some features of the EU budget amplify its impact, triggering further investment from other sources. The current MFF, which is worth €1 087 billion (current prices), covers the 2014-2020 period: 94 % of the MFF resources go to programmes and projects in the Member States and outside the EU, while the remaining 6 % finances the administrative expenditure of EU institutions.

Recent developments

The 2014-2020 MFF, the first with fewer resources than its predecessor, was confronted with various challenges: pressure on the 'security and citizenship' and 'global Europe' headings due to growing instability in the EU's neighbourhood and the 2015-2016 migration crisis; security threats; a prolonged and significant investment gap in the EU following the 2008 financial crisis; a high abnormal payments backlog afflicting the EU budget at the end of both 2014 and 2015; and the impact of the MFF's late adoption, which delayed the start of its implementing programmes.

In response, EU institutions and Member States created budgetary tools at least partially outside the EU budget, such as the European Fund for Strategic Investments (EFSI) and the Facility for Refugees in Turkey. Thanks to a guarantee from the EU budget, EFSI leverages significant additional investment from other public and private sources, confirming the trend of using innovative financial instruments alongside traditional grants. A significant role was also played by tools, advocated intensely by the Parliament in the MFF negotiations, to increase the ability of the EU budget to address evolving needs: wide use of the reinforced flexibility provisions of the MFF and the adoption of its mid-term revision. The latter saw a package of initiatives that strengthened EU resources devoted to job creation, growth, migration and security challenges, without modifying MFF ceilings.

In 2018, the Parliament and Council reached an agreement on the revision of the EU Financial Regulation and of some sector-specific provisions. Modifications aim to simplify the rules governing the use of EU funds for beneficiaries, increase the focus on results, reinforce the measurement of performance, move towards a single rulebook, and increase transparency. Simplification can be seen as part of wider efforts, strongly supported by the European Parliament and the European Court of Auditors, to put performance and results at the core of the EU budget alongside compliance, including in the context of the annual discharge procedure.
In the field of personnel policy, the European Court of Auditors says that EU institutions, bodies and agencies have implemented the 5% staff reduction agreed for 2013-2017, albeit with delays in some cases. This involved increased daily working hours, a targeted reduction of resources devoted to coordination and support activities, and reallocations of staff on the basis of priorities. The European Commission appears to be on track to deliver on its commitment to achieve a 40% female presence in its management positions by 1 November 2019 (39.6% on 1 January 2019).

The EU institutions have also acted to strengthen the protection of EU finances. In 2017, the Council agreed to establish the European Public Prosecutor’s Office (EPPO) under enhanced cooperation following Parliament’s consent. Currently involving 22 Member States, EPPO will be tasked with investigating and prosecuting criminal offences against the EU’s financial interests, such as fraud involving EU funds and cross-border VAT fraud cases.

**Priorities and challenges**

In recent years, a number of expectations gaps have emerged, suggesting that a majority of EU citizens would like the EU to be more active in a number of policy areas of concern, such as the fight against unemployment, external borders, migration, and domestic and external security. The limited resources of the EU budget as compared to national budgets and the rigidity of the MFF may represent constraints on meeting these expectations. According to a 2018 Eurobarometer survey, the share of EU citizens who support increased means for the EU budget, given its current political objectives, has grown to 37%. Data vary between EU Member States, both in terms of level of support and trend over time. Individual factors such as age group play a role, with younger EU citizens being more supportive of greater financial means for the EU than older generations.

In her political guidelines, Commission President-elect Ursula von der Leyen underscored the importance of providing the EU with the resources necessary for its tasks through timely adoption of the post-2020 MFF, highlighting a number of areas that should receive additional funds as compared to the current period. She supported the proposal to make the rule of law an integral part of the MFF, and committed to reaching full gender balance at all levels of Commission management.

The Juncker Commission proposed a seven-year MFF worth €1 134.5 billion (2018 prices), which corresponds to 1.11% of EU-27 GNI (i.e. with UK GNI subtracted). The package of proposals, which aim to pursue further simplification, assign higher resources to new priorities and reduce those for agriculture and cohesion. Various challenging issues on which agreement has to be reached include: the size of the budget, mix of spending priorities, flexibility and revision provisions to address evolving needs, and conditionality linked to the rule of law. The European Council currently aims to reach an agreement before the end of 2019. The Parliament has called for early negotiations with the Council, so that its consent can be secured in good time. Delays in reaching agreement could hinder the transition to the post-2020 implementing programmes.

At present, the EU budget is mainly financed by own resources, often seen as national contributions which Member States seek to minimise. This feature tends to focus negotiations on net balances (the difference between what a Member State pays to and receives from the EU budget) and is an obstacle to budgetary reform. The MFF package includes proposals for new own resources that could reduce the share of national contributions, and contribute to greater focus on EU common goods more effectively financed and provided at EU level.

The adoption of the EU budget for 2020, the last under the current MFF, should be finalised before the end of 2019. One possible challenge is that the expected withdrawal of the United Kingdom (UK) from the EU is now set for 31 October 2019, i.e. during the conciliation period when the Parliament and the Council negotiate an agreement on the basis of their respective positions. The Commission prepared the draft 2020 EU budget on the assumption that the UK would honour its previous commitments. In the event of the UK ‘crashing out’ of the EU without a deal, and of the UK refusing to honour its financial commitments, the EU budget for 2020 may require adjustments, such as higher contributions from the EU-27 and cuts to certain programmes.
As for the fight against fraud affecting the EU budget, the target is now for the EPPO to be operational at the end of 2020. The Commissioner for budget and administration will have to help ensure smooth cooperation between the European Anti-Fraud Office and the new body.

European Parliament

Treaty basis and European Parliament competence

Articles 310-325 of the Treaty on the Functioning of the European Union (TFEU) detail the EU's financial set-up. Article 41 of the Treaty on European Union (TEU) deals with the financing operations under EU common foreign and security policy. Parliament's powers vary depending on the topic: Parliament is de facto on an equal footing with the Council for the annual budgetary procedure and gives or refuses its consent to the MFF, while it is only consulted on the own resources system (except on its implementing measures, to which consent applies). The Financial Regulation is adopted under the ordinary legislative procedure. Parliament decides whether to grant discharge or not, based on a non-binding Council recommendation.

The Parliament stressed that the next MFF should be underpinned by a strategic vision of EU priorities and endow the EU with sufficient resources to achieve its objectives, estimating them at 1.3 % of EU-27 GNI. Likewise, the Committee of the Regions and the European Economic and Social Committee both supported an ambitious MFF of that magnitude. In its reaction to the post-2020 proposals, Parliament called for reinforcement of such priorities as: research and innovation; Erasmus+; the fight against unemployment; transport; space; small businesses; environment; climate; neighbourhood and development; and restoration of resources for agriculture and cohesion to their 2014-2020 levels. Recalling the 5 % reduction in staff recently implemented by EU institutions and bodies, Parliament was against any further reduction that would jeopardise their capacity to deliver EU policies. The resolution welcomed proposals for increased flexibility and own resources, supporting even more ambitious reform. Highly critical of the EU's current financing system, Parliament noted that negotiations should tackle the MFF and own resources jointly, linking its consent to the former with progress on the reform of the latter.

The Parliament and Council jointly decide on the annual EU budget each year, which must comply with the MFF ceilings, based on a Commission proposal. Parliament can request the funding of new initiatives ('pilot projects' and 'preparatory actions') that may lead to new EU programmes.

In the discharge procedure, Parliament decides whether to grant discharge to EU institutions and bodies for their execution of the EU budget. This has proved to be a powerful tool in improving financial management. The creation of various tools at least partially outside the EU budget has raised concerns about their democratic scrutiny, which Parliament wants to see addressed.

FURTHER READING


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Phil Hogan
Trade

Hearing due to be held on Monday 30 September at 18.30 hours.
European Parliament committee responsible: International Trade (INTA).

Phil Hogan has been European Commissioner for Agriculture and Rural Development since November 2014. Born in 1960, he studied at University College Cork and graduated in 1981 with a Bachelor of Arts degree in economics and geography. Aged 22, he became a member of Kilkenny County Council, and was elected council chair in 1985. After sitting as a member in the Upper House of the Irish Parliament for two years, he was elected a member of the Lower House of the Parliament in 1989. Re-elected in subsequent elections, he held his seat until 2014, standing for the Fine Gael party, which is affiliated to the European People's Party (EPP) at European level.

During his time in the Irish Parliament, he was briefly Minister of State at the Department of Finance from 1994 to 1995, and he was nominated to a number of party spokesperson positions. He was also appointed chair of the Fine Gael Parliamentary Group, Fine Gael Director of Organisation and National Director of Elections for the Fine Gael Party. In 2011, he became Minister for Environment, Community and Local Government, serving in this capacity until 2014 and his appointment to the European Commission. He has held other positions at European level, namely chairing meetings of the Environment Ministers of the EPP, between 2012 and 2014, and president-in-office of the Council of EU Environment Ministers during Ireland’s Council Presidency in 2013.

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019
Background

Over the last few years, the global trading environment has become increasingly challenging, with rising protectionism and unilateral actions undermining the rules-based multilateral order. The EU is also facing challenges such as the expected departure of the United Kingdom (UK) from the EU, and increasingly heated public debates about the possible impact of trade agreements (most notably with Canada and the US) and their investment protection provisions. In response, the EU has repeatedly reaffirmed its commitment to fair and open trade and its support for multilateralism. At the same time, it has been taking steps to promote a level playing field for European industry and business, while pushing for a more transparent, value-based and inclusive EU trade policy. In his designated role as Commissioner for Trade, Phil Hogan will be working in the thematic Commissioners’ Group on an Economy that Works for People, headed by Executive Vice-President Valdis Dombrovskis.

Recent developments

The outgoing Commission has worked actively to move trade and investment negotiations forward. Two of the most significant agreements that have been concluded and have entered into force are the EU-Canada Comprehensive Economic and Trade Agreement (CETA), provisionally applied as of 2017, and the EU-Japan Economic Partnership Agreement (EPA), which entered into force in February 2019. Negotiations on agreements with the Eastern and Western African Communities, Singapore and Vietnam have been finalised and political agreements have been reached with both Mexico and Mercosur; talks have been launched with Australia, Chile, Indonesia and New Zealand. Negotiations on investment agreements with China and Japan are ongoing.

Following a 2017 ruling of the European Court of Justice (CJEU), the Commission introduced a new approach to the structure of bilateral trade and investment agreements, splitting provisions related to investment into separate agreements from other trade provisions. This new approach was applied for the first time for the EU-Singapore trade and investment agreements. Recently finalised EU deals also include some new areas, such as an Investment Court System (ICS), in response to civil society objections to the investor-state dispute settlement (ISDS) mechanism and to requests from the European Parliament. The Commission has also engaged with its international partners to establish a multilateral investment court (MIC). Another novelty is the first ever explicit reference in a trade agreement on climate change, included in the EU-Japan EPA.

In 2017, the Commission launched a debate on the trade and sustainable development (TSD) chapters of EU trade deals, and published a 15-point action plan in 2018 to make TSD chapters more effective. In 2018, for the first time ever, the EU requested government consultations over the labour commitments made in the TSD chapter of a bilateral trade agreement, in this instance with South Korea; in July 2019, it requested the establishment of a panel of experts.

Efforts to increase the transparency of the EU’s trade policy have resulted in a number of measures since 2017. More information is available on specific elements of ongoing negotiations, and an advisory group on trade agreements has also been set up to allow for cooperation with civil society. An EU framework to screen foreign direct investment (FDI) was adopted in 2019. This should enable Member States and the EU to share information about FDI in critical infrastructure that might affect security or public order. Trade defence instruments (TDIs) have also been modernised, helping to address unfair trading practices more effectively. The Commission has proposed a recast of the Dual Use Regulation controlling the export of sensitive goods, as well as an international procurement instrument (IPI) to create leverage for reciprocal access to public procurement markets.
Priorities and challenges

A 2018 Standard Eurobarometer survey showed that most EU citizens (71%) support EU trade policy. There has been much debate on free trade recently, however. Concerns include a lack of transparency in trade negotiations; the risk of governments’ regulatory rights being restricted with a negative impact on environmental and labour conditions; the risk of lower standards, e.g. on food safety; risks to personal data protection; and demand for more ethical trade and more equal distribution of international trade benefits.

In addition to promoting European values and standards, new EU trade agreements are likely to continue covering innovative elements, such as cross-border data flow and gender issues. The Commission will establish the new post of Chief Trade Enforcement Officer tasked with monitoring and improving compliance with trade agreements and values, with that person reporting directly to Hogan.

The next Commission will have to continue to develop ways to address the protectionist drift in global commerce and practices undermining the rules-based multilateral trade order. There are potential tools to further these ends, for instance the IPI, pending approval by the co-legislators. The EU has also strived to develop more balanced and reciprocal economic relations with China, encouraging China to engage in the modernisation of World Trade Organization (WTO) rules. WTO reform and the need to resolve the WTO dispute settlement mechanism crisis and renegotiate key WTO rules to minimise market distortions (e.g. on subsidies and state-owned enterprises) will remain a priority. The EU will also be active in plurilateral negotiations, notably on e-commerce.

Some ongoing negotiations, for instance with Australia and New Zealand, are well advanced. Besides exploring the relaunch of talks for a bi-regional agreement with the Association of South-east Asian Nations (ASEAN) and the development of economic ties with Latin America, the next Commission will need to spearhead a debate around trade and development, stemming from the Juncker Commission’s idea of a continent-to-continent trade agreement with Africa and the approaching review of the Generalised System of Preferences (GSP) Regulation. India will continue to be of great importance for the EU as a trade and investment partner.

The EU will proceed with elements of the July 2018 EU-US joint statement, and will have to settle its future trade relations with the UK. Following the UK’s expected exit from the EU, the EU is expected to start negotiations on an agreement on post-Brexit trade and investment relations.

European Parliament

Article 3(1) of the Treaty on the Functioning of the European Union (TFEU) establishes common commercial policy as an exclusive EU competence. Article 207 TFEU contains specific rules on EU trade policy, making Parliament a fully fledged co-legislator for all trade and investment-related EU legislation, under the ordinary legislative procedure. Article 218 TFEU outlines how international agreements with non-EU countries are to be negotiated and concluded. EU trade agreements are also subject to this procedure, which requires Parliament’s consent. Parliament has to be regularly informed at all stages of the negotiation.

In a 2016 resolution on a future strategy for trade and investment, Parliament emphasised that the WTO’s multilateral trading system continues to be the best guarantee of an open, fair and rules-based system. Parliament has endorsed trade liberalisation, both within the multilateral framework, such as in the case of work in the WTO on trade facilitation, and through the negotiation of bilateral free trade agreements, for instance the EU-Japan EPA. It has actively monitored trade negotiations, and has accomplished its scrutiny task through its consent procedure for international agreements. It has attached increasing importance to monitoring the implementation of trade agreements.

In the new term, Parliament will continue to follow developments in the WTO, and will play an active and leading role in the Parliamentary bodies flanking the WTO. At bilateral level, the EU-Vietnam trade and investment agreements will be the first such agreements to be subject to a vote of consent in the new Parliament. Defining post-Brexit trade relations with the UK will also be a priority.
Parliament has consistently promoted values-based trade and has been particularly concerned with the issues of human rights, social, labour and environmental standards, and corporate responsibility in relations with trade partners. Parliament has, for instance, advocated the incorporation of ambitious TSD chapters into free trade agreements and for action to support their implementation. In a 2019 resolution on climate change, it called on the Commission to ensure that trade deals to be signed by the EU are fully compatible with the Paris Agreement. It also supported the inclusion of new issues, such as gender equality, in trade agreements.

Parliament’s demands contributed significantly to the replacement by the Commission of the traditional arbitration framework (ISDS) with a new Investment Court System (ICS) in recent agreements. Moreover, in a 2016 resolution, Parliament stressed the need to settle investment disputes in a multilateral manner. It has also emphasised the need to facilitate the participation of small and medium-sized enterprises (SMEs) in international trade, resulting in the ground-breaking inclusion of a chapter dedicated to SMEs in the EU-Japan EPA.

Parliament has also paid particular attention to the social and environmental aspects of trade-related legislation, for instance in the framework of the modernised TDIs. The values-based trade approach was pursued, for instance, in the adoption of the Anti-Torture Regulation. Parliament also approved the FDI Screening Regulation by a large majority. Parliamentary work will have to continue on other legislative acts, such as the Dual Use Regulation and the IPI.

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Mariya Gabriel
Innovation and Youth

Hearing due to be held on Monday 30 September 2019 at 18.30 hours.

European Parliament committees responsible: Industry, Research and Energy (ITRE) and Education and Culture (CULT).

Since 2017, Mariya Gabriel has served as European Commissioner for Digital Economy and Society. She was elected a Member of the European Parliament in 2009. As a member of the European People’s Party (EPP) Group, she sat on the Committee on Agriculture and Rural Development (AGRI) and the Committee on Women’s Rights and Gender Equality (FEMM) where she served as coordinator for the EPP Group. In 2014, Gabriel was re-elected and became a Vice-President of the EPP Group and Head of the Bulgarian delegation in that group. She also took an active part in the work of the Committee on Civil Liberties, Justice and Home Affairs (LIBE), notably as the rapporteur on reports on a third of the EU’s visa-liberalisation agreements. Gabriel twice received the ‘MEP of the Year’ award: in 2013 in the ‘gender equality’ category and in 2016 in the ‘development’ category. She is a member of the ruling centre-right party Citizens for European Development of Bulgaria (GERB).

Born in 1979, Gabriel studied political science at the Institut d'études politiques (IEP) in Bordeaux (France) and she holds a Master’s degree in comparative politics and international relations from the same institution. She was a teaching and research assistant at IEP Bordeaux from 2004 to 2008.

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Background

Innovation and youth are closely interlinked. Allowing young people to get good education and feed into the research and innovation talent pool is key to sustaining the EU’s competitive edge and its ability to lead in the transition to a climate-neutral economy and new digital age. The various components within the new enlarged and rebranded ‘Innovation and youth’ portfolio – namely research, education, culture, youth and sport – have a central role in building a resilient and inclusive society for the future. They are relevant for virtually all EU citizens, be they students, researchers, teachers, parents, decision-makers or professionals belonging to these respective categories.

Horizon 2020 – the world's most extensive research and innovation programme – supports the EU's position as a global leader in science, attracting the best 'brains' and helping EU researchers collaborate and share ideas in tackling societal challenges. As an interface between research and industrial policy, innovation policy aims to create a conducive framework for bringing ideas to market.

Currently there are some 20 million students in the EU, which is increasingly attractive globally, both as a study destination and a partner for exchange. The EU’s action in the area of education is focused on the mobility of young people and teachers, the development of tools for the recognition of academic qualifications and other types of learning, the acquisition of digital skills, and the adaptation to labour market needs and industrial change through vocational training.

Europe's creative and cultural industries employ around 8.7 million people and are instrumental in the promotion of Europe's cultural diversity around the world. EU countries account for nearly 40 % of Unesco's World Heritage sites, and eight in ten EU citizens take pride in Europe's cultural heritage. The EU is tasked with a variety of other missions (protection and promotion of its cultural and linguistic diversity, advancement of cultural exchanges, and the support of artists' mobility, etc.)

Sport can also have a substantial economic and social impact and can be a valuable tool to engage with various social groups. Over 7 million people work in sport-related jobs in the EU, and sports-related goods and services contribute nearly €300 billion to the EU economy.

Recent developments

In April 2019, the European Parliament endorsed the partial agreement with the Council on Horizon Europe, the successor of Horizon 2020. The EU's position as a leading knowledge-based economy increasingly relies on its ability to transform world-class science into innovation that ultimately allows the creation of new markets, more skilled jobs and a better quality of life.

In its 30 years of existence, 9 million people have benefitted from the Erasmus programme. The 2018 Commission proposal aspires to provide learning opportunities for 12 million more people in the 2021-2027 period alone. Additionally, the first 17 European Universities comprising 114 higher education institutions from 24 EU countries joined the European education area in June 2019 and became inter-university campuses, allowing students to move seamlessly and obtain a personalised European degree. The new European Commission has committed to roll out the complete scheme by 2025.

The 2018 European agenda for culture strives to bring together the economic and social aspects of culture in a globalised world. The Creative Europe programme will continue supporting the cultural and creative sectors in the 2021-2027 period, through cooperation projects connecting artists across Europe. Its Guarantee Facility – in operation since 2016 – already triggered a total of €1 billion in loans for micro- and small cultural and creative enterprises. Over 6 million people contributed to the success of the European Year of Cultural Heritage 2018 by participating in some 12,000 events. The Year was a watershed in mainstreaming cultural heritage in EU policies and was scaled up through a Framework for action outlining some 60 initiatives for the years 2019-2020.

With the support of the European Parliament, funding for sport is now available for the first time in the form of a specific chapter in Erasmus+. The symbolic amount – €266 million – serves to combat doping, match fixing, violence and discrimination. It also provides a valuable contribution to health-enhancing activities, grassroots sport and equal opportunities.
Priorities and challenges

Public opinion
An overwhelming 80% of EU citizens consider that the diversity of the EU’s culture sets it apart and gives it particular value. Asked to identify three priority topics for the EU, 53% of young EU citizens placed education and skills on top. Some 67% recognise that European programmes and initiatives such as Erasmus+ make them feel more European. Similarly, 83% acknowledge that learning about the functioning of the EU and its institutions, EU history and European culture, should be part of compulsory school education. Half of the young people polled consider it central to Europe’s future to promote critical thinking and the ability to search for trustworthy information in order to combat fake news and extremism. Some 32% value education provided in creative and immersive ways through virtual reality. EU citizens expect a lot from breakthrough innovation. They notably anticipate that science and technological development will have a positive impact on health and medical care (65%), education and skills (60%), transport and transport infrastructure (59%), energy supply (58%), protection of the environment (57%) and the fight against climate change (54%).

Mirroring EU citizens’ expectations, the new budgetary proposals for the 2021-2027 period envisage an increase in resources for Horizon Europe (€100 billion), Erasmus (€30 billion) and Creative Europe (€1.9 billion). This is an indication that research and education policies have not only maintained their relevance, but have gained in importance.

However, a number of challenges need to be addressed. Remaining implementation gaps in the completion of the European research area result in a loss of €3 billion per year. Stakeholders argue that the main obstacles preventing the current research framework programme from achieving its objectives are the complex application procedures, high administrative burden, lack of flexibility to react to unforeseen circumstances, insufficient synergies between EU programmes and funds, and the difficulty of combining EU action with other public interventions and private finance.

While the EU is close to meeting its education and training 2020 targets for early-school leavers and higher education graduates, some regions and segments of the EU population lag behind. Similarly, access to quality education remains unequal. Increased attention will be needed on improving access to, and the quality of, early childhood education and digital literacy. An additional matter of concern is that too many pupils leave school lacking basic skills.

