
A synthesis of the speeches by EU Heads of State or Government

IN-DEPTH ANALYSIS

EPRS | European Parliamentary Research Service

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PE 637.948 – May 2019
This paper aims to give an account of the debates on the Future of Europe held in plenary sessions of the European Parliament in the period from January 2018 to April 2019.

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LINGUISTIC VERSIONS
Original: EN
Translations: DE, FR
Manuscript completed in May 2019.

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PE 637.948
DOI: 10.2861/029396
CAT: QA-03-19-336-EN-N

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Executive summary

The debates held in the European Parliament on the Future of Europe offered a unique opportunity for Heads of State or Government to present their views on the future direction that the EU-27 should take. This exercise showed, on the one hand, that the question of which policy areas are of compelling importance differs among the speakers, and, on the other hand, that they have converging views on many issues. A premise on which all speakers agreed is the added value of EU membership, due to either the economic or the security benefits deriving from it. All the speakers considered that the challenges of the 21st century cannot be solved by Member States acting individually, regardless of their size or economic prosperity. In this sense, all speakers underlined the need for unity of the EU, referring also to EU values that need to be preserved, while the origin of such values is believed to come from different sources.

The will to recognise the EU’s added value brought some speakers to emphasise the need to strengthen the link between the EU apparatus and European citizens. Some speakers want to see citizens more involved in the EU decision-making process, others want to have them better informed of the EU's achievements. The debates revealed little desire for Treaty reforms, therefore improvements should be based on the current legal set-up. When it comes to the identification of policy needs, speakers mostly mentioned migration, climate change and security as the three main areas of priority. Here, however, as in other policies too, the extent to which the EU should be involved diverges among speakers. Another contentious point remains whether to abandon the unanimity principle and if so, in which areas. The analysis also showed that sometimes the choice of topics (e.g. unemployment) was due not only to the specific political affiliations of the speaker but also to general international events (e.g. trade dispute with the US) or to the issue being on the agenda at EU level (e.g. Spitzenkandidaten). The debates also offered a platform for Heads of State or Government to put forward their own proposals. Indeed, new – albeit potentially contradictory – ideas came from speakers on policy-related fields as well as on broader institutional matters.

As for the key policy areas covered in this paper, in the field of EMU, divergences persist between risk-reduction approaches (i.e. balanced budgets and a healthy banking system), and positions emphasising the need for solidarity among Member States. Migration proves to be unanimously an area where a common EU strategy is needed, although differences persist on the reform of the common European asylum system (CEAS) and the dichotomy of positions stressing solidarity or flexibility. On the social dimension, the majority of speakers who spoke on the issue supported the European Pillar of Social Rights. While most said that social and welfare policies should be prioritised at EU level, some proposed an EU minimum wage or unemployment insurance. On trade, the majority of speakers addressing the issue highlighted the need to avert protectionism or nationalist approaches while better protecting EU strategic interests and preserving social and environmental standards. Regarding the multiannual financial framework (MFF), those who addressed the size of the EU budget were fairly balanced in wanting to reduce it, enlarge it or in general set it in line with EU needs. Here, again, speakers were divided on whether to maintain spending unchanged on structural and cohesion policies. On security and defence, the speakers showed a high degree of convergence on the need for security and defence, owing to the external threats the EU faces. While the transatlantic link and multilateralism remain significant factors, most leaders also highlighted the importance of permanent structured cooperation (PESCO) and the European Defence Fund (EDF). The institutional aspects of security and defence remain contentious however. The leaders' positions on climate change and energy testified to the supranational nature of these challenges. The reduction of carbon emissions and achievement of a carbon neutral economy by 2050 were debated together with the need to promote renewable energy, diversify supplies and boost energy efficiency. On institutional aspects, speakers prioritised the need for greater citizen involvement. Views on the need for 'more' or 'less' Europe were mixed.
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1. Introduction

Following the UK’s decision to withdraw from the EU, the President of the European Parliament, Antonio Tajani, announced his intention to host a series of Future of Europe debates during plenary sessions over the year and a half leading to the May 2019 European elections. He would invite Heads of State or Government and other leading European figures to express their vision in a democratic and open forum, starting early 2018. This process was unprecedented in Parliament’s institutional life and came at a moment where all contributions and ideas were valuable to restore stability and clarity to the European project.