For maximum impact and increased synergies, the European youth strategy needs to be further aligned with other policy areas. Similarly, young people from all walks of life need to be better represented in the structured dialogue with EU decision-makers, irrespective of their circumstances and life experiences. Achieving greater accountability in this process is not an aim per se, but would help young people understand how their ideas can translate into policies.

Creators, cultural entrepreneurs and legislators alike have been faced with the digital transformation resulting in new business and monetising models, work environment and employment conditions, thus blurring national borders. Tackling this new challenge as well as globalisation in general will require increased focus on preserving the richness and diversity of European culture. Linked to this is the need to foster awareness of Europe’s shared cultural heritage, history and values, to help instil a sense of belonging to the EU’s integration project. Defence of multilingualism has not ranked highly in the past five years and will require some reflection on improving the digital presence of minority and regional languages in this context.

Physical inactivity is also a growing concern. A 2018 survey shows that 46% of the respondents never exercise or play sport – up 7 percentage points from 2009. Even though the budget promoting physical activity under the Sport chapter of Erasmus+ nearly doubled from €6 million to some €11 million between 2017 and 2019, this effort needs to be sustained to try and reverse the physical inactivity trend.

New Commission priorities for the ‘Innovation and youth’ portfolio
Prioritising a ‘Europe fit for the digital age’, President-elect von der Leyen has tasked Commissioner-designate Gabriel with providing sufficient funding for ‘disruptive research and breakthrough innovations’ via the
European Innovation Council, making the European education area a reality by 2025, together with the need to improve access to quality education, enable learners to move more easily between education systems across EU countries and encourage lifelong learning. Special attention is drawn to improving digital skills both for young people and adults, as well as raising awareness on disinformation, and updating the digital education action plan and the increased use of massive open online courses. Creative industries are singled out as a ‘catalyst for innovation’ and jobs, whereas digital technologies should be instrumental in the preservation and protection of cultural heritage. Finally, the European Week of Sport and the #BeInclusive EU sports awards are expected to contribute to social inclusion and wellbeing.

European Parliament

Treaty basis and European Parliament competence
The EU and Member States have shared competence in the area of research and innovation (Articles 179-188 of the Treaty on the Functioning of the European Union, TFEU). Policies in the area of education, vocational training, youth, culture, the audiovisual sector and sport are essentially decided and implemented by the Member States (Articles 165-167 TFEU). The EU’s role is one of support and coordination, with harmonisation of laws and regulations being specifically excluded. The respect of linguistic diversity and the protection of cultural heritage are enshrined in Article 3 of the Treaty on European Union (TEU).

As in previous legislative terms, Parliament has consistently stressed the importance it attaches to adequate funding for education, research, culture, youth and sport. Accordingly, it called for the Erasmus+ 2021-2027 budget to be tripled – a commitment taken up in the mission letter – and for an increase in the overall budget of Horizon Europe by additional €20 billion. Parliament also proposed to nearly double Creative Europe 2021-2027 funding and expressed concern about the Guarantee Facility being moved to the ’Invest EU programme’ without quotas for the cultural and creative industries. In addition, Parliament contributed to the vibrant success of the European Year of Cultural Heritage and succeeded in securing funding for the EU Youth Orchestra. True to form, Parliament acted as a guardian of cultural diversity during the revision of the audiovisual media services’ rules. It obtained that 30% of content, including in video-on-demand (VOD) service providers’ catalogues, should be European. VOD platforms were also required to contribute to the development of European audiovisual productions, either through direct investment in content or through contributions to national funds. The European Week of Sport – originating from a 2011 European Parliament resolution – is part of the EU’s response to physical inactivity and is the largest public-funded sports initiative worldwide. Since its launch in 2014, the week has drawn over 40 million Europeans to more than 100 000 events in 38 countries, and its popularity continues to grow.

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Additional contributions to this Briefing have come from Denise Chircop and Magda Pasikowska-Schnass.
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Nicolas Schmit

Jobs and Social Rights

Hearing due to be held on Tuesday 1 October at 09.00 hours.

European Parliament committee responsible: Employment and Social Affairs (EMPL).

Nicolas Schmit was elected to the European Parliament in 2019 from Luxembourg. He belongs to the Progressive Alliance of Socialists and Democrats (S&D) Group and sits on the Committee on Employment and Social Affairs. He joined the Luxembourg government as Minister Delegate for Foreign Affairs and Immigration in 2004, then became Minister of Labour, Employment and Immigration in 2009, and served as Minister of Labour, Employment and the Social and Solidarity Economy from 2013 to 2018.

Born in 1953, Schmit studied economics and international relations at the Institut d’études politiques in Aix-en-Provence and was awarded a PhD in economics from the Aix-Marseille Faculty of Law and Economics. After holding a research post in international economic relations, he started his diplomatic career as an attaché in the Prime Minister’s office in Luxembourg, before moving to the Foreign Ministry. From 1990 to 1992, he held the post of adviser to the Permanent Representation of Luxembourg to the European Union in Brussels. He was involved in the Intergovernmental Conference preparations that led to the Maastricht Treaty. From 1992 to 1998, he headed the Department of International Economic Relations and Cooperation in the Ministry of Foreign Affairs. From 1998 to 2004, he served as Luxembourg’s Permanent Representative to the EU. During this period, he was also the Luxembourg prime minister’s personal representative at the Intergovernmental Conference preparing the Treaty of Nice, and he represented the Luxembourg government as a deputy member at the meetings of the European Convention on the Future of Europe.

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019
Background

Many of the powers relating to employment and social affairs belong to the Member States. However, employment promotion, improvement of living and working conditions, fair social protection, social dialogue, the development of human resources with a view to achieving a high and sustainable level of employment, the fight against exclusion and the strengthening of Europe’s social dimension are objectives shared by the European Union and the Member States.

The EU has a number of levers at its disposal to promote this social dimension:

- legislative instruments laying down: minimum EU standards on working conditions, health and safety at work, the free movement of workers, social security coordination;
- financial instruments: the European Social Fund (ESF), the Employment and Social Innovation Programme (EaSI), the European Globalisation Adjustment Fund (EGF), the Fund for European Aid to the Most Deprived (FEAD), and the Youth Employment Initiative (YEI);
- policy instruments: the European employment strategy, the European Semester, the open method of coordination, the European Pillar of Social Rights, and EU-level agreements between unions and employers;
- decentralised EU agencies: the European Centre for the Development of Vocational Training (Cedefop), the European Foundation for the Improvement of Living and Working Conditions (Eurofound), and the European Agency for Safety and Health at Work (EU-OSHA), as well as the newly established European Labour Authority (ELA).

In addition to the EU institutions and Member States, many other stakeholders are involved in formulating and monitoring employment policy: the various labour market actors, organisations representing social and economic interest groups, non-governmental organisations and civil society organisations representing particular groups. As the European Commission President-elect outlines in her mission letter, the Commissioner for Jobs and Social Rights will work under the guidance of the Executive Vice-President for an Economy that Works for People, and will be supported by the Commission’s Directorate-General for Employment, Social Affairs and Inclusion.

Recent developments

Significant legislative progress was made during the eighth parliamentary term (2014 to 2019), not least on labour mobility, fair working conditions, work-life balance and equal opportunities. A European Platform tackling undeclared work was launched in May 2016. The platform focuses on the prevention, deterrence and combating of undeclared work and the reporting of undeclared jobs. A labour mobility package was launched to support labour mobility and tackle abuse. As part of this package, an enhanced European Network of Employment Services (EURES) was set up in 2016 to reflect new mobility patterns, technological changes and recruitment channels.

The targeted review of the Posting of Workers Directive was completed in 2018 and brought changes in three areas: equal pay for posted and local workers, including subcontractors; more coherent rules on temporary agency workers; and long-term posting. The main aim of the directive is to establish a balance between a level playing field for business and social protection for workers.

The revision of the Social Security Coordination Regulations was launched in 2016. It aims to ensure that the rules on social security coordination respond to recent social, economic and political developments in EU countries. The proposal focuses on areas that have not been covered satisfactorily and where improvements are needed: economically inactive citizens’ access to social benefits, long-term care benefits, unemployment benefits and family benefits.

A social fairness package was launched in 2018 to support the implementation of the 20 principles of the European Pillar of Social Rights. It consisted of a proposal for a European Labour Authority, which became operational in 2019 with the goal of complementing and facilitating the implementation of initiatives on the posting of workers and social security, so as to ensure fair
mobility and fight abuse. There was also a proposal for Council recommendation to improve access to social protection for workers and the self-employed.

A new directive on transparent and predictable working conditions (Written Statement Directive) was adopted in 2019 with the aim of ensuring that workers are provided with an updated and extended information package on their obligations and working conditions when they take up employment. It establishes new minimum standards to ensure that all workers, including those on atypical contracts, benefit from more predictability and clarity as regards their working conditions.

With the New Skills Agenda for Europe (June 2016), several measures were proposed and have been successfully put in place. Among the most important are: a Skills Guarantee to help low-skilled adults acquire a minimum level of literacy, numeracy and digital skills and progress towards an upper secondary qualification; a review of the European Qualifications Framework to make better use of all available skills in the European labour market; the Digital Skills and Jobs Coalition to support cooperation among education, employment and industry stakeholders; and the revision of the Europass framework, offering people better and easier-to-use tools to present their skills and get useful real-time information on skills needs and trends.

Priorities and challenges

Public opinion

According to Eurobarometer surveys, EU citizens’ support for greater EU involvement in health and social security policy area grew from 63% in 2016 to 69% in 2018. In 2018, 38% of citizens judged the EU’s involvement in health and social security policies as adequate.

Despite significant legislative progress in several areas, such as labour mobility, equal and fair working conditions and extended social protection, there is more to do. The next Commission will have to address the following challenges, among others:

- Social protection schemes will need to be further harmonised and adapted to new labour market realities (i.e. declining numbers of manufacturing jobs and increasing numbers of atypical contracts and platform workers). Coordination of social security systems is a major file that is still pending from the last parliamentary term.
- In 2017, the European Commission published a study initiated by the European Parliament, which discusses different options as regards the implementation of a common European Unemployment Insurance Scheme and concludes that such a scheme could be established within the boundaries of the existing Treaties.
- The EU institutions jointly proclaimed the European Pillar of Social Rights in November 2017, setting out the EU’s commitment to fair wages for workers. This includes ensuring adequate minimum wages for all workers, to allow them to have a decent standard of living.
- In its proposal for the 2021-2027 multiannual financial framework (MFF), the Commission plans to boost funding to improve workers’ employment opportunities and strengthen social cohesion through an enlarged ‘European Social Fund Plus’. This would serve as the EU’s main financial instrument for implementation of the Social Pillar and would concentrate investment in education, employment and social inclusion. It would merge the existing ESF, the YEI, the FEAD, the EaSI and the Health programme. The Commission proposes to allocate €101.2 billion in current prices (€89.7 billion in 2018 constant prices) from the EU budget to the ESF+. 
The legal basis for employment and social policy is formed by Article 3 of the Treaty on European Union (TEU); Articles 9, 10, 19, 45 to 48, 145 to 150 and 151 to 161 of the Treaty on the Functioning of the European Union (TFEU); and Articles 5, 12, 15, 21, 23 and 26 to 35 of the EU Charter of Fundamental Rights. Under the ordinary legislative procedure (co-decision), which covers among others all areas of economic and social policy, Parliament is co-legislator with the Council.

The European Parliament has played an active role in formulating employment and social policy in order to strengthen the fight against unemployment and improve working conditions.

- In the context of the adaptation of social protection schemes to atypical working contacts, in June 2017 the European Parliament adopted a resolution on the European agenda for the collaborative economy. In this resolution, Parliament underlines the importance of securing the fundamental rights and adequate social security protection of collaborative economy workers, including the right to collective bargaining and action.
- When it comes to the consultation of workers, since 2009, Parliament has adopted three resolutions dealing specifically with workers’ rights in the area of information and consultation, and a resolution on the European Pillar of Social Rights, part of which addresses matters relating to the information and consultation of workers.
- Parliament has also asked the Commission to consider introducing a European social security card or other EU-wide document, subject to strict data-protection rules, to make it easier to exchange data, and to carry out a pilot project for a European early-warning system on undeclared work.
- At EU level, there is broad consensus that action is needed to lift children out of poverty and to promote children’s well-being. In November 2015, Parliament adopted a resolution on reducing inequalities, with special focus on child poverty. In 2017, Parliament went a step further, requesting the Commission to implement a preparatory action on establishing a possible child guarantee scheme.
- Ahead of the Commission’s budget proposals, Parliament adopted a resolution in March 2018 that stressed that the next MFF should address specific priority challenges, such as youth unemployment, poverty and social exclusion.

FURTHER READING


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Paolo Gentiloni, the designated Commissioner for Economy, was Italian Prime Minister from 2016 to 2018. Since 2001, he has been a Member of the Chamber of Deputies, elected in the Lazio region, and at the beginning of 2019, he became the President of the Italian Democratic Party, which he co-founded in 2007. Prior to serving as Prime Minister, he held the post of Minister of Foreign Affairs and International Cooperation in the government led by Matteo Renzi (2014-2016). He was a Member of the Committee on Foreign Affairs (2013-2014), and was Minister of Communications in the government led by Romano Prodi (2006-2008). As Prime Minister, he was also acting Minister for Regional Affairs and Autonomy between 2017 and 2018.

Born in Rome in 1954, Paolo Gentiloni holds a degree in political science from La Sapienza University in Rome. Before entering politics, he worked as a journalist for almost 15 years, becoming the director of the monthly journal La Nuova Ecologia at a young age. He started his political career as spokesperson for the Mayor of the City of Rome, and as Councillor for Tourism and the Jubilee (1993-2000). He was subsequently the spokesperson for the Daisy Party (Margherita) between 2002 and 2007 and was appointed chair of the bicameral broadcasting services (RAI) supervisory committee (2005-2006).
Background

In the context of economic and monetary union, the framework for the coordination and surveillance of Member States’ respective economies has ‘soft’ and ‘hard’ features, the former resting on consensus-building and peer-pressure, the latter on material sanctions. The sovereign debt crisis highlighted that the ‘hard’ framework, established with the Maastricht Treaty in 1992 and enhanced with the stability and growth pact in 1997, was incomplete. It was therefore reformed from 2011 to 2013 with a series of regulations and directives (known as the ‘six-pack’ and the ‘two-pack’). In addition, the – intergovernmental – Treaty on Stability, Coordination and Governance reinforced the pact and required Member States to enshrine binding fiscal rules in national law.

Another ramification of the crisis was a significant increase in public and private debt levels, and a decrease in investment in almost all EU Member States. The resulting ‘investment gap’ impacted negatively the Union’s economic recovery and international competitiveness. To tackle this problem, the European Union took action by means of the European Investment Bank and the July 2015 investment plan for Europe initiative.

Taxation and customs matters were taken at a slower pace. Indeed, their frameworks were adopted gradually as from the beginning of the European Economic Community, but globalisation, the adoption of new technologies and recent tax scandals have brought new issues to the fore, which need to be addressed.

Recent developments

The purpose of the European Commission’s investment plan was to mobilise and support additional private investment. This was achieved mainly through the European Fund for Strategic Investments (EFSI) proposed in January 2015. Originally endowed with €16 billion in guarantees from the EU budget and €5 billion from the European Investment Bank (EIB), EFSI aims to encourage private investors to participate in new investment projects, by taking on part of the risk through a first-loss liability. The promising beginnings of the Fund encouraged the EU institutions to extend its duration until 2020 and to increase its financial capacity. For the period after 2020, the programme is to continue under an expanded scope and a new name: InvestEU.

In the field of tax policy, the EU and Member States had to update the tax framework to respond to the challenges related to the fight against tax fraud, new business models, technological development, and introduce disincentives to tax avoidance. Changes were proposed, concerning direct taxation (especially corporate tax coordination), indirect tax (especially value added tax, VAT) as well as transversal issues, such as transparency and external strategy for effective taxation. A number of files were adopted by the end of the previous term, while some are still under discussion.

In the field of customs, the most critical development of the last legislative period was the first change to the Union Customs Code (UCC), after over 20 years of service. Adopted in October 2013, it modernised and streamlined customs procedures throughout the EU and introduced a number of information technology (IT) systems to support harmonised implementation of customs rules and to reduce the administrative burden on legitimate trade.

Priorities and challenges

The European Semester is the framework for economic and fiscal policy coordination within the EU. First applied in 2010 in the wake of the sovereign debt crisis and revamped by the Commission in 2015, it allows EU countries to discuss their economic and budget plans and monitor progress at specific times throughout the year. The challenge identified for the new Commission is to contribute to integrate the United Nations Sustainable Development Goals into the aims of the Semester.

Another challenge identified for the future Commission is to ensure the proper application of the Stability and Growth Pact, while using the full flexibility allowed in its rules, in order to strike an
appropriate balance between fiscal responsibility and a more growth-friendly fiscal stance in the euro area. The President-elect added that this aim must go hand in hand with the general endeavour towards diminishing the current high levels of debt, both public and private, which impede growth.

Regarding the action plan for the implementation of the EU’s social pillar, the President-elect has included in her political guidelines, the prospect of establishing a European Unemployment Benefit Reinsurance Scheme, possibly shaped as an automatic institutional mechanism that would act as a shock absorber in the event of external shocks. From a social point of view, such a mechanism would alleviate the burden of unemployment by providing income security and, at the same time, it would demonstrate European solidarity in a visible and tangible way to citizens.

Since its launch in November 2014, the investment Plan for Europe has showed considerable success in mobilising private investment across the EU. Yet, investment levels in the EU remain below pre-crisis levels. The Commission therefore identified a need to provide for an extended EU investment programme under the new multiannual financial framework (MFF), catering for multiple objectives in terms of simplification, flexibility, synergies and coherence across relevant EU policies. Building on the success of EFSI, the InvestEU programme, expected to run from 2021 onwards, aims to bring together diverse EU financial instruments within a single structure, making EU funding for investment projects in the EU simpler, more efficient and more flexible. Given that climate neutrality is included in the Commission’s overall objectives, the Commissioner-designate is entrusted with setting up and implementing the Sustainable Europe Investment Plan.

Taxation efforts will have to ensure, through multiple initiatives, fair and fraud-proof regimes in a global environment. Priorities include digital and environmental taxation (e.g. review of the Energy Taxation Directive and a proposal on a carbon border tax), the update of corporate taxation through the proposed common consolidated corporate tax base, and the finalisation of the reboot of the VAT framework.

Alongside taxation, increased trade volumes, new production patterns, and changing technologies, as well as the United Kingdom’s expected withdrawal from the EU represent additional challenges to the proper functioning of the customs union. The Commission’s priorities will be to work closely with the Member States on the full implementation of the Union Customs Code, including putting in place the appropriate digital systems. In addition, it will work towards adopting an integrated European approach to reinforce risk management, in cooperation with Member States, to ensure controls are effective.

**European Parliament**

<table>
<thead>
<tr>
<th>Treaty basis and European Parliament competence</th>
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<tbody>
<tr>
<td>Economic policy is the subject of Articles 120 to 126 of the Treaty on the Functioning of the European Union (TFEU). Parliament is a co-legislator in economic governance matters (ordinary legislative procedure).</td>
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<tr>
<td>Taxation is a shared competence under Articles 110 to 115 of the TFEU. Under a special legislative procedure, Council acts unanimously and the European Parliament is consulted. Article 116 TFEU provides for a mechanism to overcome distortions in conditions for competition in the internal market when they cannot be overcome by consultation of the Member States. Articles 326 to 334 TFEU provide for enhanced cooperation in those areas not covered by exclusive competences.</td>
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<tr>
<td>For customs union matters, the EU has exclusive competence under Articles 30 to 33 TFEU. Customs tariffs are adopted by the Council on the basis of Article 31 TFEU. Customs cooperation in the EU is governed by the ordinary legislative procedure (Article 33 TFEU). Common commercial policy meanwhile is an exclusive EU competence (Articles 206 and 207 TFEU); regulations are adopted using the ordinary legislative procedure.</td>
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Negotiators for Parliament and Council reached a partial agreement in March 2019 on the InvestEU programme proposal, excluding budgetary figures and other elements that will not be finalised until overall agreement on the new MFF is reached. Setting financial amounts for these programmes will be a priority in the context of an overall agreement on the new MFF.
With regard to the **European Semester**, the 2014-2019 European Parliament adopted multiple own initiative resolutions, in the context of (i) the Annual Growth Survey (AGS), and (ii) the employment and social aspects in the AGS. In this context, it called for Member States to continue to pursue growth-friendly fiscal consolidation and to implement productivity-enhancing and socially balanced structural reforms. It also called on the Commission (i) to address the lack of proper democratic accountability in EU economic governance; (ii) to develop an EU framework to ensure that all investments under the investment plan stimulate sustainable growth; (iii) to take measures to assist SMEs and start-ups, to improve employment sustainability and quality, and to tackle youth unemployment and long-term unemployment; and lastly (iv) to address the consequences of the ageing of the EU population.

European Parliament work in the field of taxation over the last term focused on proper enforcement and monitoring of the implementation of provisions recently updated and for additional updates as appropriate, to keep up with new forms of tax fraud and the pace of global digital development as well as continuing to update the framework, involving in particular the modernisation of the corporate tax, the VAT and the international frameworks, namely in the context of work to address [tax] base erosion and profit-shifting, known as BEPS2.

The European Parliament discussed customs on a number of occasions during the last term. Recent examples include the legislative procedure on the Union’s legal framework for customs infringements and sanctions, which remains blocked due to opposition in Council, and the resolution on tackling the challenges of Union Customs Code implementation, adopted in January 2017. In February 2019, Parliament also adopted a resolution on strengthening the competitiveness of the internal market by developing the EU Customs Union and its governance.

**FURTHER READING**


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Janusz Wojciechowski

Agriculture

Hearing due to be held on Tuesday 1 October at 14.30 hours.
European Parliament committee responsible: Agriculture and Rural Development (AGRI).

Born in 1954, Janusz Wojciechowski was appointed to the European Court Auditors in 2016, where he is a member of Chamber I (Sustainable use of natural resources). After starting as an observer in 2003, prior to Poland’s accession to the EU, he then served as an MEP, from 2004 to 2016. He was a member of the European Conservatives and Reformists Group in the last parliamentary term.

Wojciechowski holds a Master's degree in law and has held a number of judicial appointments in Poland as a judge. He has adjudicated at the Supreme Court and was nominated as a member of the National Council of the Judiciary of Poland in 1990. He was President of the Polish Supreme Audit Office from 1995 to 2001 and served as a member of the Polish Parliament and was its Deputy Speaker from 2001 to 2004. He is the author of a number of publications on criminal law.

During his career in the European Parliament, he was Vice-Chair of the Agriculture and Rural Development (AGRI) Committee (2004-2016) and chair of the Intergroup on the Welfare and Conservation of Animals. He has spoken in plenary debates on the situation in Poland, the crisis in the agriculture sector, the cultivation of GMOs and the fight against organised crime and corruption. He was rapporteur for reports on the protection of animals during transport and on the Animal Health Strategy for the EU (2007-2013). As shadow rapporteur, he covered dossiers concerning renewable energy, novel foods, the EU Strategy for the Protection and Welfare of Animals 2012-2015, direct payments and organic production.

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019
Background

The agriculture and rural development portfolio covers the EU policies and funding arrangements for farming support, rural development and the framework for agricultural market measures provided under the common agricultural policy (CAP). Viewed by many as a ‘genuinely European policy’, since Member States pool resources to operate a single European policy within a single European budget, the CAP has evolved through five reform packages between 1992 and 2013. Overall, the CAP consists of two pillars. The first pillar provides direct payments to farmers to help stabilise their incomes and is linked to complying with safety norms, environmental and animal welfare standards. It also provides for market measures to tackle specific market situations. Pillar II covers rural development policy, implemented through 118 multiannual rural development programmes. The CAP includes measures to secure climate and environmental benefits as well as a requirement for a minimum proportion of funding to be spent on such measures. A number of related policy areas remain outside the agriculture and rural development portfolio, such as: animal health and welfare, plant health, food safety, biotechnology and international trade policies.

There is considerable diversity in agriculture across the EU in terms of farm size and types of farming. The vast majority of its 10.8 million farms are relatively small, family-run farms, often passed down from one generation to the next. A long-term decline in the number of farms is coupled with a significant consolidation of EU agricultural production in relatively few larger farms. In demographic terms, 31% of farmers in the EU are older than 65 years.

Recent developments

During the 2014-2019 period, key developments in the agricultural and rural development portfolio included the implementation of the 2013 CAP reform and the response to crises in the agricultural markets. The latter represented a key concern for policy-makers. The European Parliament highlighted the persistence of a ‘crisis’ in the agricultural sector, largely in the dairy, pig-meat and fruit and vegetable sectors. A series of measures were implemented to address the difficulties facing European fruit and vegetable, and dairy producers resulting from the 2014 Russian import ban. The ‘Omnibus Regulation’ (Agricultural provisions) was adopted during the 2014-2019 period, amending all the main CAP regulations and providing for a range of policy-related simplification measures including provisions allowing for an increase in payments to young farmers. The European Commission’s communication on ‘the future of food and farming’ issued at the end of November 2017 included provision for a new delivery model whereby the EU would set the basic policy parameters involving nine specific CAP objectives as well as the different types of CAP instruments. The Member States would have responsibility and a certain degree of flexibility for translating this framework into support arrangements for beneficiaries. A key element in this approach will involve each Member State drawing up a CAP strategic plan covering interventions under both pillars. Each plan would be subject to approval by the Commission, while system performance monitoring would gain importance over the compliance of each single operation.

Priorities and challenges

Public opinion

Evidence on how European citizens perceive agriculture, rural areas and the CAP can be drawn from the findings of Eurobarometer surveys. A 2018 Special Eurobarometer survey found:

- a high level of awareness of the CAP (67% of respondents);
- that more than nine out of ten (92%) thought agriculture and rural areas were important for the future;
- that almost nine in ten respondents were in favour of the EU making subsidy payments to farmers for farming practices beneficial to the climate and the environment.

Source: Special Eurobarometer 473, European Commission, February 2018.
Drawing on these findings, the Commission points to the evidence they provide of strong public support for maintaining agricultural policy at the European level.

The new Parliament will face a wide range of key economic, social, climate and environmental challenges impacting on the agricultural sector and rural areas. Identified by the Commission in a series of background documents published in December 2017, many of them are of a long-term duration often involving global forces. They include: adapting to the impacts of climate change as well as contributing to climate change mitigation; low EU agricultural productivity growth; price and income volatility, an ageing EU farm population, the difficulties young farmers face in accessing both capital and land; and low levels of agricultural training. Although not exhaustive, other issues could include the effects of agricultural intensification on biodiversity; the issue of food waste, and the role of agricultural research and innovation in addressing greenhouse gas emissions.

The priorities for this portfolio will involve securing agreement on the next EU budget, including the allocation for the next CAP. An analysis of the Commission’s budgetary proposals undertaken by Parliament’s Policy Department for Structural and Cohesion Policies indicates that they would represent a reduction of 12% in constant prices for the CAP, with a substantial reduction of around 25% in real terms for Pillar II. Much will therefore depend on the outcome of the budget negotiations.

The mission letter from the Commission’s President-elect, Ursula von der Leyen, tasks the Commissioner-designate for Agriculture to swiftly conclude negotiations on the CAP for the post-2020 period; to work closely with Member States on their CAP strategic plans, paying particular attention to the benchmarks and requirements on environment and climate-related objectives. In the case of the latter objectives, they will involve reducing the use of pesticides, fertilisers and chemicals in Europe and beyond. Other tasks include strengthening the system of geographical indications, developing a new long-term vision for rural areas and the promotion of Europe’s high-quality food standards worldwide.

Priority topics in agriculture in the early months of the new Commissioner’s term will include not only CAP reform and the new multiannual financial framework, but will likely also encompass transitional arrangements for the CAP, the recent Mercosur agreement, opportunities for the forestry sector, the situation of agricultural markets, anti-microbial resistance and sustainable animal health management. This will involve active consideration of the connections between agriculture, environment and climate change.

**European Parliament**

**Treaty basis and EP competence**

Article 4(2) of the Treaty on the Functioning of the European Union (TFEU) provides that the Union shares competence with the Member States in the area of agriculture. The main legal bases of EU agricultural policy are set out in Title III of the Treaty, in Articles 38 to 44, where the main objectives of the CAP are detailed. These are: (i) to increase agricultural productivity; (ii) to ensure a fair standard of living for farmers; (iii) to stabilise markets; (iv) to assure the availability of food supplies; (v) to ensure that supplies reach consumers at reasonable prices. Since the Lisbon Treaty, the European Parliament is co-legislator for most agricultural policy issues.

In relation to this portfolio, the eighth term of the European Parliament was characterised by intensive parliamentary work on a number of significant legislative files. These included:

- a directive on unfair trading practices in the food supply chain;
- a new regulation on organic production and labelling of organic products;
- a new regulation on plant health, as well as one on animal health;
- the ‘Omnibus Regulation ‘– Agricultural provisions.

In December 2018, the European Parliament gave its consent to the Economic Partnership Agreement between the EU and Japan. This cleared the way for its conclusion and entry into force.
of the biggest trade agreement ever negotiated by the EU, opening up the Japanese market of 127 million consumers to key EU agricultural exports.

The Parliament’s AGRI committee has responsibility for examining and where necessary amending the European Commission’s legislative proposals in respect of agricultural policy. It prepares reports for subsequent adoption by the Parliament in plenary. It has responsibility for examining the operation of the relevant financial instruments including legislation on veterinary and plant health matters, animal feeding stuffs, animal husbandry and welfare, quality of agricultural products, forestry and agroforestry. (See Annex V of the European Parliament’s Rules of Procedure). Parliament has also pursued its scrutiny role of the European Commission through regular exchanges on, for example, the market difficulties facing European producers, or pest outbreaks.

Addressing the key issue of the future of the CAP, in May 2018, Parliament adopted an own-initiative resolution setting out its priorities for CAP reform. These included positions on: the continuation of direct payments to be fully financed from the EU budget; more finance to help invigorate rural areas, as well as stronger support for young and new farmers and for those hit by income and price volatility. The Commission’s legislative proposals for the CAP for the 2021-2027 period provide for a CAP strategic plan regulation; a CAP horizontal regulation; and an amending regulation. In the case of the CAP strategic plan regulation, the AGRI committee is responsible for the file, while the Committee on the Environment, Public Health and Food Safety (ENVI) is an associated committee. Following discussions in the 2014-2019 AGRI committee, the three files were the subject of three reports, involving a significant number of amendments adopted by the AGRI Committee in April 2019. As none of these reports was the subject of a plenary vote, it will be for the new Parliament to decide how to proceed with these files in the context of the future CAP. This will give new MEPs the opportunity to contribute to the debate on the Commission’s legislative proposals.

FURTHER READING


Thierry Breton
Internal Market

Hearing due to be held on Thursday 14 November at 13.00 hours.
European Parliament committees responsible: Internal Market and Consumer Protection (IMCO) and Industry, Research and Energy (ITRE).

Thierry Breton has most recently been chairman and CEO of the international information technology services company, Atos. He resigned from this position on 31 October 2019. Previously, he served as vice-chairman and CEO of Groupe Bull, chairman and CEO of Thomson-RCA, and chairman and CEO of France Télécom (now Orange).


Breton has been named one of ‘the 100 Best-Performing CEOs in the World’ (2010 and 2017) by the Harvard Business Review and was awarded the Montgelas Prize (2015) for outstanding action in favour of Franco-German cooperation. He was elected President of the French National Association for Research and Technology (2015) and a member of the French Academy of Technologies (2016).

Born in 1955, Breton received a Master’s degree in electrical engineering and computer science from the École Supérieure d’Électricité (Supelec), and graduated from the Institut des Hautes Études de Défense Nationale (IHEDN). He began his career in 1979 as a teacher of IT and mathematics at the Lycée Français de New York.

Thierry Breton is the author of several books about information technology and cyberspace, including the novel Softwar – La Guerre douce, and also on economics and budgets (Antidette).

This Briefing has been prepared for the additional Hearings required after the conclusion of the first round in October. It is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthINKTANK.eu/commissioner_hearings_2019

EPRS | European Parliamentary Research Service
Author: Cemal Karakas
Members’ Research Service
PE 642.288 – November 2019
Background

The idea behind the internal market is the creation of one territory without any internal borders or regulatory obstacles, in which goods, services, capital and people are able to move freely. It is an ongoing policy project, built on a substantial body of legislation and deep-rooted economic relations. Currently, the single market comprises 24 million companies and over 512 million customers, making it the largest of its kind in the world. Almost two thirds of total EU trade in goods (imports plus exports) takes place within the internal market, with a total value of just under €7 trillion. The strength of the market is also reflected in the fact that the EU accounts for around 15% of the world’s trade in goods, with exports amounting to just under €2 trillion. Taken together, its members have an annual GDP of €15.3 trillion.

EU policy focuses on removing technical, legal and bureaucratic barriers and modernising this large market, with the aim of unleashing its full potential. Some of the effects of the single market for businesses are increased competition and economies of scale, reduced transaction and trade costs, easier expansion of the customer base and improved allocation of resources. Consumers can benefit from wider availability of products and lower prices. The impact on the economy is also positive, with numerous studies confirming significant increases in GDP, jobs, per capita income, capital flows and inward investment, all contributing to EU market integration. Furthermore, the number of Europeans residing in another Member State on a permanent basis has reached 17 million, as opposed to 4.6 million in 1995. The April 2019 Mapping the Cost of Non-Europe study estimated that completing the single market would add €713 billion to the economy.

The Union has also been making efforts to help enterprises and citizens embrace these changes, and benefit from the creation and deepening of the digital single market, which dates back to the mid-1990s, when the liberalisation of the telecoms market in Europe began. The outgoing Commission proposed the digital single market strategy in May 2015, with 16 key measures for action. EPRS’s Mapping the Cost of Non Europe study estimates that actions in the broad field of the digital economy could contribute €178 billion per year to the EU in the 2019-2024 period.

Furthermore, the EU has increasingly been focusing on strengthening its defence and space industries. Developments in these fields are likely to have positive spill-over effects to other branches of industry and research, and as such they are of strategic importance for the Union.

Recent developments

Advancing the single market requires action in multiple policy fields, for instance in the areas of innovation and research, industrial transformation, digitalisation, space policies, and funding opportunities, in particular for small and medium-sized enterprises (SMEs). At the same time, the EU is looking to ensure fairness, robust consumer protection and environmental sustainability and to establish a future-oriented framework. Furthermore, policies focused on the internal market have strong links with other Commission priorities. As a result of this complex setting and the cross-cutting nature of policy-making, the deepening of the single market has tended to be addressed in broad packages, grouping together legislative and non-legislative initiatives.

The 2015 single market strategy led to the adoption of several important legislative files. These include the revision of the regulation on mutual recognition, and new laws on compliance and enforcement regarding harmonised EU rules. Furthermore, new rules on the digitalisation of company law have been agreed. Only slight progress has been made on harmonising the rules for services – just one legislative proposal has been adopted, the proportionality test to precede the adoption of new regulations on professions, while the reform of the services notification procedure proposal is blocked, as is the services e-card proposal. However, the EU has agreed on the revision of the Posting of Workers Directive, and the Commission adopted its implementing regulation on the European Professional Card in 2015. In the area of SMEs, the EU has agreed new rules on business insolvency and launched a strategy to help start-ups and scale-ups grow.
Further initiatives were agreed under the 2015 digital single market strategy. These included, among other things: new rules to end unjustified geo-blocking (which prevents online customers from purchasing products or services from a website based in another Member State) as well as new rules on cross-border online content allowing access to subscription-content when travelling across the EU; the single digital gateway; and an end to roaming charges for mobile phone users throughout the EU. Finally, the cybersecurity package, presented in September 2018, included new initiatives to further improve EU cyber-resilience, deterrence and defence. In particular, the Cybersecurity Act adopted in March 2019 will strengthen the EU Agency for Network Information Security (ENISA) and will create a voluntary EU cybersecurity certification framework.

In September 2017, the Commission launched its new industrial policy strategy, which consolidated existing and new initiatives with a view to supporting a smart, innovative and sustainable industrial base. To monitor progress and identify further action, the strategy formalised a high-level industrial roundtable and an annual European industry day bringing all relevant stakeholders together. Creating a business-friendly environment for all enterprises, especially SMEs and new entrepreneurs has remained a key objective. Central to the Commission’s better regulation policy has been the updating of the ‘SME test’ in 2017; the test assesses the costs and benefits of policy options and analyses the possible effects of EU proposals on European SMEs.

Creation of jobs and growth has also been central to the Commission’s initiatives over the last term. The new skills agenda for Europe, adopted in June 2016, set out key actions for upgrading skills in Europe, ranging from initiatives to tackle the basic skills gap to measures that support the development and anticipation of high-level skills in emerging fields. Investment and financing have also been recognised by the EU as a precondition for European industry to drive industrial transformation. To this end, the European Fund for Strategic Investments (EFSI) was launched in 2015 and has since triggered financing for strategic projects. It has contributed to reducing the investment gap, which has meant investment levels are estimated to be 15% lower than pre-crisis levels. As of June 2019, EFSI financing was expected to mobilise €408.4 billion in total investment.

In June 2017, the Commission proposed a regulation on a European defence industrial development programme (EDIDP) under the European Defence Action Plan. The proposal aims at fostering the competitiveness and innovative capacity of the EU defence industry, by supporting cooperation in the development phase of defence products and technologies, including on prototyping, testing and certification of new and updated defence products and on feasibility studies. Adopted in July 2018, following agreement between Parliament and Council negotiators, the programme has a budget of €500 million for 2019-2020, which will mainly be provided in grant form. Consortia must include at least three entities from three Member States, and may also include an entity from outside the EU. Funding may not be used for products prohibited under international law.

In June 2018, the European Commission published its legislative proposal for the European Defence Fund (EDF) in the 2021-2027 multiannual financial framework (MFF). The EDF would contribute to the EU’s strategic autonomy in defence by coordinating and amplifying national investment in the field. The Commission proposes to allocate €13 billion to the EDF. A partial agreement (excluding the budgetary aspects) negotiated between Parliament’s Industry, Research and Energy (ITRE) committee and the Council was adopted at first reading in April 2019. The new programme would thus provide support throughout the entire industrial development lifecycle of defence products, and SMEs and mid-cap firms will have higher financing rates to encourage their participation.

In June 2018, the European Commission also published a proposal for the new EU space programme. For the 2021-2027 MFF, the Commission intends to allocate €16 billion to the space programme. Its main aims are to foster an innovative space industry and to establish a simplified system of governance. Galileo, the European global satellite-based navigation system, and Copernicus, the European earth observation programme, are the EU’s two main space projects. The partial agreement (excluding the budgetary aspects) negotiated between Parliament’s Industry, Research and Energy (ITRE) committee and the Council was adopted in plenary at first reading in April 2019. The EU Agency for
the Space Programme will replace and succeed the European Global Navigation Satellite Systems (GNSS) Agency. An agreement will define the roles, responsibilities and obligations of the Commission, the Agency and the inter-governmental European Space Agency with regard to each component of the space programme. Measures would also be included to foster SME participation.

Priorities and challenges

Public opinion

A 2019 Eurobarometer survey showed that the vast majority of EU citizens (81%) support ‘the free movement of EU citizens who can live, work, study and do business anywhere in the EU’. In an earlier survey, one in four Europeans were considering working in another EU country within the next 10 years. According to another poll, European citizens are satisfied with the possibilities offered by the single market, particularly the wider choice of products (74%), increased number of jobs (52%) and fair competition (47%). Furthermore, more than six in ten Europeans are in favour of a digital single market within the EU.

The 2019-2024 strategic agenda agreed by the European Council in June 2019 makes deepening and strengthening the single market a priority. It underlines the need for a more integrated approach to a future-proof industrial policy, development of the digital economy, and fair and effective taxation. Furthermore, the agenda also indicates a renewed focus on services. In May 2019, the Council invited the Commission to present a long-term action plan for better implementation of single market rules by March 2020. The Commission is to assess the remaining (non-)regulatory barriers and opportunities and propose further initiatives to strengthen the single market, which should be ‘digitally tested’ and technology-neutral (i.e. not favouring one technology over another).

This is in line with the vision presented by the Commission in May 2019, which saw the need to upgrade, modernise and fully implement the single market in all its aspects, removing any artificial distinction between traditional “bricks and mortar” and digital markets. The document recognises that services are a difficult area but states that efforts should be made to remove obstacles to their deeper integration. It remains to be seen whether the services e-card, which could boost key business and construction services, will be revived by the Commission in the new term.

Digitalisation, the emergence of new industrial sectors, growing competition from Asia and the increasing concern that other countries do not respect binding trade rules, have put a common industrial policy on the European agenda. In December 2018, 18 EU Member States issued a joint statement calling for the EU to adopt a comprehensive vision for its industrial policy, to strengthen its strategic autonomy and rise to the challenges ahead. In its June 2019 conclusions, the European Council called for a ‘more assertive, comprehensive and coordinated industrial policy’. An integrated approach may encompass a range of policy areas, including strengthening global trade rules, enhancing EU trade defence instruments and foreign direct investment screening, ensuring equal access and reciprocity in public procurement and protecting critical technologies and value chains.

Fostering digital transformation is also high on the EU’s political agenda, and has been identified as a priority for unlocking future growth in Europe. The Commission has identified further work needed in the years to come, in areas such as the data economy, online platforms, product liability and cybersecurity. Key challenges include adapting rules on safety and liability to new developments such as the internet of things, robotics and AI, and autonomous vehicles in particular (the Commission plans to issue guidance on interpretation of the Product Liability Directive). Fostering the data economy and research and innovation, to encourage the scaling-up of digital platforms, which lag behind in Europe (compared to the USA and China), and to support digital transformation in the private and public sectors, such as in health and mobility is another vital area for action. Increasing technological and industrial capabilities in cybersecurity, in particular to protect 5G networks has become a major priority, as has developing the digital skills and jobs coalition strategy, to address changes in the nature of work and labour markets due to digital transformation, as well as supporting SMEs needing digital talent and modernising education and training systems. Boosting energy efficiency, particularly in new technologies such as cloud computing and 5G, and
to diminish the risks that data centres pose to climate change, is a further priority issue, linked to the Commission’s environmental priorities.

In her political guidelines and her mission letter to Thierry Breton, Commission President-elect Ursula von der Leyen highlights the importance of a ‘future-ready’ single market for growth, job creation and welfare. Breton will be part of the thematic Commissioners’ Group on a Europe fit for the Digital Age (to be chaired by Margrethe Vestager). The new Commission hopes to enhance EU technological sovereignty through investing in new technologies such as blockchain, high-performance computing and data-usage tools. A coordinated approach to 5G network standards, artificial intelligence, cybersecurity and the new Digital Services Act is also needed. Importantly, that act will contain legislative proposals on much needed liability and safety rules for digital platforms, services and products. It should also address the working conditions of platform workers. One of the Commissioner’s main tasks will be to develop a long-term strategy for Europe’s industrial future. This covers factors affecting industry and its competitiveness, from investment and public procurement to trade, skills, innovation and supporting SMEs; an SME envoy is also to be appointed. Von der Leyen also stresses the need to achieve a climate-neutral economy by 2050. Other actions relate to the building of a ‘competitive’ European defence equipment market and a ‘strong’ space industry to maintain the Union’s autonomous access to space.

The connection between EU security and defence issues and space-related infrastructure, however, remains a contested topic among experts and also among Members of the European Parliament. More specifically, the mandate to strengthen EU defence policy may prove a controversial element in the portfolio. Furthermore, the expected withdrawal of the United Kingdom from the EU has triggered a discussion on UK companies’ direct involvement in the EU’s satellite navigation system and their participation in EDF-financed projects. Provisions on protection of security interests, ownership and licence rights, as well as budgetary issues have so far been left out of the scope of negotiations between Parliament and Council prior to agreement on the 2021-2027 MFF.

**European Parliament**

**Treaty basis and European Parliament competence**

Articles 4(2)(a), 21, 27, 28, 29, 114 and 115 of the Treaty on the Functioning of the European Union (TFEU) constitute the legal basis for the internal market. The EU has powers to act in this area by means of ‘shared competence’ between the EU and the Member States (Article 4(2)(a) TFEU). Articles 114 and 115 TFEU give the EU power to legislate on the single market. Further relevant TFEU provisions include: Articles 26 and 28-37 (free movement of goods); Articles 3(2), 4(2)(a), 20, 26 and 45-48 (free movement of workers); Articles 49-55 (establishment) and 56-62 (services); Articles 26 and 53 (mutual recognition of diplomas); and Article 6 (d) 195 (Title XXII) on tourism. The European Parliament is involved mainly under the ordinary legislative procedure.

During the eighth parliamentary term, the Parliament contributed systematically to the policy debate on industry, entrepreneurship and SMEs with resolutions and own initiative reports on key issues. Moreover, it continued to advocate the creation of favourable conditions for the private sector to grow and improve its competitiveness. To this end, in a 2017 resolution Parliament called for an ambitious EU industrial strategy as a priority for growth, employment and innovation.

In February 2019, Parliament adopted an own-initiative resolution calling for a comprehensive European industrial policy on artificial intelligence (AI) and robotics to boost innovation and the free movement of AI-driven services and smart goods. The importance of SMEs for the success of new technologies, and AI in particular, has been systematically recognised by Parliament, which welcomed the Commission’s initiative to create an AI on-demand platform to boost technology transfer and catalyse the growth of start-ups and SMEs.

Regarding financing, in its resolution of March 2018 on guidelines for the 2019 budget, Parliament emphasised that the EU budget should play an appropriate part in supporting the digitalisation of European industry and the promotion of digital skills and entrepreneurship, as well as safeguarding fundamental rights and security, including supporting the fight against cybercrime.
Parliament has also highlighted the need to address the continued existence of non-tariff barriers to integration, and to put an end to the dual quality of products. Members also advocated stronger single market governance, in particular by establishing it as a separate and closely monitored pillar of the European Semester process. Parliament called for free movement of services and goods to be given the same priority. Parliament also asked for regular reviews of regulations on professional services, to take account of technical innovation and digitalisation.

Parliament called upon the European Council to make a new pledge to complete the single market by 2025, including a new public timetable for action. Completing the digital single market is also a key priority for the Parliament. In a 2016 resolution, ‘Towards a Digital Single Market Act’, it expressed concern over diverging national approaches to regulating the internet and the sharing economy. The Parliament therefore advocated swift implementation of the digital single market strategy. More specifically, it recommended eliminating the barriers experienced by businesses and consumers and the creation of a level playing field through the development of e-government, a future-proof regulatory and non-regulatory framework for the digital single market, a long-term digital investment strategy, and better access to finance and skills.

In its resolution on the space strategy for Europe, Parliament urged the Commission to simplify the complicated institutional landscape in European space governance and to make the programme more cost efficient. It also stressed that the successful development of downstream markets depends on the continuous evolution of the Galileo and Copernicus programmes. In its resolution on the EU’s common security and defence policy, Parliament meanwhile recognised the strategic dimension of the space sector and the need to improve synergies between civil and security aspects.

FURTHER READING


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Elisa Ferreira
Cohesion and Reforms

Hearing due to be held on Wednesday 2 October at 18.30 hours.
European Parliament committee responsible: Regional Development (REGI).

Born in 1955, Elisa Ferreira was a Member of the European Parliament from 2004 until she resigned in 2016 upon her appointment to the Board of Banco de Portugal, becoming Vice-Governor in 2017. She has a degree in economics from Porto University, where she is also a senior lecturer in economics. She continued her studies at the University of Reading, gaining a Master's degree and PhD in economics, before becoming Vice-President of Portugal's Northern Region Coordination Commission and Board Member of Portugal's Statistics Authority, holding both posts until 1992. Executive Vice-President of the Porto Industrial Association from 1992 to 1994, Ferreira served as Portugal’s Minister for Environment (1995-1999) and Minister for Planning (Spatial and Regional Development), from 1999 to 2002.

After holding office as a member of Portugal's Parliament from 2002 to 2004, Ferreira was elected to the European Parliament in 2004. A Member of the Socialist and Democrats group, she sat on the Committee of Economic and Monetary Affairs, serving as coordinator for the S&D Group. She was also member of a number of special committees, including the first and second Special Committees on Tax Rulings and Other Measures Similar in Nature or Effect, and a member of the Financial Assistance Working Group. She was rapporteur for the EP’s position on several legislative proposals in the field of economic, budgetary and taxation policy, including on the prevention and correction of macroeconomic imbalances, part of the 'Six Pack', and on the Single Resolution Mechanism.

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019
Background

The aim of EU cohesion policy is to reduce the territorial, social and economic inequalities that exist among the different regions of the EU. Also known as regional policy, the EU’s cohesion policy provides funding to support development in areas such as job creation, economic growth and sustainable development with a view to improving citizens’ quality of life. Although this policy covers every region of the EU, these funds largely focus on where they are needed most: the EU’s poorer regions, with per capita gross domestic product (GDP) under 75 % of the EU average.

Some €351.8 billion, almost one third of the EU’s total budget for the 2014-2020 period, has been set aside for cohesion policy, to address the development needs of the EU’s regions. This financial support is distributed through the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF) which, together with the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), are known as the European structural and investment funds (ESIF). With this funding supporting the lion’s share of public investment in numerous Member States, helping to mitigate the impact of the 2008 financial crisis, EU cohesion policy has made a real difference to the lives of people across the EU. As the current programming period (2014-2020) draws to a close, work is now under way on completing negotiations on the cohesion policy package for the next programming period (2021-2027), which will involve the active participation of the new Commissioner. With an expanded portfolio including responsibility for a new directorate-general for Structural Reform Support, which will share resources with DG REGIO, the Commissioner-designate will also be expected to support Member States’ structural reforms to speed up growth-enhancing investment and set up a new Just Transition Fund, providing support for coal and energy-intensive regions under transformation, working under the guidance of the Executive Vice-President for an Economy that Works for People.

Recent developments

As the start of the 2014-2020 period coincided with the launch of a new cohesion policy package, a key EU priority during the first two years of this period was for the European Commission to finalise with each Member State the contents of key documents such as the partnership agreement, which sets out the national ESIF strategy and its operational programmes. Measures were also adopted to develop Member States’ administrative capacity, underpinned by initiatives such as the Structural Reform Support Programme, which provides national authorities with support when implementing reforms. In addition to establishing this vital framework for the roll-out of joint projects, the EU took action to ensure that cohesion policy was able to respond quickly and effectively to new challenges as and when they arose. This included specific measures to help countries with emergency situations such as the financial crisis (Greece in 2015), natural disasters and the migrant crisis.

The European Union also launched a number of key regional policy initiatives. Urban policy was high on the EU’s policy agenda, leading to the adoption of the Pact of Amsterdam and the 2016 launch of the Urban Agenda for the EU, a multi-level partnership-based working method, while the 25th anniversary of the EU’s European territorial cooperation programme (Interreg) in 2015 provided an opportunity to take stock of progress, with the EU carrying out a cross-border review, feeding into the 2017 communication on boosting growth and cohesion in EU border areas. In addition, further impetus was given to the EU’s macro-regional strategies, while, looking farther afield, the European Commission outlined a new partnership for the EU’s nine outermost regions in October 2017.

With the rules of the current cohesion policy framework applying only to the period up to 2020, on 23 May 2018, the European Commission adopted a set of four legislative proposals, which seek to provide a simplified and more flexible legislative framework for cohesion policy for 2021 to 2027:

- **Common provisions regulation** (CPR), setting out common rules for seven shared management funds at EU level;
- **Regulation** on the European Regional Development Fund and on the Cohesion Fund;
Regulation on specific provisions for European territorial cooperation;  
Regulation on a mechanism for resolving legal and administrative obstacles in a cross-border context.

The European Parliament is closely involved in this process, with Parliament having adopted its first-reading positions. These will be discussed further within the framework of the trilogue negotiations between the European Parliament, the Commission and the Council.

Priorities and challenges

Public opinion

A March 2017 Eurobarometer survey focusing on citizens’ awareness and perceptions of EU regional policy revealed that almost eight in ten respondents feel that EU co-financed projects have had a positive impact on their locality, with a clear majority of respondents considering that the EU should continue investing in all regions irrespective of their level of development. In particular, education, health or social infrastructure are considered to be the most important areas for regional policy investment, with more than nine out of ten respondents calling for investments in this field, while over half of all respondents consider that decisions on EU-funded projects should be taken at local or regional level.

One of the first priorities for the new European Commission will be to reach agreement with the co-legislators on the legislative framework for cohesion funds, including the delivery of a modern and easy to use cohesion policy, and also to ensure that Member States are able to make effective use of their funds. With the proposed ERDF and Cohesion Fund Regulation requiring Member States to allocate between 65% and 85% of their ERDF and Cohesion Fund resources (depending on their wealth status) to just two of the five proposed policy objectives – a smarter Europe through innovation and support to SMEs, and a greener Europe investing in energy transition and the fight against climate change – these two objectives look set to be key priorities. As energy transition poses a challenge in certain regions, the Commissioner-designate will also be tasked with setting up a new Just Transition Fund to provide support for coal and energy-intensive regions undergoing such transformation. Support for structural reforms to accelerate growth-enhancing investment will be another key priority, with the Commissioner-designate providing technical and financial support for reforms and coordinating technical support for Member States preparing to join the euro. The Commissioner-designate’s mission will also include working with the co-legislators to reach agreement on and ensure the implementation of the Reform Support Programme and the Budgetary Instrument for Convergence and Competitiveness in the euro area.

The sustainable development of Europe’s cities and urban areas will be another area of focus, with the creation of a new European Urban Initiative strengthening the urban dimension of cohesion policy and the future review of the Urban Agenda providing a timely moment to consider how to work more closely with cities. The importance of involving the sub-national level in the broader sense is, moreover, highlighted in the recently adopted New Strategic Agenda 2019-2024, a framework for the work of the EU institutions over the next five years, which notes that ‘the talents of regional and local actors should be harnessed for the benefit of the overall effort’. There will also be an emphasis on developing a new long-term vision on rural areas and a renewed focus on how to make best use of the Treaty provisions for outermost regions.

In terms of challenges, stakeholders have drawn attention to the impact of the proposed funding cuts on the future cohesion policy, with the EP calling for 2014-2020 funding levels to be maintained. What is more, as decisions on the distribution of resources by policy objective are to be moved from regional to national level under the proposed rules, there are concerns about the risk of greater centralisation, which could impede effective local authority support for citizens or business, with stakeholders also concerned that the strengthened link with the European Semester could divert regional policy away from its original Treaty objectives. Demographic change represents a further challenge, as highlighted by the European Committee of the Regions (CoR), which also stresses the need to ensure adequate funding for cohesion policy. In addition,
it **advocates** bold communication efforts to **enhance the visibility of cohesion policy** and calls for the maintenance of a **strong partnership principle**, including a Code of Conduct to involve local and regional authorities in the European Semester. With the cohesion policy framework still under negotiation, however, these priorities and challenges could well change in the months ahead.

### European Parliament

#### Treaty basis and EP competence

The rules and objectives relating to cohesion policy are set out in Articles 174 to 178 of the Treaty on the Functioning of the European Union (TFEU). Article 174 establishes the overall objective of strengthening the Union’s economic, social and territorial cohesion, stipulating that the EU must aim to reduce disparities between the levels of development of the various regions and the backwardness of the least-favoured regions. Regarding Structural Reform support, Article 175 TFEU (third paragraph) provides that, if specific actions prove necessary outside the Funds and without prejudice to the measures decided upon within the framework of other Union policies they may be adopted by the EP and the Council, with Article 197(2) providing that the Union may support Member States’ efforts to improve their administrative capacity to implement Union law.

Thanks to its role as co-legislator under the co-decision procedure, Parliament helped address regional policy challenges through action such as the adoption of specific measures for Greece and countries affected by natural disasters, with the REGI committee successfully supporting Spain and Portugal regarding the **suspension of regional funding**. The European Parliament also set out its position on regional issues through non-legislative resolutions, including on the urban dimension of EU policies, which contributed to the EU Urban Agenda’s launch in 2016, and on European Territorial Cooperation (ETC), with its 2016 resolution calling for a greater role (and budget) for ETC post-2020. Parliament has also been active in the debate on demographic change, calling for cohesion policy to play a greater role in supporting regions’ demographic challenges. Looking to the future, Parliament outlined its views on the future shape of cohesion policy post-2020 in its 2017 **resolution** on the building blocks for a post-2020 EU cohesion policy, which stressed the need for simplification, synergies with EU funds and for cohesion policy to have a clear legislative framework and an adequate budget. It also emphasised the importance of innovative low-carbon local development, a strong urban dimension in EU policies and integration of migrants, with the CPR proposal reflecting many of these demands.

**FURTHER READING**


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Stella Kyriakides

Health

Hearing due to be held on Tuesday 1 October at 18.30 hours
European Parliament committee responsible: Environment, Public Health and Food Safety (ENVI).

Stella Kyriakides has been a Member of the Cypriot House of Representatives since 2006, representing the Democratic Rally Party DISY. She has worked on health policy and other issues, and was deputy chair of the House Standing Committee on Health Affairs. Since 2013, she has been vice-president of DISY, which at EU level forms part of the European People’s Party.

She was born in Nicosia in 1956, and studied psychology at Reading and Manchester Universities in the United Kingdom. From 1979 to 2006, she worked as a clinical psychologist at the Cypriot Ministry of Health, in the Department of Child and Adolescent Psychiatry.

An advocate of raising awareness for breast cancer, she was president of the Europa Donna Cyprus Breast Cancer Forum (2000-2015) and of the Europa Donna European Breast Cancer Coalition (2004-2006). She has run training sessions on breast cancer patients’ issues and rights in a number of European organisations. She is the author of the book Adjuvant therapy for breast cancer (2009), among others, and currently heads the National Committee on Cancer Strategy.

She has also served in various functions in the Parliamentary Assembly of the Council of Europe (PACE), including as head of the Cyprus Delegation (since 2012) and as chair of the Social Affairs, Health and Sustainable Development Committee. From October 2017 to January 2018, she was President of PACE.

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Background

Organising and delivering healthcare is the responsibility of the Member States. The EU's main role is to supplement their activities, helping them realise shared objectives, and to encourage cooperation. The EU's health policy is aimed at achieving a high level of health protection and focuses on strategic objectives, including: fostering good health; protecting citizens from serious cross-border health threats; supporting dynamic health systems; and facilitating access to better and safer healthcare. EU action on health policy has been shown to add value. Food safety policy seeks to protect consumers' health and interests in an effective internal market, by ensuring that consumer foodstuffs and animal feedstuffs are safe and nutritious. It is based on the precautionary principle, as well as risk analysis and traceability. The overarching strategy covers all operators in the food chain, implementation and control of food and feed safety standards, and the prevention of potential contamination risks. Animal and plant health policies centre on averting serious contagious diseases in plants and animals. As the European Commission President-elect outlines in her mission letter, the new Commission will have a new structure and working methods. The Health Commissioner will work under the guidance of the Executive Vice-President for the European Green Deal on food safety and animal and plant health, and with the Vice-President for Protecting our European Way of Life on public health. She will be supported in her work by the Commission’s Directorate-General for Health and Food Safety, which will gain a wider remit.

Recent developments

In the 2014-2019 term, results were achieved on a number of issues within the portfolio area. Key developments in health include the establishment of virtual European Reference Networks of healthcare providers across Europe, to pool scarce resources to tackle rare diseases. Achieving more effective, accessible and resilient health systems remains high on the agenda: the 'State of health in the EU' initiative was launched in 2016 to look at how health systems can remain fit-for-purpose and help people improve their health; and the April 2018 Commission communication on the transformation of digital health and care set out plans to enhance healthcare sector digitalisation, in the interest of person-centred care. EU action to address vaccine hesitancy – including Parliament’s April 2018 resolution, a Commission proposal for a Council recommendation, a joint action (EU-JAV) and a roadmap – will require follow-up. So will the legislative file on health technology assessment (HTA), a tool to support decision-making by assessing the added value of health technologies. Parliament adopted its first-reading position in February 2019, while the Council is still divided over the Commission proposal. On food safety, legislation was recently adopted on novel foods; the possibility for Member States to prohibit GMO cultivation on their territory; official controls in Member States to ensure enforcement of food and feed law, as well as rules on animal health and welfare, plant health and plant protection products; veterinary medicines; and updated rules for spirit drinks. In February 2019, Parliament and Council reached an agreement on a targeted revision of the General Food Law and eight related legislative acts. The new regulation is expected to improve public access to industry studies used by the European Food Safety Authority in risk assessments relating to food and feed safety.

Priorities and challenges

Public opinion

In a Eurobarometer survey for the European Parliament, over two-thirds of respondents expressed support for increased EU action on health and social security; support for greater EU involvement in this policy area grew from 63 % in 2016 to 69 % in 2018. According to a June 2019 Eurobarometer, two in five EU citizens take a personal interest in food safety, but only one in five say it is their main concern when choosing food.

In the health area, the main 'unfinished business' from the last term is the legislative file on HTA. According to the European Commission, priorities for EU action in health for 2016-2020 focused,
inter alia, on achieving greater cost-effectiveness and promoting vaccination. Building a green, fair and social Europe, including good access to healthcare, is among the priorities identified in the European Council’s Strategic Agenda 2019-2024. Asked which health policy challenges would dominate the debate over the next five years, some stakeholders have pointed to deteriorating access to healthcare and the need to overcome health inequalities, particularly in beating cancer, so that patients have timely and affordable access to the best treatment and care. In a poll in eight EU Member States, further challenges identified included innovation in healthcare, patient empowerment, and digitising health. Other stakeholders have pleaded for a renewed focus on health and well-being, for instance by facilitating multi-level governance and cross-sectoral action.

In her political guidelines, the Commission President-elect undertakes to propose a strategy to protect citizens’ health from environmental degradation and pollution, as well as plans to support Member States in improving cancer control and care. In her mission letter, she asks the Commissioner-designate to support Member States in improving the quality and sustainability of their health systems, giving her specific tasks: to help ensure the supply of affordable medicines and support the European pharmaceutical industry in remaining innovative; focus on effectively implementing the new medical devices framework; use e-health to provide quality healthcare and reduce inequalities; centre on the full implementation of the European ‘One Health’ action plan against antimicrobial resistance (AMR); prioritise communication on vaccination; and put forward Europe’s Beating Cancer Plan.

The main ‘unfinished file’ in food safety is the revision of the Drinking Water Directive, flagged as a priority by Commission and Council. New or updated legislation could be envisaged on plant protection products and pesticide residues, where the Commission is doing a REFIT evaluation. As regards labelling, the Commission has announced an implementing act on labelling vegan and vegetarian food. It will evaluate the country-of-origin-labelling for meat, and is preparing a report on EU-level harmonisation of nutrition labelling schemes. European citizens’ initiatives on these three labelling questions are currently under way. Concerning alcoholic drinks, the Commission concluded in March 2017 that the alcohol labelling exemption was no longer justified, asking industry to present a self-regulation scheme. To date, the beer industry and the spirits industry have committed to gradually providing information on labels and online; for the wine industry, the question is now to be dealt with in the context of the ongoing CAP reform. The Commission is also conducting an evaluation on food contact materials.

Another area for possible legislation is new plant breeding techniques: in a July 2018 judgment, the Court of Justice ruled that genome-edited organisms fall within the scope of European GMO legislation. This – while welcomed by some – has sparked criticism and calls to change the Union’s GMO laws. In her political guidelines, the President-elect stresses that, under the European Green Deal, climate change, biodiversity, food security, deforestation and land degradation go together. In her mission letter, she asks the Commissioner-designate to lead on a new ‘Farm to Fork’ strategy for sustainable food; work on plant health, as well as endocrine disruptors; improve consumer information; ensure animal health and welfare; focus on the implementation of legislation on food safety and animal and plant health; and develop measures to combat food fraud.

European Parliament

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<th>Treaty basis and European Parliament competence</th>
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<td>In accordance with the Treaty on the Functioning of the European Union (TFEU), the EU has supporting competence in health (Article 6). Parliament and Council, as co-legislators, can adopt health legislation under Article 168 (health protection); Article 114 (approximation of laws); and Article 153 (social policy) TFEU. Food safety, animal health and plant health are covered by Article 43 (agriculture), Article 114, Article 168 and Article 169 (consumer protection) TFEU.</td>
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Among Parliament’s main activities and priorities in the area of health is ensuring patient access to innovative, safe, effective and quality medicines, a core element of the June 2016 Council
conclusions. Its March 2017 resolution on improving access to medicines focused, inter alia, on the pharmaceutical market, pricing and transparency, and intellectual property. Addressing AMR has long been of concern for Parliament, and in September 2018 it adopted a resolution on reducing antibiotics use. Parliament’s April 2018 resolution on vaccination calls for a stronger legal basis for immunisation coverage and for action to facilitate a more harmonised vaccination schedule across the EU. In its April 2019 Mapping the cost of non-Europe analysis, the European Parliamentary Research Service identified policy areas in which potential gains could be achieved if policies advocated by Parliament in these fields were to be adopted by the Union’s institutions and fully implemented. In health policy, access to cross-border healthcare and better coordination of best practice between Member States could bring considerable benefits. According to the analysis, action to address major health inequalities could result in a potential efficiency gain for the European economy of up to €72 billion per year. One of Parliament’s key recommendations is to introduce a health dimension to other EU policies, for instance stepping up use of the structural funds to improve health infrastructure.

Parliament’s work on food and food safety include the setting up of a special committee (PEST) in the last term, to assess the Union’s authorisation procedure for pesticides; a resolution with recommendations for review was adopted in January 2019. Parliament adopted a resolution on the implementation of the Plant Protection Products Regulation in September 2018, followed in February 2019 by a resolution on the implementation of the directive on the sustainable use of pesticides. During the 2014-2019 term, Parliament systematically objected to every authorisation of genetically modified food and feed, demanding the suspension of all GMO approvals until the authorisation process has been revised. In 2016, Parliament asked the Commission to draw up measures for food contact materials not yet regulated at EU level, and called for a ban on bisphenol A in all food contact materials. Parliament has also been calling for mandatory country-of-origin labelling for meat in processed foods, drinking milk, dairy products and meat products. Also regarding food, Parliament succeeded in pushing the issue of the dual quality of products onto the EU agenda, which led the Commission to propose a revision of the Unfair Commercial Practices Directive. Parliament adopted its first-reading position on this file in April 2019. Moreover, Parliament has been active on the issue of tackling waste, including food waste.

FURTHER READING
What Europe does for Me website, in particular, ‘In Focus’ briefings on Agriculture, Consumer protection and Health and social security, EPRS, European Parliament.

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Didier Reynders

Justice

Hearing due to be held on Wednesday 2 October at 09.00 hours.

European Parliament committees responsible: Civil Liberties, Justice and Home Affairs (LIBE), and Legal Affairs (JURI).

A member of the Belgian Parliament since 1992, Didier Reynders, born in 1958, is best known for his long tenure in successive Belgian federal governments. He is currently a Deputy Prime Minister (since 2004), Minister of Foreign and European Affairs (since 2011), and of Defence (since 2018). He has a background in constitutional law, with a law degree from the University of Liège (1981). Reynders practised as a lawyer (1981-1985) and then served as chair of the Belgian Railways (1986-1991) and the airline Sabena (1991-1993).

His career in the Belgian administration started as Director General of the Ministry of the Walloon Region (1985-1988) and Chief of Staff of the Deputy Prime Minister, Minister of Justice and Institutional Reforms (1987-1988). In the federal government, his career has included the posts of Minister of Finance (1999-2011), Minister in charge of the National Lottery, the Federal Holding and Investment Company and the insurance companies (2007-2011), Minister in charge of the Belgian Buildings Agency (2003-2011), Minister of Institutional Reforms (2004-2011), Minister of Foreign Affairs, Foreign Trade and European Affairs (2011-2014), and Minister of Foreign Affairs and European Affairs (2014-2018). He has also served as a member of the Liège (1988-2012) and Uccle (2012-2018) local councils. Reynders is also a visiting professor at a number of Belgian universities. As a member (and former president) of the liberal Mouvement Réformateur (MR) party, affiliated to the Renew Europe Group (formerly ALDE) at European level.

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019
Background

According to his mission letter, as Commissioner-designate for Justice, Didier Reynders will work under the guidance of the Vice-President for Values and Transparency, with support from the Directorate-General for Justice and Consumers. The mission is a continuation of Věra Jourová’s Juncker Commission portfolio, with the exception that the rule of law replaces gender equality.

Recent developments

In relation to the rule of law, the European Commission’s structured dialogue with the Polish government led to the adoption of four recommendations (2016/1374, 2016/146, 2017/1520, 2018/103), under the 2014 Rule of Law Framework, followed by Article 7 TEU proceedings begun in 2017. The European Parliament, in turn, launched similar proceedings against Hungary in 2018. In parallel, the Commission brought infringement proceedings on rule of law issues against Poland (C-192/18, C-619/18) and Hungary (inter alia C-286/12, C-66/18, C-718/17). The Commission also proposes to legislate to cut EU funding to countries with generalised rule of law deficiencies (Parliament’s first reading position adopted in April 2019, work in Council ongoing). Finally, the Commission communication on the rule of law, of July 2019, inter alia envisages establishment of a ‘rule of law review cycle’ with annual rule of law reports published on each EU Member State.

In the area of civil justice, five key pieces of legislation were adopted during the eighth Parliamentary term: a recast regulation on insolvency proceedings, reform of the European small claims procedure, as well as two new regulations introducing closer cooperation on property regimes in cross-border marriages and cross-border registered partnerships. Finally, in June 2019, the co-legislators adopted a new regulation on judicial cooperation in matrimonial matters and matters of parental responsibility and on international child abduction. Two proposals concerning reformed rules on cross-border civil procedure in the areas of the taking of evidence and the service of documents await adoption (Parliament adopted its first reading positions in February 2019, the files are now with Council).

New legislation was adopted in the area of criminal justice, including new directives on the presumption of innocence, rights of minors involved in criminal proceedings, and legal aid for suspects and accused persons and for requested persons in European arrest warrant proceedings, as well as several directives approximating definitions and sanctions to combat serious cross-border crime, such as terrorism, money laundering, non-cash payment fraud and fraud against EU financial interests. A new mandate for Eurojust will take effect in December 2019 and a new European Public Prosecutor’s Office (EPPO) under enhanced cooperation (22 participating Member States) is being set up (with a Chief Prosecutor yet to be appointed), and expected to become operational in 2020 or 2021. New instruments on the mutual recognition of freezing and confiscation orders and on an upgraded European criminal records information system (ECRIS) to cover third-country nationals have been adopted, whilst the 2018 package of proposals on electronic evidence, comprising a regulation and a directive, is still being discussed in committee in Parliament.

In the area of data protection a new General Data Protection Regulation (GDPR) was adopted, accompanied by a directive on protection of personal data by law enforcement authorities, and modernised rules on data processed by EU institutions and agencies. Following the Schrems case, a new framework covers transatlantic data flows – the EU-US Privacy Shield. However, work on the 2017 proposal to update the e-privacy regulation, applicable to electronic communications, advanced rather slowly. The Europe for Citizens programme, the backbone of the Commission’s action on citizenship, financed projects on European remembrance, democratic engagement and civic participation. The proposed new rights and values programme is to encompass these issues from 2021 onwards. Regarding consumer protection, two new directives were adopted on the sale of goods and digital content and digital services, and provisional agreement has been reached on the revision of four other consumer directives. A new regulation on consumer protection cooperation harmonises national consumer authorities’ powers and enhances their cooperation.
Priorities and challenges

Public opinion
According to a 2018 Eurobarometer survey, 18% of European citizens consider the rule of law as a key EU value. According to a 2010 Eurobarometer survey on civil justice, 56% of Europeans believed that access to civil justice in another Member State was difficult, and 73% of respondents considered that the EU should take additional measures to tackle the issue. Some 84% saw a need to simplify the cross-border enforcement of court decisions. As the 2013 Flash Eurobarometer on Justice shows, a majority of Europeans see large differences between national judicial systems in terms of efficiency, quality and independence, and believe that their functioning is a matter of common concern. The 2017 consumer condition scoreboard shows that one in five consumers had at least once had reason to complain about a purchase in the previous year.

According to the mission letter, the Commissioner for Justice will be responsible for developing a comprehensive European rule of law mechanism, preventing and identifying breaches of the rule of law, enhancing communication and awareness-raising to promote a rule of law culture among European citizens, as well as strengthening EU cooperation with the Council of Europe, OSCE and OECD. The European Council’s Strategic Agenda for 2019-2024 stresses the crucial role of the rule of law in European democracies. Similarly, President-elect von der Leyen committed to uphold the rule of law and EU values throughout her mandate, using all available EU tools, as well as to foster approval by the co-legislators of the proposal for a regulation on the protection of the Union’s budget in case of generalised deficiencies as regards the rule of law in the Member States. Von der Leyen also proposes creating a comprehensive European rule of law mechanism, applying to all Member States equally. As concerns justice and consumer protection, the mission letter stresses the importance of strengthening consumer protection for cross-border and online transactions, facilitating and improving judicial cooperation, as well as implementing new digital technologies for justice systems. The Commissioner will be in charge of preparing legislation on the human and ethical implications of artificial intelligence, and ensuring that company law contributes to the strategy on small and medium-sized businesses. It should be noted that the European Council’s 2019-2024 strategic agenda highlights the importance of mainstreaming digitalisation in the EU. In the area of criminal justice, the mission letter tasks the Commissioner with supporting the EPPO. Moreover, in view of international developments such as the adoption of the Cloud Act in the United States, the Commission will have to conduct negotiations on an EU-US agreement on transatlantic access to e-evidence, as well as on the second additional protocol to the Council of Europe’s Budapest Convention on Cybercrime, currently under preparation. Furthermore, the mission letter mentions that the Commissioner will be tasked with ensuring a justice policy contribution to the fight against terrorism and extremism and the security union. Since the 2014 CJEU Judgment invalidating the Data Retention Directive, Member States have repeatedly called upon the Commission to put forward new rules on this issue, and the JHA Council adopted conclusions on data retention in June 2019, asking the Commission to consider a legislative proposal. The mission letter stresses the need for full GDPR implementation and enforcement. Additionally, the mission letter outlines the Commissioner’s task to monitor protection of European citizenship rights.

European Parliament

Rule of law is enshrined in Articles 2, 7 and 19 TEU, with Parliament being entitled to trigger Article 7 proceedings independently. On civil justice and private international law (Article 81 TFEU), the ordinary legislative procedure (OLP) applies, except for legislation concerning family law issues, where a special legislative procedure (SLP) applies. Criminal justice is covered by Article 82-86 TFEU, with OLP applying, with the exception of Article 86 on the EPPO (SLP, enhanced cooperation). Both in the case of criminal procedure (Article 82) and substantive criminal law (Article 83), brake/accelerator clauses apply. EU action in the field of data protection, is based on Article 16 TFEU (OLP). Consumer, as well as some civil procedure laws, are adopted on the internal market basis of Article 114 TFEU (OLP).
In the 2014-2019 term, Parliament proved its commitment to strengthening and upholding the rule of law in the EU. Parliament backed the Commission decision to trigger Article 7(1) TEU in relation to Poland in a March 2018 resolution, having criticised the situation in Poland in resolutions of November 2017, September 2016 and April 2016. Parliament also called on the Commission, in December 2015, to apply the rule of law framework to Hungary and, ultimately decided to launch the Article 7 procedure in September 2018. Parliament has recently expressed concerns on the rule of law and respect for fundamental rights in Romania, Malta, and Slovakia. Parliament has consistently stressed the need for impartial and regular assessment of the situation with regard to the rule of law, democracy and fundamental rights in all Member States, calling on the Commission to establish an EU Pact for democracy, the rule of law and fundamental rights. Similarly, Parliament proposed changes to the Treaties, to reinforce the rule of law within the EU (mainly, reviewing Article 7 TEU to include a list of possible sanctions to be imposed on Member States, and enabling individuals to bring actions to the Court of Justice when fundamental rights are breached). Regarding civil justice, Parliament adopted a resolution calling on the Commission to table three proposals: on common minimum standards of civil procedure, as well as on the mutual recognition of adoption orders between the Member States and the European expedited civil procedure for cross-border litigation between businesses. In the context of substantive civil law, recent resolutions have concerned civil law rules on robotics and artificial intelligence, and limitation periods for traffic accident claims. In the area of criminal justice, the Parliament considered, in a 2017 resolution, that to upgrade EU capacities to combat terrorism and international organised crime, Europol and Eurojust should be granted investigation and prosecution competences and capabilities. It also called for wider use of existing tools, such as joint investigation teams. Parliament called repeatedly for common European standards on various forms of detention (pre-trial and administrative detention, and detention of minors) and advocated common standards to guarantee the fundamental rights of detained persons. On data protection, Parliament adopted a resolution condemning the mass electronic surveillance of EU citizens (2015), and in 2018 expressed concern regarding the misuse of Facebook users' data, calling for the suspension of the Privacy Shield until the US authorities complied fully with EU data protection legislation.

FURTHER READING


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Additional contributions were made by Maria Díaz Crego, Shara Monteleone, Nikolina Šajn and François Théron. This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament.

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Hearings of European Commissioners-designate

Helena Dalli

Equality

Hearing due to be held on Wednesday 2 October at 14.30 hours.

European Parliament committees responsible: Women's Rights and Gender Equality (FEMM) and Employment and Social Affairs (EMPL).

Helena Dalli was first elected to the Maltese Parliament in 1996 and re-elected in five subsequent national elections as a Labour Party candidate. Most recently she has been Minister for European Affairs and Equality (since 2017). Between 1996 and 1998, she served as Parliamentary Secretary for Women's Rights in the Prime Minister's office, going on to be appointed Minister for Social Dialogue, Consumer Affairs and Civil Liberties (2013-2017). As well as equality, human rights and European affairs, her portfolio as a minister has included migrant integration, industrial relations and occupational health and safety. While in office, she put forward an Equality Act to strengthen Malta's human rights and equality framework and piloted specific laws on gender-based and domestic violence, marriage equality and rights for transgender and intersex people. She was Malta's representative in the EPSCO Council and head of delegation to the UN Commission on the Status of Women. During Malta's Presidency of the Council of the EU in 2017, she coordinated the process towards the EU's signature of the Istanbul Convention. In 2016, she won a European Diversity Award for her work in human rights and equality at the national and international level.

Born in 1962, Helena Dalli holds a doctorate in political sociology from the University of Nottingham and an honours degree in sociology from the University of Malta, where she still lectures in sociology and public policy.

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EPRS | European Parliamentary Research Service
Author: Rosamund Shreeves
Members' Research Service
PE 642.200 – September 2019
Background

The new equality portfolio created for the Commission's 2019-2024 term has a broad focus on tackling discrimination, promoting inclusion and equal opportunities for all and raising awareness of the rights that exist under EU law. Four of the six areas of action focus specifically on equality between women and men ('gender equality').

Equality is one of the fundamental values on which the European Union is founded, reflected in the Treaties and the Charter of Fundamental Rights, which enshrines all the personal, civic, political, economic and social rights enjoyed by all people living in the EU.

The Treaty provisions require the EU to mainstream gender equality and non-discrimination in all its policies, and have allowed it to introduce gender equality legislation and non-discrimination law for other specific protected grounds (racial or ethnic origin, religion or belief, disability, age and sexual orientation). This binding EU law is seen to have given crucial impetus to anti-discrimination law in the Member States, and has created legally enforceable rights for individuals. However, EU law does not currently offer the same level of protection across all sectors (employment, social security, healthcare, education, social advantages, and access to and supply of goods and services) for all the protected grounds. Besides non-discrimination, other EU legislation protects victims of crime, and makes serious manifestations of racism and xenophobia criminal offences across the EU. In addition to legislation, the EU uses 'soft instruments' such as recommendations, funding and exchanges of good practice to support action in the Member States, and has established structures, including the European Fundamental Rights Agency (FRA) and the European Institute for Gender Equality (EIGE), to monitor progress. EIGE's gender equality index and FRA's surveys reveal the extent of discrimination and inequality still experienced by many people across the EU.

Recent developments

During its 2014-2019 term, the Commission adopted several programmes to further equality, including strategies to combat anti-Semitic and anti-Muslim hatred and anti Gypsyism, a 'list of actions to advance LGBTI equality' and a European Disability Strategy. The Strategic Engagement for Gender Equality (2016-2019) prioritises five areas for action: closing the gaps in employment, pay, pensions, and decision-making; eradicating gender-based violence and supporting victims; and promoting gender equality and women's rights across the world. Two other action plans aimed at tackling the gender pay gap, and mainstreaming gender in international cooperation and development cooperation, will run to the end of 2019 and 2020 respectively.

To further gender equality, a work-life balance package, proposed by the Commission as part of the European Pillar of Social Rights – was adopted in June 2019, establishing EU-wide rights to carer's and maternity leave, pay during leave, and flexible working arrangements for parents and carers. New legislation was also adopted to enshrine the rights of disabled people at EU level, requiring public-sector bodies to make their websites and mobile apps more accessible and introducing common rules for goods and services such as TV equipment and air, bus and rail transport.

Other legislative initiatives have stalled. These include a new proposal for the EU to accede to the Council of Europe's Convention on preventing and combating violence against women (Istanbul Convention) and earlier proposals for EU legislation on gender balance on company boards and EU accession to the European Convention on Human Rights. EU anti-discrimination legislation proposed by the Commission in 2008 to harmonise protection, and endorsed by the Parliament in 2009, is also blocked as the required unanimity of all Member States has not yet been achieved.
Priorities and challenges

Public opinion

A Eurobarometer survey found that, out of a list of 12 values, one in five (21%) Europeans identifies equality as the value that counts the most for them personally, but only 12% feel that it is the value that best represents the EU. A majority of respondents want to know more about their rights as citizens of the EU.

Gender equality is one area where a gap between expectations and current realities is evident. According to a 2017 Eurobarometer survey, a large majority of Europeans think that promoting gender equality is important for a fair and democratic society (91%), for the economy (87%) and for them personally (84%). A survey conducted for the European Parliament in 2016 and 2018 showed that half or fewer than half of citizens think gender equality has been achieved in politics, at work and in leadership positions in companies and other organisations. The majority support further action to improve the situation, with a 10 percentage point increase to 65% from 2016 to 2018.

EPRS research finds that further progress could be made by improving the implementation of existing EU equality legislation, expanding it to cover grounds and areas that are not fully protected, addressing multiple discrimination, and fully incorporating international standards, for instance on human rights and the rights of people with disabilities. Meanwhile, FRA highlights that growing intolerance and attacks on people's fundamental rights are eroding the progress that has been made. Before the 2019 European elections, European women's organisations pointed to a worsening climate for women's rights in Europe and called for concrete action to protect and enhance them, including a strong political strategy for equality between women and men, gender parity in the designation of Commissioner posts and other top EU positions and the inclusion of gender equality as a key political priority in the EU budget and post-2020 funding programmes. The outgoing European Commissioner responsible for gender equality stressed the challenge of achieving results in an area that requires not only legislation, but also funding and support for organisations and long-term work to influence mind-sets that are slow to change.

In her political guidelines, the President-elect of the European Commission, Ursula von der Leyen, has stressed that equality in all of its senses will be one of the major priorities of her Commission and committed to put forward new anti-discrimination legislation that would ensure equal opportunities for all. Regarding gender equality specifically, she promised a new European strategy, including binding measures to achieve equal pay, and assessment of the impact of existing laws on how women and men make important life decisions. She also said that she would work to unblock the proposed EU legislation on gender balance on company boards and (should EU accession to the Istanbul Convention remain stalled) consider legislative measures to combat violence against women, and domestic violence. She put forward a gender-balanced College of Commissioners and has committed to achieve full equality at all levels of Commission management by the end of her mandate. Preparations for a follow-up to the current EU gender equality work programme will provide a focus for further debate on the direction, scope and scale of EU action. The outgoing Commission has held a public consultation on which issues, groups, and types of action should be prioritised over the next five years, and which EU policy areas require better integration of the gender perspective. It has also identified an initiative to prevent violence against women as a priority, as part of a broader proposal to coordinate crime prevention across the EU. Follow-ups to the framework for combating discrimination based on sexual orientation, gender identity and sex characteristics and the disability strategy are also being discussed.

The European Council strategic agenda adopted in June 2019 stresses that it is a societal and economic imperative for the EU and its Member States to do more to ensure rights and equal opportunities for all and equality between women and men. The Presidency trio programme (January 2019 to June 2020) and the programme of the Finnish Presidency (July to December 2019) also stress the importance of equality as a common value and the need to promote equal opportunities and gender equality across all EU policies and to introduce a gender equality strategy combining specific actions and mainstreaming.
European Parliament

Treaty basis and European Parliament competence

Equality provisions are set out in Articles 2 and 3 of the Treaty on European Union (TEU) and Articles 8, 10, 19, and 157(1) of the Treaty on the Functioning of the European Union (TFEU): ordinary legislative procedure applies for all these except for anti-discrimination measures (Article 19) where Parliament must give consent to a unanimous decision of the Council. In addition, specific provisions of the Charter of Fundamental Rights govern the actions of the EU institutions and Member States in legislating and implementing laws in this area.

The Parliament has consistently taken a proactive stance on advancing equality, stressing the need to deliver on EU commitments. Its broad work on equality is spearheaded by the Committee for Civil Liberties, Justice and Home Affairs (LIBE), which drafts an annual report on the situation of fundamental rights in the EU (latest: January 2019). Work on gender equality is piloted by the Committee for Women’s Rights and Gender Equality (FEMM), which has been in the vanguard in highlighting issues. In the 2014-2019 term, Parliament proposed ways of improving the implementation of the Charter of Fundamental Rights, called for progress on the blocked proposals for EU anti-discrimination and gender equality legislation, and strongly backed the introduction of new legislation on minimum standards of protection for minorities, EU accession to the Istanbul Convention and the ECHR, and combating violence against women. Parliament also broke new ground by flagging the need to address the rights of people of African descent and intersex persons, and called for new strategies on Roma inclusion and LGBTI rights. Parliament has called for a revision of the existing legislation on equal pay, and for a stronger EU framework for promoting gender equality, more integrated with other EU and international strategies and with clear and quantifiable objectives to measure and achieve progress. It has also called for more proactive use of EU funding to achieve gender equality goals, including better inclusion of gender equality objectives in the next EU budget and multiannual financial framework, which is not yet agreed with the Council.

FURTHER READING


What Europe does for me: Promoting equality between women and men, European Parliament.


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Ylva Johansson

Home Affairs

Hearing due to be held on Tuesday 1 October at 14.30 hours.
European Parliament committee responsible: Civil Liberties, Justice and Home Affairs (LIBE).

Born in 1964, Ylva Johansson has served in a number of ministerial roles in Sweden. She was appointed Minister for Employment and Integration in 2014, by the current Prime Minister, Stefan Löfven, who more recently appointed her Minister for Employment in the government that took office in early 2019. The Swedish Employment Department is responsible for labour, democracy and human rights, gender issues, children rights and immigration issues.

An alumna of Lund University (1985-1988) and of the Stockholm Institute of Education (1991-1992), Johansson also has experience as a mathematics, physics and chemistry teacher. Elected for the first time as a member of the Left Party (V) to the Riksdag in 1988, she joined the Social Democratic Workers’ Party (SAP) in 1992 (affiliated to the Socialists and Democrats in the European Parliament). She first joined the Swedish government in 1994, as Minister for Schools, under Prime Minister Ingvar Carlsson. Having left the government for personal reasons in 1998, her career encompassed experience as a Senior Advisor at Telia Business Innovation, and as Deputy Managing Director and Managing Director of Att Veta AB from 2000. Returning to government in 2004, under Göran Persson, Johansson took up the post of Minister for Health and Elderly Care. Re-elected to the Riksdag in 2006, she became Deputy Chair of the Committee on Health and Welfare, and in 2010, Deputy Chair of the Committee on the Labour Market.

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EPRS | European Parliamentary Research Service
Authors: Anita Orav and François Théron
Members’ Research Service
PE 642.202 – September 2019
Background

On 1 December 2014, five years after the entry into force of the Lisbon Treaty, the usual powers of the Commission and of the Court of Justice also began to apply in the policy field of justice and home affairs. Migration from third countries to the European Union (EU) came to the top of the agenda during the 2014-2019 term. When the number of asylum-seekers and irregular migrants crossing the EU's external borders peaked in 2015, shortcomings in the management of migratory flows and the need for both immediate and long-term solutions became apparent. Cooperation between Member States has seen constant tension, with the countries most exposed to migration inflows repeatedly calling for more EU solidarity, while many Member States perceive their home affairs competences as pertaining to national sovereignty, as defined in Article 4(2) TEU. On internal security issues, the wave of mostly jihadi terrorist activity which spread throughout Europe between 2015 and 2018, necessitated a more pro-active use of the cooperation tools introduced by the Lisbon Treaty, such as Articles 83 or 87 TFEU. For instance, as from April 2015, the EU implemented the European Agenda on Security, specifically targeting terrorism, organised crime and cybercrime. The fight against crime at EU level also focused on human trafficking and smuggling, on tackling corruption and on strengthening police cooperation.

Recent developments

Since 2014, the European Commission has taken action to deliver on its priority of an effective, fair and robust EU migration policy, on the basis of its 2014 political guidelines and, more specifically, the European agenda on migration. Although the record-high migratory flows to the EU witnessed during 2015 and 2016 had subsided by the end of 2017, migratory pressure is likely to continue. Not only did the Commission implement or propose immediate (emergency) measures to deal with the peak flows, it also proposed longer-term measures to deal with regular (legal) and irregular migration. It did so by focusing on the internal and external dimensions of EU migration policy, on the EU's external borders and on the legal aspects of migration. The specific measures, involving many legal and policy instruments, included initiatives to reduce the incentives for irregular migration, save lives and secure external borders, establish a strong EU asylum policy, and provide more legal pathways for asylum-seekers, and more efficient legal channels for regular migrants. By the end of its mandate, the Commission had been relatively successful in terms of securing the EU's external borders, reducing flows of irregular migrants, and increasing cooperation with third countries. However, it was still encountering difficulties in achieving solidarity and responsibility-sharing for asylum-seekers among the EU Member States.

The 2014-2019 period was very active regarding internal security. The March 2017 Directive (EU) 2017/541 on combating terrorism improved the situation in the fight against terrorism, one of the three main targets of the European agenda on security, while the fight against radicalisation and recruitment was reinforced, in particular through the Radicalisation Awareness Network (RAN) and the High-level Expert Group on Radicalisation. Several laws on financing strengthened the fight against terrorism, notably on cash controls leaving and entering the EU (Regulation (EU) 2018/1672 of October 2018), money laundering (Directive (EU) 2018/843 of May 2018), and combatting fraud and counterfeiting of non-cash means of payment (Directive (EU) 2019/713 of April 2019). The 2014-2019 term also provided the opportunity to better combat trafficking in human beings and to appoint an EU Anti-Trafficking Coordinator. As regards police cooperation, Regulation (EU) 2016/794 of May 2016 reinforces the role of Europol. The European Parliament played an extremely active role on a range of proposals: the CEPOL Regulation (2015/2219) of 2015; Directive (EU) 2016/681 on the use of passenger name records (PNR); and the Directive on combating terrorism in March 2017. More recently, regulations strengthening the security of ID cards and residence documents (2019/1157, June 2019); on interoperability between EU information systems in the field of police and judicial cooperation, asylum and migration (2019/818, May 2019); of borders and visas (2019/817, May 2019); and on the marketing and use of explosive precursors (2019/1148, June 2019) were all adopted this year. Both the Parliament and Council have adopted positions on a proposal
to tackle terrorist content online, but have yet to consolidate them. The Commission has also increased its involvement with and developed policies on critical infrastructure. It supports a range of initiatives, for example in the fight against crime, and risk and crisis management, through programmes such as the Internal Security Fund – Police (ISF – Police), with €1 billion for 2014-2020.

Priorities and challenges

Public opinion
According to a series of Eurobarometer surveys, EU citizens' support for greater EU involvement in migration issues dropped from 74% in 2016 to 72% in 2018. Despite the slight decrease, overall support for EU involvement in migration issues remains very high. Support for increased EU action was highest in Cyprus, Spain and Portugal, and weakest in Austria, Latvia and the UK. According to the Standard Spring 2018 Eurobarometer 89, among the main concerns at EU level, terrorism came in second position (29% of mentions, a drop of 15 percentage points (pp) since spring 2017), after immigration (29%, down 1 pp since 2017), and before the economic situation (18%; +1 pp). Crime was considered a major concern by 17% of the population (unchanged). The European Council, in its 2019-2024 Strategic Agenda, focused on the necessity of protecting citizens and freedoms, including ensuring the integrity of EU territory; fighting illegal migration and human trafficking through better cooperation with countries of origin and transit, agreeing an effective asylum policy, safeguarding the proper functioning of Schengen; strengthening the fight against terrorism and cross-border crime; improving cooperation and information-sharing and protecting the EU against malicious cyber-activities.

Current trends suggest migratory flows to Europe will continue, which means migration management will remain high on the EU’s political agenda. President-elect of the Commission, Ursula von der Leyen, sets migration management as a priority in her political guidelines for the 2019-2024 European Commission. She plans a New Pact on Migration and Asylum, including relaunch of the Dublin reform, and stresses that this area needs a fresh start and a new way to share the burden. She proposes to focus on two elements, first reinforcing the European Border and Coast Guard Agency, hoping to reach a standing corps of 10,000 border guards as early as 2024. Second, the EU asylum system requires modernisation to become a truly common policy. President-elect von der Leyen also emphasises the need for a more sustainable approach to search and rescue, moving from ad hoc solutions to a permanent system, as well as updating the rules on return policy. She also points out that cross-border cooperation has to be improved to tackle gaps in the fight against serious crime and terrorism in Europe, including by reinforcing the authority of the European Public Prosecutor's Office (EPPO) to allow investigation and prosecution of cross-border terrorism; and underlines the risks related to money laundering and terrorist financing.

European Parliament

Treaty basis and European Parliament competence
Since the Lisbon Treaty, the EU and its Member States have 'shared competence' on migration, as part of justice and home affairs. Article 78 of the Treaty on the Functioning of the European Union (TFEU) sets out the role of the European Parliament and the Council as co-legislators when adopting measures for a common European asylum system. In the event of a sudden influx of third-country nationals into one or more Member States, the Council can adopt temporary measures on the basis of a Commission proposal and after consulting the European Parliament. Migration policy is governed by Articles 67(2), 79 and 80 TFEU; management of the external border by Articles 67(2) and 77 TFEU; and asylum policy by Articles 67(2) and 78 TFEU. The right to asylum is entrenched in Article 18 of the EU Charter of Fundamental Rights. Moreover, EU asylum legislation must be aligned with the international refugee law framework set by the 1951 Geneva Convention and its Protocol, which have been incorporated into EU law under Article 78(1) TFEU. Most migration and home affairs areas fall under the ordinary legislative procedure. However, Article 4(2) TEU provides that ensuring territorial integrity, maintaining law and order and safeguarding national security is an essential state function to be respected by the Union, the latter falling under the sole responsibility of each Member State. Article 83(1) TFEU is one of the exceptions to this principle: whereas the directives related to the minimum rules on serious crimes with a cross-border dimension are adopted under the ordinary legislative procedure. Denmark, Ireland and the United Kingdom (UK – until Brexit) have specific opt-outs as provided for in Protocols 21 (for Ireland and UK), 22 (for Denmark) and 36 (for UK), annexed to the EU Treaties.
Parliament assessed the various migration policies at stake in its April 2016 resolution on the situation in the Mediterranean and the need for a holistic EU approach to migration, and developed a set of recommendations regarding the following areas:

- **Asylum policy:** Parliament advocated substantial reform of the Dublin Regulation and a centralised EU asylum system.
- **Labour migration:** Parliament highlighted the need for a comprehensive labour migration policy, and for better integration of migrants, to meet the Union’s goals for smart, sustainable and inclusive growth and to fill gaps identified in the Union’s labour market.
- **External borders and Schengen:** Parliament stressed that the Schengen Area is one of the major achievements of European integration, and condemned the reintroduction of border controls by certain Member States. At the same time, it emphasised the need for effective management of external borders, with high common standards applied by all Member States at external borders and effective information exchange.

In its December 2018 resolution, with recommendations to the Commission on humanitarian visas, Parliament called on the Commission to propose a regulation establishing a European humanitarian visa by 31 March 2019. On internal security, the European Parliament adopted resolutions, for example, in July 2015 on the European Agenda on Security (2015/2697(RSP)); in October 2015 a follow-up resolution on electronic mass surveillance of EU citizens (2015/2635(RSP)); and in November 2015, on the prevention of radicalisation and recruitment of European citizens by terrorist organisations (2015/2063(INI)); in October 2016, on the fight against corruption and follow-up to the CRIM resolution (2015/2110(INI)); and in December 2018, on findings and recommendations of the Special Committee on Terrorism (2018/2044(INI)).

**FURTHER READING**

- Eisele K., Promoting the rights and values, justice and Creative Europe programmes, EPRS, 2018.
- European Agenda on Migration, European Commission (website).
- What Europe does for me website, European Parliament.

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Janez Lenarčič
Crisis Management

Hearing due to be held on Wednesday 2 October at 18.30 hours.
European Parliament committee responsible: Development (DEVE).

Janez Lenarčič, born in 1967, has been Permanent Representative of Slovenia to the EU since 2016. He holds a degree in international law from Ljubljana University and entered the diplomatic service in 1992, joining the Ministry of Foreign Affairs department for multilateral relations. For a number of years from 1994, he worked in the Permanent Mission of Slovenia to the United Nations. In 2000, Lenarčič came back to Slovenia to become adviser to the Minister of Foreign Affairs, diplomatic adviser to the Prime Minister a year later, and State Secretary in the Office of the Prime Minister between 2002 and 2003. He was then named Ambassador of Slovenia to the Organization for Security and Co-operation in Europe (OSCE) in Vienna, and held the chair of the OSCE’s Permanent Council chair during Slovenia’s year in the presidency.

In 2006, Lenarčič returned to Ljubljana as State Secretary for European Affairs. In this position, he represented the Prime Minister in discussions on the reform of the EU Treaties and headed up the working group for the preparation of Slovenia’s EU Council Presidency in the first part of 2008. Later in 2008 he moved again to Vienna, to take up the role of Director of the OSCE Office for Democratic Institutions and Human Rights (ODIHR) until 2014. Returning once more to Ljubljana, Lenarčič then became State Secretary for European and Foreign Affairs in the Office of the Prime Minister.

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019
Background

As Ursula von der Leyen's mission letter to Janez Lenarčič emphasises, the EU has an increasing responsibility to protect its citizens and environment from crises of various kinds, as well as to show solidarity and to support people in need around the world (135 million in 2018). This will be the key task of the Commissioner for Crisis Management, who will be the ‘European Emergency Response Coordinator’ for European Civil Protection and Humanitarian Aid, and is to work alongside the High Representative/Vice President as part of the thematic Commissioner's Group on a 'Stronger Europe in the World'.

European Civil Protection assistance consists of governmental aid delivered mainly in the immediate aftermath of a natural or man-made disaster hitting a Member State or a non-EU country. While primary responsibility in this field remains with the Member States; the Union Civil Protection Mechanism strengthens cooperation between the country concerned and the EU. All the Member States — plus Iceland, Montenegro, North Macedonia, Norway, Serbia and Turkey — contribute to the mechanism. Its operational hub is the Emergency Response Coordination Centre (ERCC), functioning within the European Commission's Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO) and on alert to monitor emergencies around the globe. The European Civil Protection Pool brings together resources for the mechanism from 23 participating states. The financial envelope for the implementation of the mechanism for the 2014-2020 period was €368.4 million. A further €205.6 million was added in March 2019. Humanitarian aid is an increasingly important tool when it comes to addressing the migration crisis the EU has been facing at its borders since 2015. EU humanitarian assistance is based on the 2007 European Consensus on Humanitarian Aid, founded on the international humanitarian principles of humanity, neutrality, impartiality, and independence, as established by the 1949 fourth Geneva Convention Relative to the Protection of Civilian Persons in Time of War. The EU institutions and the 28 Member States together represent the largest humanitarian aid donor in the world (United Nations data for 2019). At EU level, humanitarian assistance is provided and coordinated by ECHO, with a staff of 423 people working at its headquarters, and a field network of over 450 people in 45 offices spread over almost 40 non-EU countries (2017 data). ECHO does not intervene directly on the ground: it funds projects run by around 200 partners with which ECHO has signed a framework partnership agreement. The 2014-2020 multiannual financial framework (MFF) earmarked €6.62 billion for humanitarian aid. This budget does not include €147 million for the EU Aid Volunteers initiative. The EU has adopted a record budget of €1.6 billion for 2019. Most of the funding goes to Africa (43 % in 2018) and the Middle East (32 %). In 2018, 48 % of the aid was channelled via United Nations (UN) agencies, and NGOs implemented 42 % of the budget. The above-mentioned funding is intended to cover needs arising from protracted crises. In addition to the initial budget, the EU Emergency Aid Reserve can be called upon to respond to unforeseen events and major emergencies. The maximum budget for this special instrument amounts to €280 million per year (€300 million as of 2018).

Recent developments

In July 2014, ECHO joined the EU Trust Funds (EUTF, active in Syria, Colombia, and several parts of Africa): a flexible, proactive and adaptable tool aimed at pooling the funds of several donors and offering a fast decision-making process. The Emergency Toolbox fund, launched in 2015, is designed to respond as rapidly as possible to emergencies, provide first-line funding in the immediate aftermath of a crisis and respond to emergencies that were not anticipated. The EU Facility for
Refugees in Turkey was set up in 2015, with a total budget of €6 billion: this is the Union’s response to the massive Syrian refugee crisis in Turkey. In March 2015, the EU developed 10 common principles for multi-purpose cash-based assistance, which were complemented by a guidance note on the delivery of cash transfers. The European Medical Corps, launched in February 2016, provides a framework for mobilising health experts for response and preparedness operations in or outside the EU. In May 2016 the Commission and several Member States joined the UN-led Grand Bargain initiative, which commits donors and aid providers to channelling 25% of global humanitarian funding to local and national responders by 2020, along with increased multi-year funding.

In May 2016, ECHO issued a policy document entitled Humanitarian Protection: Improving protection outcomes to reduce risks for people in humanitarian crises. From June 2017 to December 2018, the EU led the Call to action on protection from gender-based violence in emergencies. In November 2017 the Commission launched the first of six European Innovation Council (EIC) Horizon Prizes, on Affordable High-Tech for Humanitarian Aid. The communication ‘A strategic approach to resilience in the EU’s external action’, released in June 2017, was followed by Council conclusions on the subject on November 2017. In January 2019, ECHO published guidelines on The Inclusion of Persons with Disabilities in EU-funded Humanitarian Aid Operations.

The forest fires in 2017 and 2018 highlighted the crisis management mechanism’s limits and its inability to meet all requests for assistance. In March 2019, Decision (EU) 2019/420 upgraded the mechanism and introduced rescEU: a dedicated reserve of response capacities at EU level, to be used as a last resort in the event that existing capacities at national level and those pre-committed for the mechanism – now rebranded the European Civil Protection Pool (ECPP) – were not sufficient.

Priorities and challenges

Public opinion

In 2017, Special Eurobarometer results showed a continuing and strong level of support for EU action on civil protection and humanitarian aid. A large majority of EU citizens are in favour of an EU civil protection policy (87%), think that it is important that the EU helps to coordinate the response to disasters in any of the Member States (90%), and agree that if a disaster were to occur in their country they would expect other EU countries to help (89%). Meanwhile 49% do not think enough is being done at regional level or within their own countries to prevent or prepare for disasters and many are uncertain about whether enough is being done at the EU level. Citizens also strongly agree (86%) that the EU should help any country worldwide hit by disasters in a coordinated manner, and that any EU action should be coordinated (81%).

The Eurobarometer survey highlighted a need to make the approach to crisis management more consistent and better integrated: The EU should be better equipped to prevent and prepare for emergencies; the ERCC should be ready to cope with new and emerging threats; all Member States should have national and local disaster risk strategies. It will thus be important for the EU to enhance its disaster preparedness policy, along the lines of the June 2016 five-year Sendai action plan.

On humanitarian aid, the EU institutions and Member States have been challenged in their response to refugees seeking asylum, and to the humanitarian crisis in the Mediterranean. There is a risk of humanitarian aid becoming politicised, as it represents a tool to address the ongoing migration crisis. With the UK’s expected withdrawal from the EU, the Union risks losing its primacy in the realm of humanitarian aid. Despite the scale of resources the EU devotes to humanitarian aid, worldwide demand for humanitarian aid continues to outstrip supply. A growing number of people are being displaced by conflicts, natural disasters provoke a high human cost, climate change affects on average 350 million people a year, and food insecurity is on the rise. Humanitarian crises are affecting more people, for longer, with major protracted crises. Despite a significant increase in funding, the gap in coverage for UN-led humanitarian response plans hovers at about 40%, and the level of humanitarian need is likely to remain extremely high. Negotiations on the next MFF will therefore be crucial for providing the maximum response to humanitarian needs and maintaining the position of the EU, together with the Member States, as lead donor.
Major long-lasting crises also make it necessary to coordinate humanitarian aid and development policy, particularly in the area of building resilience in order to prevent humanitarian crises. Several implementing partners have noted that the EU's bureaucracy remains rather heavy, though ECHO procedures are designed to be quick and flexible. The OECD recommends improving the disbursement speed and flexibility of development instruments that can deliver long-term solutions to drivers of crises. The EU is expected to play a leading role in global dialogue on humanitarian issues and actively support international humanitarian law.

European Parliament

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<th>Treaty basis and European Parliament competence</th>
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<td><strong>Article 196</strong> of the Treaty on the Functioning of the European Union (TFEU) is the legal basis for civil protection. Parliament and Council, acting in co-decision, can adopt measures to help achieve civil-protection objectives, without any harmonisation of Member States' laws and regulations. The ‘solidarity clause’ in Article 222 refers to civil protection too. In this field, as stated in Article 6 TFEU, the EU simply supports Member States' action.</td>
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<tr>
<td><strong>Article 214</strong> (TFEU) is the legal basis for humanitarian aid. EU operations in this field are to be conducted within the framework of the principles and objectives of the external action of the Union, as set out in Article 21 of the Treaty on European Union (TEU), which recommends a high degree of cooperation 'in order to assist populations, countries and regions confronting natural or man-made disasters'. Humanitarian aid policy is subject to the ordinary legislative procedure – co-decision by Parliament and Council. Parliament has oversight powers on the European Commission’s implementing measures in this field.</td>
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Parliament has regularly highlighted the need to increase funding for humanitarian aid and has insisted on closing the gap between commitments and payments. It has also sought to influence the Commission’s strategic decisions and policy orientations, such as on education in emergencies, and the response to the Ebola outbreak. In 2015 Parliament adopted a resolution on the EU contribution to the World Humanitarian Summit, making proposals to reduce the funding gap between donors’ contributions and humanitarian needs. More specifically, MEPs have proposed to improve the link between relief and long-term assistance, advocated a new public-private partnership for innovative preparedness and delivery methods to sustain globally coordinated, timely, predictable and flexible funding; and urged Member States and donors to increase direct funding for local humanitarian actors substantially. In July 2018, Parliament adopted a resolution on guidelines for Member States to prevent humanitarian assistance from being criminalised. MEPs expressed concern at the unintended consequences of the Facilitators Package – the 2002 legal framework on the smuggling and facilitation of illegal migration – for citizens providing migrants with humanitarian assistance and for the social cohesion of the host society. In February 2019, Parliament adopted amendments to the revision of the Union Civil Protection Mechanism.

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Adina-Ioana Vălean

Transport

Hearing due to be held on Thursday 14 November at 13.00 hours.
European Parliament committee responsible: Transport and Tourism (TRAN).

Elected to the European Parliament in 2019 for the fourth time, Adina-Ioana Vălean sits in the European People’s Party (EPP) Group and currently chairs the Industry, Research and Energy (ITRE) Committee. In the previous term, she was a Vice-President of the Parliament, and then chaired the Environment, Public Health and Food Safety (ENVI) Committee.

Having entered the Romanian Parliament in 2004, she served for two years, focusing mostly on market and labour issues. She joined the EP as an observer in 2006 and became a Member with the accession of Romania to the EU in 2007, which makes her one of the Romania’s longest serving MEPs.

The files she has steered as rapporteur cover subjects such as roaming on mobile telephone networks (2009), the Connecting Europe Facility programme, which funds infrastructure for transport, energy and digital services (2013), and environmental reporting obligations (2018). A member of the Delegation for relations with the United States, she also worked on the issues of deployment of the emergency in-vehicle system (eCall) and support to the EU car industry (CARS 2020).

Born in 1968, Vălean holds a Bachelor’s degree in mathematics, has done postgraduate studies in national security and defence management, and has a Master’s degree in European integration and security studies. She taught mathematics before becoming a director at the Ministry for Youth and Sports. As a social activist, she worked for several foundations and associations promoting tolerance, dialogue and a liberal economic market. A long-time member of the Romanian National Liberal Party (PNL), she was a leading figure in the party’s youth wing and its committee on business, privatisation and competition policy.

This Briefing has been prepared for the additional Hearings required after the conclusion of the first round in October. It is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019.
Background

Essential to ensuring free movement, transport enables people and goods to overcome distances, borders and natural barriers. European transport policy, dating back to the Treaty of Rome, intensified in the last quarter of the 20th century, with a focus on opening transport markets, setting conditions for competition, and addressing the evolving connectivity needs. Transport is an important economic factor, for both society and individuals. In the EU-28, transport and storage services bring more than €664 billion of gross added value annually. Provided by nearly 1.2 million enterprises, these services employ more than 11 million people, about 5% of the EU’s total workforce. Households spend around 13% of their expenses on transport-related items.

To ensure that transport continues serving the needs of the economy and citizens, the European Commission outlined transport policy goals in its 2011 strategy. These were to develop a single European transport area, reduce the EU’s dependence on imported oil, cut CO₂ emissions in transport by 60% by 2050 and modernise the transport system. Translated into 40 action points, the strategy targets innovation, infrastructure, the external dimension, and the elimination of the remaining internal market barriers.

The wider policy framework has changed since 2011, most specifically with the Paris Agreement on climate change. New technologies, such as digitalisation, and connected and automated mobility, can revolutionise transport safety, security, efficiency and emissions, but also transform employment in the sector in terms of working conditions and required skills. Collaborative economy developments, such as car-sharing, ride-sharing and bike-sharing services are changing user behaviour and mobility patterns.

Recent developments

While pursuing the 2011 goals, in the 2014-2019 term the Commission strengthened the links between EU transport, energy and climate policies with several strategies, notably the 2015 energy union strategy and the 2018 strategy for a climate-neutral Europe by 2050, both of which include the transport sector. Further, recognising the potential of new technologies, the Commission’s strategies on cooperative intelligent transport systems (2016) and on connected and automated mobility (2017) addressed a range of issues from automation to artificial intelligence, seeking to make Europe a world leader in connected and automated mobility. Building on its 2016 strategy on low-emission mobility, the Commission put forward three broad sets of legislative and other initiatives for a socially fair transition towards safe, clean, competitive and connected mobility (the ‘mobility packages’). In addition, the 2018 action plan on military mobility highlighted the need for quality infrastructure to allow for movements of forces under permanent structured cooperation.

Following a 2015 aviation strategy for Europe, the EU reviewed the basic aviation safety regulation. The new version includes the first European Union rules for civil drones, expands the mandate of the European Union Aviation Safety Agency and focuses on more efficient use of resources. Another set of rules has been adopted to ensure fair competition between EU and third countries’ air carriers, empowering the Commission to launch investigations and adopt redressive measures if a practice distorting competition has caused injury or poses a clear threat of injury to an EU air carrier. The EU also launched negotiations on a series of comprehensive air transport agreements with non-EU countries, and bilateral agreements on air safety. Solutions to the problems of fragmented EU airspace, distribution of airport slots and air passenger rights have yet to be found, however.

One milestone for rail transport has been the adoption of the fourth railway package. These six legislative acts finalised a series of reforms to modernise the sector and complete a European railway area without internal borders, opening up the market for rail passenger transport services. They focus on regulatory and operational issues, while ensuring safety and technical compatibility across national rail systems. Efforts are ongoing to strike a balance between reinforcing rail passengers’ rights and reducing the burden on rail companies.
The maritime sector should be relieved of much red tape once the rules adopted on harmonised digital reporting for ships start applying in 2025. The EU has also reviewed its rules on passenger ship safety and for the collection of waste from ships in ports. Market access to some port services has been opened and the rules for financial transparency of port management clarified. In inland navigation, the EU and the Central Commission for the Navigation of the Rhine have agreed on common technical requirements for vessels and the recognition of professional qualifications.

In the area of road transport, the Commission has proposed to change the rules for cabotage (domestic transport performed by foreign hauliers) and for access to the profession, to fight unfair competition and the practice of letterbox companies. Further, it has sought to improve drivers' working conditions, enable the use of new technologies to improve the enforcement of rules, and ensure fair competition between national operators and posted drivers. With a view to greening road transport, two years after the Dieselgate scandal, the EU tightened the rules on the homologation and market surveillance of new motor vehicles, giving the Commission the power to impose fines. New cars and vans will have to comply with stricter CO₂ emissions limits by 2030, on the basis of more reliable vehicle testing standards. For heavy-duty vehicles, the Union has introduced the monitoring and reporting of CO₂ emissions and fuel consumption, as well as legally binding reduction targets for 2030. Road safety should improve through better designed and regularly inspected roads, new vehicles equipped with advanced safety systems and trucks with more aerodynamic cabins, which also help save fuel.

Following a review of the guidelines, the development of the trans-European transport infrastructure network (TEN-T) has been stepped up, with increased funding sources. The focus is on the better use of less-polluting transport modes, such as rail and inland navigation, integration of the different networks to enable multimodal solutions and digital connectivity. To prevent potential chaos in the event of UK withdrawal from the EU without a deal, legislation has been adopted to ensure continuity of service and safety for passengers and freight.

**Priorities and challenges**

**Public opinion**

EU citizens responding to a 2014 Eurobarometer survey on quality of transport services took the view that the most serious problems affecting roads were congestion and poor maintenance (about 60 % of respondents mentioned both). Among measures needed to improve road safety, better road maintenance was mentioned first (59 %), followed by zero alcohol tolerance (49 %), and stricter speed limits and controls on the use of electronic devices while driving (both 27 %). For all other transport modes, ticket prices were considered by far the most serious problem, while for rail the lack of a reliable and punctual service was also important (33 %).

In her political guidelines, the Commission President-elect, Ursula von der Leyen, has set transport on a fast track towards becoming decarbonised and digital. Transport transformation is to be a central part of her ‘European Green Deal’ and ‘making Europe fit for the digital age’ priorities.

The Commissioner-designate should prepare a comprehensive strategy for sustainable and smart mobility, focusing on the uptake of sustainable and alternative transport fuels across the sector. She is expected to help change the EU rules on energy taxation and bring an end to subsidies to fossil fuels. She will have to take steps to mitigate the impact of transport on climate and environment by reducing air, water and noise pollution. To cut transport CO₂ emissions, she is to strive towards bringing the maritime sector under the EU Emissions Trading System and reducing free allowances to airlines; a line of action that requires a strong EU leadership in the relevant international forums. She should carry on with the modernisation of key transport systems, making the most of connected and automated mobility and digital innovation. Moreover, the internal market will have to be consolidated, the TEN-T infrastructure completed and missing links filled in. Some sections will need to be adapted to improve military mobility across EU territory and some connections extended to neighbourhood and Western Balkan countries. In parallel, she needs to ensure that passenger rights and high safety standards are respected and transport remains affordable, reliable and accessible.
Treaty basis and EP competence

Article 4(2)(g) and Articles 90 to 100 (Title VI) of the Treaty on the Functioning of the European Union (TFEU) cover transport; and Article 4(2)(h) and Articles 170 to 172 (Title XVI) deal with trans-European networks (TEN-T). The European Union shares competence with the Member States in the area of transport and TEN-T. As the ordinary legislative procedure applies to both fields, Council and Parliament act as co-legislators.

During the last parliamentary term Parliament sought political compromises on a number of complex issues. For instance, to strengthen rail passenger rights, Parliament as co-legislator wanted to extend the scope of the draft rules proposed by the Commission, and supported steps in favour of people with disabilities and reduced mobility, as well as measures to improve the compensation rules for passengers affected by delays.

Emphasising that the EU needed to cultivate the potential of autonomous vehicles in all modes of transport, Parliament urged the Commission to eliminate obstacles to the use of in-vehicle and route data and called for a robust regulatory system to ensure data quality to be in place by January 2020. It also called for greater research and investment in artificial intelligence, drawing attention to the related safety and data privacy issues, ethical implications and respect for fundamental rights.

Parliament played a key role in negotiating the future Connecting Europe Facility, pushing against the proposed decrease in funding for the transport pillar. It asked the Commission to review the rules on the deployment of an alternative fuels infrastructure and to formulate efficient sustainability criteria, including definite, binding and enforceable targets.

To tackle mileage fraud ('car clocking') in used cars more effectively, Parliament called on the Commission to propose new legislation to prevent odometer tampering. The aim is to restore consumers’ trust in the used car market, while contributing to road safety.

FURTHER READING


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Olivér Várhelyi

Neighbourhood and Enlargement

Hearing due to be held on Thursday 14 November at 08.00 hours.
European Parliament committee responsible: Foreign Affairs (AFET).

Olivér Várhelyi has most recently been Ambassador and Permanent Representative of Hungary to the EU, having stepped up from the post of Deputy Permanent Representative, which he held from 2011 to 2015. He has specialised in European issues throughout his career, and was part of the team that negotiated Hungary's accession to the EU, as Head of the Legal Unit at the Ministry of Foreign Affairs, and Head of the Cabinet of the Deputy Head of the State Secretary for Integration, and then in Brussels as Legal Counsellor at the Mission of Hungary to the EU. In 2003, with the Accession Treaty concluded, he became Head of the Legal Service at the Permanent Representation of Hungary to the EU.

In 2006, Várhelyi returned to Budapest, becoming Head of the European Union Law Department at the Hungarian Ministry of Justice, dealing with the implementation of European Law in Hungary. From 2008 to 2011, he worked in the European Commission, as a Head of Unit in the Directorate General for Internal Market and Services. Among other issues, he led work during that period on the proposed unitary patent for Europe.

Born in 1972, Várhelyi gained a Master's in European legal studies from Aalborg University, Denmark, and holds a law degree from the University of Szeged's Faculty of Law and Political Sciences. In 2008, he was given the Jedlik Ányos Award by the Hungarian Intellectual Property Office for his work on developing intellectual property rights in Hungary.

This Briefing has been prepared for the additional Hearings required after the conclusion of the first round in October. It is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019
Background

A stable, secure and prosperous European neighbourhood is of strategic importance for the European Union’s future. Multiple historic ties and geopolitical interests with the regions of the Mediterranean countries, Eastern Europe and Western Balkans have always been of paramount importance and the basis of bilateral and multilateral relations. The EU should be present and active across our neighbourhood, cooperating on common challenges and opportunities and providing support for essential reforms. The EU has invested in its eastern and southern neighbours’ economic development, security, democracy and rule of law through its European neighbourhood policy (ENP) since 2004. Bilateral relations are complemented by regional dimensions for the south (the Union for the Mediterranean) and the east (Eastern Partnership). In each case, this multilateral track aims to encourage regional cooperation.

In line with the 2015 review of the ENP, and the Global Strategy for the European Union adopted in June 2016, the objectives of the policy are aligned with the EU’s geopolitical interests and values, both of which aim to support state and societal resilience and stability. The review refocused the ENP to ensure a differentiated approach to the partner countries covered, recognising their individual aspirations while also affording joint ownership and more flexibility in the use of the relevant EU instruments. The EU mainly supports its neighbourhood partners through the European Neighbourhood Instrument (ENI), with a budget of €15 billion for 2014-2020. Furthermore, the Commission proposes to allocate €89 billion, from an overall external action budget of €123 billion in the 2021-2027 multiannual financial framework (MFF), to a new Neighbourhood, Development and International Cooperation Instrument.

Candidate countries for EU accession include Albania and North Macedonia; as well as countries with which negotiations have begun – Montenegro, Serbia, Turkey; and those promised the prospect of joining when they are ready – Bosnia and Herzegovina, and Kosovo. Accession negotiations with Turkey (opened in 2005) are stalled, as the country has drifted further from EU benchmarks on the rule of law and fundamental rights. In its March 2019 resolution on the 2018 Commission report on Turkey, the European Parliament (EP) called on the Council and Commission to suspend EU accession talks with the country. Furthermore, in its October 2019 resolution on the Turkish military operation in north-east Syria and its consequences, Parliament called on the Council to consider the suspension of the trade preferences under the agreement on agricultural products and, as a last resort, the suspension of the EU-Turkey customs union.

Recent developments

In support of rules-based global governance and the development of regional cooperation, EU focus in the southern neighbourhood has been on movements against authoritarian regimes, instability triggered by Al-Qaeda and ISIL/Da’esh, and migration and refugee challenges, as well as socio-economic development, demographics and climate change. The critical situation in Algeria, Libya and Syria required particular attention. In March 2019, the EU and the United Nations chaired a Brussels III conference on ‘Supporting the future of Syria and the region’. Deliberations over a broader political transition on the basis of UN Security Council Resolution 2254 made some progress in September 2019 when UN Secretary-General António Guterres announced an agreement to form a 150-member constitutional committee on Syria.

The May 2019 European Council meeting marked the 10th anniversary of the EU’s Eastern Partnership, and took stock of the progress made under the 20 Deliverables for 2020 work plan, adopted in 2017. Despite all partnership countries (except Belarus) dealing with ‘frozen conflicts’, the EU has deepened its relations with Georgia, Moldova and Ukraine in the form of association agreements, deep and comprehensive free trade agreements, and visa liberalisation. An EU-Moldova Association Agreement (AA), including a Deep and Comprehensive Free Trade Area (DCFTA), was signed in 2014; an AA with Georgia was signed in 2017. Armenia signed a Comprehensive and Enhanced Partnership Agreement (CEPA) with the EU in 2017, which entered
into provisional application in June 2018. In February 2017, the EU and Azerbaijan began negotiations on a new framework agreement. Belarus has also participated in the multilateral formats of the Eastern Partnership, and bilateral relations with the EU will be strengthened by the EU-Belarus partnership priorities currently under negotiation. The EU-Ukraine DCFTA became fully operational in January 2016, and the EU-Ukraine AA entered into force in September 2017.

Regarding enlargement policy in the Western Balkans, regional reconciliation and the resolution of bilateral disputes are prerequisites for any country’s EU accession. In 2018-2019, increased trade and investment were observed in the region, due to bilateral agreements such as the Prespa Agreement, brokered between Greece and North Macedonia in June 2018. Visa-free regimes facilitate regional trade and people-to-people contacts, however suspension mechanisms can be triggered at any time, as some Member States have recently recalled with regard to Albania. In 2018, a controversial decision by Pristina to impose a 100% tariff on Serbian goods sparked tensions between Kosovo and Serbia, despite EU condemnation. The main issue between the two sides remains the need to stabilise bilateral relations, which may require a more proactive EU diplomatic effort.

**Priorities and challenges**

As noted in the new strategic agenda 2019-2024, adopted by the European Council on 20 June 2019, the EU will continue to pursue an ambitious and realistic neighbourhood policy, and develop a comprehensive partnership with Africa to work towards global peace and stability, and promote democracy and human rights. The European Council stressed that to achieve these objectives, the EU needs to be more assertive and effective in following a strategic course of action and increasing its autonomous capacity to safeguard its interests. The EU and its Member States remain key contributors to financial support in resolving the Syrian conflict, having mobilised almost €17 billion for humanitarian, stabilisation and resilience assistance since 2011. Most of the funds are allocated outside Syria, however, mainly to refugee camps in Lebanon, Jordan and Turkey.

The EU continues to respond to democratic aspirations and desire for stability in its partner countries along its eastern and southern borders, as well as to their urgent need for jobs, rule of law, better living conditions and greater security. Of particular concern are the development of civil society, press freedom and support for human rights’ defenders. Support for intercultural and inter-faith dialogue and protection of cultural and religious minorities’ rights also plays an important role in reconciliation. It is likely that strong demographic pressure, conflict and subsequent refugee movements will continue to exacerbate existing social tensions and instability in the neighbourhood regions, with the threat of climate change further reinforcing migratory and demographic pressures.

Despite reaffirmed EU commitment to enlargement, Member States' positions diverge on the speed and calendar of the process. However, maintaining a credible perspective on future accession is crucial for the Western Balkan countries. In a resolution adopted on 24 October 2019, Parliament expressed deep disappointment over the failure to agree on opening EU accession talks with Albania and North Macedonia at the European Council meeting on 17-18 October. A failure to deliver on EU commitments could increase regional instability and frustration, both sources of nationalist policies, as well as boosting the influence of countries such as China, the Gulf States, Russia and Turkey in the region. The challenge therefore is to maintain a credible process to ensure a stable, democratic neighbourhood. The enlargement process is also an important lever for structural and institutional reforms, as the Copenhagen criteria play an essential role in integration.

**European Parliament**

**Treaty basis and European Parliament competence**

The legal basis for the ENP and the Parliament’s competence in that regard are defined in Article 8 of the Treaty on European Union (TEU) dealing with the development of the EU’s relations with its neighbouring countries. Parliament acts as co-legislator for the European Neighbourhood Instrument (ENI) adopted under Article 212(2)
TFEU. Parliament’s consent is required for association agreements that may include a DCFTA, which are concluded under Article 217 TFEU. Under Article 49 TEU, the Parliament must give its consent to any new accession to the EU and to any stabilisation and association agreements concluded under Article 217 TFEU. The Parliament also acts as co-legislator for the Instrument for Pre-accession Assistance (IPA) adopted under Article 212(2) TFEU and other financial instruments such as the Neighbourhood, Development and International Cooperation Instrument, and the Guarantee Fund for External Action (GFEA).

The Parliament exercises political scrutiny and conducts dialogue with counterparts in neighbouring countries through its bilateral and multilateral parliamentary fora and instruments. The southern neighbourhood countries take part in the Parliamentary Assembly of the Union for the Mediterranean (PA-UfM), created in 2008 as a continuation of the 1995 Barcelona Process. In July 2018, meeting in Brussels, the Bureau of the PA-UfM unanimously decided to set up the PA-UfM permanent secretariat in Rome. The Euronest Parliamentary Assembly (Euronest), established in 2011, provides an inter-parliamentary forum in which Members of the European Parliament and their counterparts in the national parliaments of Ukraine, Moldova, Armenia, Azerbaijan and Georgia can forge closer political ties. Belarus has not been invited to join Euronest, because its national assembly does not yet fulfil the required democratic standards.

Furthermore, the Parliament also monitors the whole EU accession process and maintains regular bilateral relations through its delegations. A regional approach is complemented by country-specific activities, such as mediation activities and election observation missions. Parliament also supports several capacity-building programmes focusing on cooperation, such as the Jean Monnet Dialogue for Peace and Democracy. In the context of supporting human rights defenders, Ukrainian film director, Oleg Sentsov, recently freed from captivity in Russia, was awarded the 2018 European Parliament Sakharov Prize for Freedom of Thought.

FURTHER READING

ENDNOTES

1 This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/1999 and the International Court of Justice Opinion on the Kosovo declaration of independence.

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Jutta Urpilainen
International Partnerships

Hearing due to be held on Tuesday 1 October at 09.00 hours.
European Parliament committee responsible: Development (DEVE).

Born in 1975, Jutta Urpilainen is a former government minister in Finland, and more recently has worked in the field of development NGOs. She holds a Master’s in education from the University of Jyväskylä. At the age of 22, she set up the Finnish European youth movement (today JEF–Finland, under the umbrella of the Young European Federalists). A teacher until 2003, Urpilainen was elected to the Finnish Parliament as a member of the Social Democratic Party (SDP, part of the Socialists & Democrats Group in the European Parliament). She was a Member of Parliament between 2007 and 2011 and had been again since 2014, and is a member of the Foreign Affairs Committee. At the age of 32, she became the first female leader of the SDP, a position she held between 2008 and 2014. From 2011 to 2014, Urpilainen was Deputy Prime Minister and Minister of Finance in the government led by Jyrki Katainen.

Urpiainen’s experience in positions of responsibility covers development and several international partnerships, including the Joint World Bank-IMF Development Committee, as the chair of the National Commission on Sustainable Development (2013-2014), and the Finnish National Commission for Unesco (where she was chair from 2015 to 2018). Urpilainen chaired Taksvärkki, a student NGO undertaking development cooperation projects; she joined the board of World Vision Finland, a development NGO (2015-2019), and is currently a member of the board of Crisis Management Initiative, a Finnish NGO working in the field of conflict prevention and peacebuilding.

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019
Background

The proposed new title of the post for the Commissioner in charge of development cooperation highlights the European Union's willingness to move its relations with developing countries away from a classical donor-recipient approach, towards a mutually beneficial partnership of equals. The Commissioner-designate's mandate builds on trends shaped by the outgoing Commission: a focus on a privileged partnership with Africa and the will to achieve comprehensive agreements with countries from which originate, or through which circulate, the largest number of migrants to Europe. Promoting the achievement of the United Nations sustainable development goals (UN SDGs) in the EU and its partner countries is also at the core of the mandate, notably in promoting women's and girls' empowerment and supporting civil society.

EU policies in developing countries remain directed by the 'primary objective' of 'the reduction and in the long term the eradication of poverty' (Article 208 TFEU). This is challenging, as although the global poverty rate is decreasing – mostly due to rising incomes in China – growing inequalities overshadow the prospects of global development and put social cohesion and economic stability at risk. Today, the combined wealth of the richest 26 people in the world is equal to that of the poorer half of the world's population, and this gap is widening. With a poverty rate of above 30%, Sub-Saharan Africa is home to most of the world's poor, and in contrast to other regions, the total number of poor people is increasing, exacerbating the continent's vulnerability to the impact of climate change and risk of political violence. Against this background, official development assistance (ODA) remains essential leverage in development policies. The EU and its Members States account for 57% of global ODA; in 2017, 20% of €74.4 billion in collective EU aid was disbursed by the Commission, with the remaining 80% spent by Member States. Despite the fragmentation of development policies, and budgetary constraints that contributed to the reduction of the EU's collective ODA for a second year in a row in 2018, the EU's financial contribution and agenda-setting influence in various international forums make it a major shaper of the global development effort.

Recent developments

In June 2017, the EU's overall development policy goals and principles were redefined in the new European Consensus on Development, endorsed by both EU institutions and Member States. The new framework adopts the UN 2030 Agenda's holistic approach, addressing social, economic and environmental dimensions in an integrated manner. While retaining poverty eradication as the main goal of EU development policy, the consensus underlines the contribution to achieving the overall objectives of EU external action, in particular building resilience and addressing the root causes of migration. It reaffirms the principles and values guiding EU development action, stressing the rights-based approach to development cooperation, with gender equality as a core underlying value. The new paradigm for financing the achievement of the SDGs implies effective use of all public and private financial flows. The need for a rise in ODA remains crucial however, as stressed by the Council in May 2019, particularly as a means to leverage additional resources, such as private-sector investment.

The creation of the European Fund for Sustainable Development (EFSD), one pillar of the EU External Investment Plan in September 2017, ties in with this new perspective and aims to mobilise various financing sources for development. Using existing blending facilities and the new EFSD guarantee, the EFSD aims to scale up private-sector involvement in socio-economic development in Africa and the EU neighbourhood. The Commission expects the EFSD to trigger additional public and private investment of up to €44 billion. If the Member States match the EU contribution, this figure could double to €88 billion. Together with the EU Emergency Trust Fund for stability and addressing root causes of irregular migration in Africa, (EUTF for Africa, established in 2015), the EFSD is also one of the financial arms of the new partnership framework for cooperation with third countries with high irregular emigration. The establishment of crisis-related trust funds (for the Central African Republic, Colombia and Syria), is a step towards operationalisation of the humanitarian-development-security nexus on the ground.
Launched in September 2018, the Africa-Europe Alliance for sustainable investment and jobs completes this new approach, focusing on investment in job creation and education, establishing a good business environment, and fostering trade. In the next five years, it should develop into a comprehensive strategy for Africa. Its success will to a large extent depend on the deployment of the EFSD and its successor EFSD+, which remain the main vehicles for achieving the promised substantial increase in intercontinental investment and trade.

Priorities and challenges

Public opinion

EU public support for development aid remains high. In a 2018 Eurobarometer survey, 89% of EU citizens considered it important to help people in developing countries, and 71% felt tackling poverty in third countries should be one of the EU’s main priorities. However, only a minority was in favour of increasing EU aid.

The economic and political rise of middle-income countries, particularly China, has brought new actors to the development cooperation field, changing its patterns. Several key events in 2019, in particular the High-level Political Forum on Sustainable Development (8-19 July), the Climate Summit in New York (23 September) and the Sustainable Development Goals Summit (24-25 September), have provided the EU with important opportunities to reaffirm its leadership and engagement within the global development architecture and to promote a rules-based multilateral order, tackle global challenges and project European values – all three European Council strategic agenda priorities adopted in June 2019. As part of this multilateral action, the current renegotiation of the ‘Cotonou’ partnership with African, Caribbean and Pacific countries aims to take new EU strategies, the SDGs, and new ambitions of the partner countries concerned, into account.

The Council also underlined the EU’s longstanding commitment to policy coherence for development (PCD), which involves taking the objectives of development cooperation into account in all internal and external policies that are likely to affect developing countries, as a fundamental contribution towards achieving the SDGs. Council called on the Commission to build PCD into its overall work on the implementation of the 2030 agenda. To fund these policies, the Commission proposed the consolidation of the existing development policy financial instruments (including the currently off-budget European Development Fund) into one (Neighbourhood, Development and International Cooperation Instrument, or ‘NDICI’), to cover the EU’s external action in its entirety, allowing a more flexible use of funds. This proposal will be central in the negotiation of the multi-annual financial framework (MFF) for 2021-2027. This merging of instruments is in line with the integrated approach to address the root causes of irregular migration through socio-economic development, job creation and capacity-building in support of security and development, notably through comprehensive partnerships with countries of migration origin and transit.

However, several non-governmental organisations have raised concern that the EU policy of using development aid as a means of curbing irregular migration risks diverting aid from those most in need, and indirectly prompting unexpected negative consequences for the local economic and social fabric. In parallel, ‘blending’, the use of EU ODA to leverage substantial private and public investment in developing countries, must be closely monitored to ensure its real impact on sustainable development and poverty alleviation. Democratic scrutiny of innovative financial instruments such as the EFSD and the trust funds, is also a challenge.

European Parliament

Treaty basis and European Parliament competence

Articles 208 to 211 of the Treaty on the Functioning of the European Union (TFEU) contain provisions on EU development policy, defining it as a shared competence of the EU and the Member States. The European Parliament is co-legislator, together with the Council, in the framework of the ordinary legislative procedure (Article 212(2) TFEU in conjunction with Article 209 TFEU).
Through resolutions adopted in the 2014-2019 term, the European Parliament contributed actively to EU development policy reform. Reiterating that the fight against poverty and hunger should remain the primary goal of EU development policy, Parliament advocated specifically in favour of:

- a more codified coordination between EU and Member States' development policies;
- a post-Cotonou partnership with reinforced political dialogue and monitoring, better involvement of local authorities, civil society and the private sector;
- needs- and efficiency-based criteria for the allocation of aid, excluding all conditionality not related to development objectives, such as migration issues;
- more public-private partnerships for development, with strict criteria on aid effectiveness, and environmental and social standards;
- improved parliamentary scrutiny of trust funds and blended finance;
- legally binding measures to hold multinational companies accountable for their compliance with international standards and fiscal obligations;
- effective monitoring of the impact of all EU policies on the developing countries.

Parliament’s March 2019 first-reading position recommended important amendments to the NDICI:

- a €4 billion increase, bringing the NDICI up to €93 billion;
- a stronger focus on human rights and development, and gender mainstreaming;
- a significant rise in climate and environmental spending (45% target), a maximum spending cap of 10% for addressing the root causes of migration and migration management, and a minimum 20% target for social inclusion and human development projects;
- a target of 95% of spending to fulfil the ODA criteria, to achieve the collective target of 0.7% of EU gross national income to be spent on ODA;
- important changes to the EFSD+, the envisaged successor to the EFSD, to better support local private sectors, poor and marginalised people, combat climate change, and monitor development effectiveness, human rights and labour rights;
- reinforced democratic accountability for all measures financed by the NDICI.

FURTHER READING

- Legislative Train Schedule - Development, European Parliament, updated monthly
- Immenkamp, B., A new neighbourhood, development and international cooperation instrument: Proposal for a new regulation, EU Legislation in Progress briefing, EPRS, 2019
- International cooperation and development, European Commission (website).

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BRIEFING
Hearings of European Commissioners-designate

Kadri Simson
Energy

Hearing due to be held on Thursday 3 October at 09.00 hours.

Born in 1977, Kadri Simson has most recently been a minister in the Estonian government. She was nominated in July to replace the outgoing European Commissioner from Estonia, Andrus Ansip, following the latter’s election to the European Parliament, but the government withdrew the nomination in the wake of delays in the confirmation process.

Simson has a history degree from the University of Tartu and a Master's degree in political science from University College London. Long active in local politics, she worked as an adviser to the Council and Mayor of Tallinn before becoming Secretary-General of the Estonian Centre Party (2003-2007). She was elected to the Estonian Parliament in 2007 and became chair of the Estonian Centre Party faction in 2009. She was appointed Minister for Economic Affairs and Infrastructure (2016-2019), where she pioneered a scheme for free public bus transport covering most of the country.

In 2019, Simson was once again elected to the Estonian Parliament and became chair of the Estonian Centre Party faction. She now also leads the Estonian NATO Parliamentary Assembly delegation. The Estonian Centre Party was affiliated to ALDE and is now part of Renew Europe.

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019
Background

The EU has a key role in the energy field that is complementary to the policies of its Member States. It has a mandate to promote renewable energy sources, energy efficiency, and greater interconnection between national energy networks, as well as to ensure security of energy supply. EU energy policy is now a core part of European and global efforts to combat climate change, so the EU has endorsed common climate and energy targets to be met by 2020, 2030, and 2050. The Juncker Commission was focused on developing binding legislation to deliver the 2030 targets in energy efficiency and savings, promoting renewables, and reducing greenhouse gas (GHG) emissions. It was also very active on security of supply (see below). The von der Leyen Commission aims to ensure the 2020 and 2030 targets are met, while working on actions the EU must take to meet its ambitious long-term objectives for 2050, in particular fully decarbonising the EU economy and limiting global warming through implementation of the Paris Agreement on climate change.

The Juncker Commission had a single Commissioner (Miguel Arias Cañete) responsible for energy and climate action, who was supported by separate Directorates-General (DGs) for Energy (ENER) and Climate Action (CLIMA). Commissioner Cañete worked in close collaboration with a Vice-President tasked with delivering the Energy Union (Maroš Šefčovič).

The von der Leyen Commission will revert to the pre-2014 practice of separate Commissioners for energy and climate, but will continue to ensure strong coordination between these policy areas. Whereas the energy portfolio would be held by Kadri Simson (Estonia) and supported primarily by DG ENER, the climate portfolio would be held by Executive Vice-President Frans Timmermans (the Netherlands) and supported primarily by DG CLIMA. Timmermans has been entrusted with developing a ‘Green New Deal’ for Europe that includes ambitious climate and energy policies, so the policies of the Energy Commissioner would be expected to align closely with these objectives.

Recent developments

The Juncker Commission notably adopted an Energy Union strategy (February 2015), which linked the EU’s overarching goals in the energy, climate and mobility fields. This strategy was accompanied by a roadmap of legislative proposals that the Commission eventually adopted during the 2014-2019 term. All the main legislative files were successfully negotiated between the EU institutions and have entered into force as part of EU law.

Energy efficiency. The Energy Efficiency Directive (EED) and the Energy Performance of Buildings Directive (EPBD) were both revised. The revised EED now includes an ambitious 32.5% EU-wide target for energy efficiency improvements by 2030 (building on the 20% improvements by 2020 target). The revised EPBD introduces changes that will increase the speed and ambition of energy efficiency improvements, affecting both new buildings and major renovations of old buildings. Earlier in the legislative term, the EU framework for energy labelling was modernised and improved.

Renewables. The Renewable Energy Directive (RED) was comprehensively revised (‘recast’) to include a binding 32% EU-wide target for the share of renewables in final energy consumption by 2030 (building on the 20% share by 2020 target), as well as a 14% sub-target for the transport sector. The recast RED tightens the sustainability and GHG emissions reduction criteria for biofuels.

Security of gas supply. The EU Regulation on Security of Gas Supply was revised to include a solidarity principle that facilitates gas sharing in the event of a major supply interruption, and to encourage closer regional cooperation. The EU decision on intergovernmental agreements in the field of energy was also revised, giving the Commission a greater scrutiny role in the negotiation and approval of such agreements, to make sure they do not distort security of supply or the internal energy market. Finally, the EU Gas Directive underwent a targeted revision to ensure its main provisions fully apply to all pipelines between EU Member States and third-country suppliers of gas.
**Electricity markets.** The EU adopted four new laws on the EU electricity market (two directives and two regulations) that will make these markets cleaner and more competitive, better able to cope with supply risks, encourage more active consumers, and able to make the infrastructural improvements necessary to integrate a high share of renewables in the energy mix. One of these regulations is dedicated to strengthening the role of the [Agency for the Cooperation of Energy Regulators](https://ec.europa.eu/energy/sites/ener/files/document_library/document.cfm?lang=fr&documentId=31717), while one directive deals specifically with [security of electricity supply](https://ec.europa.eu/energy/en/topics/electricity/safety). The remaining regulation and directive seek to transform the EU internal market in electricity, complementing the EU legislation on promotion of renewables and improvements in energy efficiency (see above).

**Priorities and challenges**

### Public opinion

According to a series of Eurobarometer surveys carried out for the European Parliament on ‘perceptions and expectations’, support among EU citizens for stronger EU involvement in energy supply and security policy reached its highest level in 2018 (65 %), a substantial increase from two years earlier (53 %). This could be linked to the energy union being one of the main priorities of the Juncker Commission, as well as broader concerns about energy supply and security, climate change and the challenges of decarbonisation, or environmental issues such as air pollution. Since energy-related challenges are perceived and addressed differently across the EU, support for greater EU involvement in energy policy varies considerably between the Member States, from a low of 41 % (Austria) to a high of 85 % (Cyprus). Nevertheless, energy is one of the few policy areas where more citizens rate EU action as adequate rather than insufficient. This suggests that not only is greater EU involvement sought, but existing EU energy policies are generally perceived as positive.

In the [Political Guidelines for the next European Commission 2019-2024](https://ec.europa.eu/commission/2019-2024_en) (July 2019), Commission President-Elect Ursula von der Leyen outlined the main features of the Green New Deal, a pillar of the new Commission that will have considerable implications for EU energy policies. The Green New Deal includes more ambitious GHG emissions reductions in the medium-term (a 55 % reduction by 2030), an extension of the Emissions Trading System to cover the maritime and aviation sectors, the establishment of a new Carbon Border Tax, and a revision of the Energy Taxation Directive. Many of these points were reiterated in the [mission letter to the Commissioner-designate for Energy](https://ec.europa.eu/info/sites/info/files/mission_letter_energy_en.pdf) (September 2019), together with specific issues relating to energy policy: full implementation of recent EU legislation on energy efficiency, renewables and electricity markets; scaling up the investment and deployment of clean energy; encouraging diversification of natural gas supplies; increasing use of the euro in energy markets; and enhancing nuclear safety and safeguards. The President-elect suggests expanding the scope of qualified majority voting in EU energy policies by making use of the [passerelle](https://europa.eu/legislation_summaries/glaments/glaments_162534_en) clauses contained in the Lisbon Treaty (see below), as proposed in a recent [communication](https://ec.europa.eu/commission/2019-2024/en/commission-communications/green-new-deal) from the Commission (April 2019). Consumers would be at the heart of the future energy system and here the Commissioner-designate is asked to encourage renewable self-consumption of energy; contribute to the design of a Just Transition Fund that will support people and regions impacted by the energy transition away from fossil fuels; and make full use of the Energy Poverty Observatory to help Member States address this issue at national level.

There are other salient energy issues that the Commission will need to contend with in the short term, above all the ongoing construction of the Nord Stream 2 gas pipelines and their implications for diversity of gas supply and geopolitics in Europe. The more long-term challenge of integrating a high share of renewables in the energy mix will necessitate significant changes in national energy markets, further modernisation of energy grids, and major investments in new and low-carbon energy technologies. Whereas extensive legislation to support such changes in EU electricity markets was adopted during the Juncker Commission, the von der Leyen Commission will need to ensure this legislation is being properly implemented in the Member States. The Commission is expected to announce a gas package in early 2020 to modernise EU gas markets along similar lines.
**European Parliament**

**Treaty basis and European Parliament competence**

Article 194 of the Treaty on the Functioning of the European Union (TFEU) is the legal basis for EU energy policy. Article 194 TFEU lists four broad areas for EU action: to ensure the functioning of the single energy market; to ensure security of energy supply in the Union; to promote energy efficiency and renewable forms of energy; and to promote the interconnection of energy networks. Article 194 TFEU specifies that 'EU policies shall not affect a Member State’s right to determine the conditions for exploiting its energy resources, its choice between different energy sources, and the general structure of its energy supply'. This provision limits the scope of EU energy policy vis-à-vis the Member States. Although exceptions can be made on environmental grounds, these would require an initial unanimous agreement of the Council to expand the scope of EU energy policy. This *passerelle* clause – outlined in Article 192 TFEU – has never been activated.

Legislation under Article 194 TFEU usually follows the ordinary legislative procedure, which gives an equal role to Council and Parliament. However, an exception is made for measures 'primarily of a fiscal nature' (e.g. energy taxation). The latter are determined by the Council alone, under a special legislative procedure requiring decision by unanimity, with Parliament only having a consultative role. The unanimity requirement proved a major obstacle when the Commission sought to reform the Energy Taxation Directive in 2011, an initiative it had to abandon four years later because agreement within the Council proved impossible.

Parliament has consistently called for closer integration of national energy markets in Europe, as well as more ambitious EU energy and climate goals that promote renewable energy sources, improve energy efficiency, and lead to reduced GHG emissions. The views of Parliament across the full range of EU energy policies were outlined in a December 2015 [resolution on Energy Union](http://epthinktank.eu) and a September 2016 [resolution on Energy Market Design](http://epthinktank.eu). Parliament supports continuing efforts to increase security of energy supply and strengthen the external dimension of EU energy policies, inter alia by giving the Commission a greater role in intergovernmental energy agreements. During interinstitutional negotiations on energy union files, Parliament was in favour of removing state subsidies for the most polluting coal power plants, supported a minimum energy efficiency improvements target of 35% by 2030, and pushed for a 35% share of renewables in final energy consumption by 2030. Parliament also supported concrete measures to empower EU energy consumers so they can more easily produce, consume, store and trade renewable energy.

**FURTHER READING**


[What Europe does for me website](http://epthinktank.eu), European Parliament.

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Virginijus Sinkevičius

Environment, Oceans and Fisheries

Hearing due to be held on Thursday 3 October at 14.30 hours.

European Parliament committees responsible: Environment, Public Health and Food Safety (ENVI) and Fisheries (PECH).

Born in 1990, Virginijus Sinkevičius is, at 28, the youngest Commissioner-designate. Lithuanian Minister of Economy and Innovation since November 2017, he has also been a member of the country’s parliament (the Seimas) since November 2016, standing for the Lithuanian Farmers and Greens Union, of which he is a deputy leader. He sits on the Committee on Economics, which he chaired between November 2016 and November 2017, and was a member of the Commission for Ethics and Procedures between June 2017 and April 2018.

Outside politics, he has worked as an author and editor for 'The Lithuania Tribune' news portal, from 2011 to 2015, as assistant project manager at the Centre for European Policy Analysis in Washington DC (2013-2014), and as project manager at the public entity, Lithuanian Post (2014). In 2015-2016, Sinkevičius was Project Coordinator at Lithuanian Airports, a state enterprise, and in 2016, he headed the Group for Regulatory Affairs at the governmental investment promotion agency, Invest Lithuania.

Sinkevičius holds a degree in economic and social studies from Aberystwyth University (United Kingdom) and a Master’s in European studies from the University of Maastricht (The Netherlands). He also received training in the Office of the Prime Minister of Lithuania and at the Lithuanian Mission in Washington DC (USA).

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019
Background

Dating back to 1972, EU environment policy aims for a 'high level of protection'. It is guided by multiannual environment action programmes (EAP). The 7th EAP runs until 2020. EU environmental protection legislation covers a wide range of policies. To tackle air pollution, it sets ambient air quality standards; maximum limits for emissions of certain air pollutants in Member States; and rules on emissions from specific sources (including vehicles, ships, energy and industry). EU legislation further regulates chemicals, mainly through the REACH Regulation, governing the registration, evaluation, authorisation and restriction of chemicals; and the CLP Regulation on product labelling. Several laws aim to protect nature and biodiversity, most notably the Birds and Habitats Directives, providing the basis for the Natura 2000 network of protected areas. Legislation aims at improving waste management, in line with the waste hierarchy, and sets requirements for waste streams. EU environmental law also protects water resources, setting quality standards for drinking and bathing water, as well as requirements for flood management. The EU is a party to many international environmental agreements. Funding for environment, nature conservation, and climate-related projects is provided through the LIFE programme, which has a budget of €3.4 billion for 2014-2020.

The EU common fisheries policy (CFP), launched in 1983 and reformed most recently in 2013, is aimed at ensuring that EU fisheries are sustainable – environmentally, economically and socially. The 2013 reform introduced the target of achieving sustainable exploitation of all stocks by 2020, meaning that fish stocks must be restored and maintained above levels capable of producing the maximum sustainable yield (MSY). It provided major tools supporting this objective, in particular the adoption of multiannual plans, and the obligation to land all catches intended to end the wasteful practice of discarding unwanted fish at sea. The European Maritime and Fisheries Fund (EMFF), with a budget of €6.4 billion for 2014-2020, provides structural support for fishing and related activities. From a wider perspective, the fisheries sector is now treated as part of the blue economy encompassing all established and emerging activities related to the potential of the oceans.

Recent developments

Policies to enable the transition to a more circular economy were a major focus in the last parliamentary term. In 2015, the European Commission adopted a broad package, with an action plan outlining 54 measures addressing various aspects of the circular economy. A strategy dedicated specifically to plastics was presented in January 2018. Major pieces of legislation adopted in that context include updated rules on waste; a new Regulation on fertilising products encouraging the recycling of nutrients in agriculture; a Directive on port reception facilities for collecting waste from ships; and a Directive to curb marine litter from single-use plastics and fishing gear. A Directive to reduce the use of lightweight plastic carrier bags had been adopted earlier in the term. On air quality, updated reduction objectives were adopted for five key air pollutants.

Building on the reformed CFP, the EU progressed towards achieving sustainable use of fisheries resources in its waters and beyond. A major step was the adoption of a series of multiannual plans, covering the Baltic Sea, the North Sea, the Western Waters and the western Mediterranean. The landing obligation, phased in from 2015 to 2019, now applies to all species subject to catch limits or minimum fishing size. To limit fishing impact on marine ecosystems, the EU overhauled its technical measures, and banned controversial electric pulse trawl fishing from 1 July 2021. The EU also revised management of all EU fishing activities outside EU waters, with a new system of authorisations for the external fleet.

Priorities and challenges

An important concern for a majority of citizens, biodiversity conservation is a pressing challenge. The first global assessment of the state of nature released in May 2019 by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services points to unprecedented and
accelerating decline, warning that human activity, responsible for significant alteration of 75% of the land and about 66% of the marine environment, is driving 1 million species to extinction. The conference of the parties to the UN Convention on Biological Diversity (including the EU) in October 2020 is expected to adopt the post-2020 global biodiversity framework, with conservation goals for the next decade. The Commissioner-designate is asked to present a new EU biodiversity strategy for 2030 and to ensure that the EU leads the way to an ambitious international agreement.

Tackling pollution is another priority. Data from the European Environment Agency (EEA) show that air pollution remains too high across Europe. The two EU Ambient Air Quality Directives are currently undergoing a fitness check, the results of which are expected to be published by the end of 2019. The World Health Organization (WHO) is revising its air quality guidelines, with an expected publication date in 2020. Parliament has recently called on the Commission to bring EU air quality legislation into line with the latest WHO limit and target values, urging it to propose the introduction of more stringent compliance values for fine particulate matter (PM2.5).

Ensuring compliance with EU water quality legislation also remains challenging. According to the EEA, 60% of Europe's surface waters do not meet the required quality standards. EU water legislation is also the subject of a fitness check, expected to be completed in autumn 2019.

In June 2019, the EU Council issued political guidance on priorities for an EU strategy for sustainable chemicals policy. The Commission was asked to present the EU strategy for a non-toxic environment which, under 7th EAP commitments, was due by 2018; develop, with the European Chemicals Agency, an action plan on dossier compliance for REACH; improve REACH authorisation and restriction procedures; and address the risk and regulatory management of substances in recovered materials, aiming at non-toxic material cycles (a key issue in transition to a circular economy), working with the European Chemicals Agency. On the circular economy, the new Commissioner will be responsible for preparing a new action plan geared towards sustainable resource use, especially in sectors such as textiles and construction. Focus is also required on tackling micro-plastics and implementing existing legislation on plastics.

As regards fisheries, implementation of the reformed CFP is a work in progress and will continue over the 2019-2024 term, particularly on issues such as the management of stocks at sustainable levels, development of multiannual plans and effective application of the landing obligation. The revision of the fisheries control system, launched in May 2018 with a view to improving its efficiency, is an important ongoing topic.

Currently, the CFP authorises Member States to restrict access to their coastal waters within 12 nautical miles of their coast, and up to 100 miles for the outermost regions. This derogation to the principle of equal access expires on 31 December 2022, and by then, the EU must adopt the measures that are to apply afterwards. On this occasion, a wider evaluation of the CFP is expected, including issues less covered so far, e.g. the social dimension, climate adaptation and clean oceans.

The EU promotes international ocean governance based on multilateral dialogue, in line with its 2016 oceans agenda. The EU will contribute to the 2020 UN Ocean Conference in Lisbon, supporting implementation of UN sustainable development goal 14, on conserving and sustainable ocean use; and to negotiations on a new UN agreement on marine biodiversity in areas beyond national jurisdiction, a key milestone in future ocean governance. In addition, the EU is active in regional fisheries management organisations (RFMOs), international bodies responsible for conservation of fish stocks, and maintains its bilateral network of fisheries agreements with non-EU countries.

As the world’s largest market for fish products importing two thirds of what it consumes, the EU is a major player in combating illegal, unreported and unregulated (IUU) fishing. Preventing the import of IUU-caught products is a priority, and the EU IUU Regulation, including a procedure for non-cooperating countries that may lead to trade sanctions, is widely recognised as effective.

A new fisheries fund, revising the EMFF, was proposed in June 2018, to underpin the CFP during 2021-2027. Parliament established its first-reading position in April 2019, and negotiations with the
Council are imminent. The new fund will apply in the context of World Trade Organization discussions on reaching a global agreement to ban fisheries subsidies that contribute to overfishing. Future EU-UK fisheries relations, along with management of over 100 common fish stocks in the north-east Atlantic and North Sea, depend on the Brexit process. Issues at stake include EU fishing vessel activities in UK waters from France, Ireland, the Netherlands, Denmark, Belgium, Germany, Spain and Sweden; as well as UK seafood export access to its main destination, the EU market.

**European Parliament**

**Treaty basis and European Parliament competence**

EU environmental policy is based on Articles 191-193 of the Treaty on the Functioning of the European Union (TFEU). Article 11 TFEU also requires environmental protection to be ‘mainstreamed’ in other EU policies. The EU and Member States share competence on environmental policy, which is subject to the ordinary legislative procedure (OLP – co-decision by Parliament and Council), with some exceptions requiring unanimity in Council (Article 192 TFEU). The EP must give its consent for the EU to become a party to international agreements.

Conservation of marine biological resources, the core of the common fisheries policy, is an exclusive EU competence (Article 3 TFEU). Common fisheries resource law is implemented through EU regulations directly applicable in the Member States. Other fisheries policy areas fall under shared competence between the EU and Member States (Article 4 TFEU). The OLP applies to the CFP under Article 43(2) TFEU, however fixing and allocation of fishing rights is the sole preserve of the Council under Article 43(3) TFEU. Council concludes international fisheries agreements after obtaining Parliament’s consent (Article 218 TFEU).

During the previous term, Parliament helped shape several laws related to the circular economy, to air quality, and to climate change issues. It was also active on pesticides, setting up a special committee in the wake of controversy over the renewed approval of glyphosate. Parliament adopted first-reading positions on two water-related legislative proposals, on revision of the Drinking Water Directive, and on minimum requirements for water reuse (now awaiting trilogue negotiations).

Parliament also contributed to shaping EU law on fisheries, including key developments such as adoption of multiannual plans, a new framework for technical measures and a revised authorisation system for the external fleet. Parliament also adopted resolutions supporting the update of legislation, preceding major initiatives such as the revision of the fisheries control system.

**FURTHER READING**


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This compendium brings together a set of Briefings prepared by the European Parliamentary Research Service (EPRS) to assist Members of the European Parliament in gaining an overview of the parliamentary hearings of Commissioners-designate, which took place in early October 2019, as well as additional hearings in November. These public hearings form the backdrop to Parliament’s confirmation vote on the College of Commissioners put forward by Ursula von der Leyen, following her own election as Commission President by the European Parliament in July 2019. In addition to an overview of the process, setting it in its historical and political context, this volume contains a briefing on each of the Commissioners-designate and their portfolios. Each of these briefings highlights some of the key issues and recent developments in the portfolio, as well as recalling the Parliament's activity in the area in the last parliamentary term.