The Future of Europe debates hosted the majority of EU Heads of State or Government. Some 20 Heads of State or Government accepted the invitation (Figure 1) and gave their views in speeches (Figure 2), followed by a debate with Members during Parliament plenary sessions. Initially intended to run for the year 2018, the debates continued until the last plenary session in April 2019. They offer a precious opportunity to reflect on the future of the EU and to raise awareness of citizens and politicians alike with a view to both the summit of 9 May 2019 in Sibiu, Romania, and, later this same month, the European elections.

Figure 1 – Participants in Future of Europe debates in the European Parliament (2018-2019)

Data source: EPRS.

Figure 2 – Member States whose leaders have participated in Future of Europe debates in the European Parliament (2018-2019)

Data source: EPRS.
2. Trends, similarities and differences in the Future of Europe debates

In the course of the Future of Europe debates in the European Parliament, many topics were addressed and visions presented. All speakers set a specific focus for their speech, reflecting their various national interests, degree of prosperity, or political affiliation. This analysis shows the main similarities and differences between the speeches and identifies the core messages they all could agree on.

When examining the speeches of all 20 Heads of State or Government who spoke as part of the Future of Europe debates, a number of convergences, trends and differences can be identified. The following overview will start by outlining the common messages that all speakers could agree on, before analysing their views on the main challenges the EU is facing. It will highlight differences in emphasis regarding the choice of policy issues, by examining frequency of references to specific issues and the level of attention given to the each of the various policy issues. Examples will illustrate why some topics were mentioned more by some speakers than by others. The section will end by listing all the new proposals made by Heads of State or Government in the course of the Future of Europe debates.

2.1. Common messages

While EU Heads of State or Government often placed the focus of their speeches on different elements or stressed different policy areas, the following analysis identifies the main messages that all speakers essentially agreed upon.

EU membership matters

All speakers underlined the benefits their country experienced from belonging to the European Union. Many made this assertion when presenting the improved economic situation in their own countries. Most also stressed the added value the EU provides regarding security, freedom, or democracy or the rule of law. The Prime Minister of the Netherlands, Mark Rutte, argued that 'Member States all benefit from the single market, the monetary union and the free movement of persons. But it is just as important that the EU ensures security, stability and the rule of law'. Another benefit of EU membership mentioned by many Heads of State or Government was the importance of the Union as a guarantor of peace. Whilst many considered this role in a historical perspective, the Prime Minister of Croatia, Andre Plenkovic, emphasised that this was also relevant for today.

The Prime Minister of Luxembourg, Xavier Bettel, observed that 'these advantages, resulting from a country’s membership in the Union, are simply taken for granted'. Some leaders, such as the Prime Minister of Estonia, Juri Ratas, also put some of the responsibility on themselves, and acknowledged that 'we have to speak about the benefits of the single market and single currency to our businesses, about free movement to our people, about ERASMUS to our students.'

Facing challenges together

Heads of State or Government were also in unison that no Member State, whatever its size, was big enough to deal with the challenges of the 21st century alone. The Prime Minister of Portugal, Antonio Costa, called upon everyone to 'realise that none of the major challenges that we face can be solved better outside the EU by each Member State individually, no matter how rich it is or how large its population.'

1 The Slovenian Prime Minister, Marjan Sarec, after initially accepting the invitation of the European Parliament, decided that he would not participate in the debate.
Preserving EU unity

Every speaker mentioned the need for unity, with some such as the President of Romania, Klaus Iohannis, making it the main focus of their speech. The Prime Minister of the Netherlands, Mark Rutte, boiled it down, when he said that ‘unity... is the future of Europe’. Unity was often also mentioned together with showing solidarity.

Defending EU values

Another recurring theme was the importance of European values and the need to defend them, both within the EU and externally. The Prime Minister of Spain, Pedro Sánchez, emphasised that ‘now is the time to protect and defend the values that make our project unique, even envied in the world’. European values were often mentioned together with European identity. However, while the Polish Prime Minister, Mateusz Morawiecki, defined European identity as rooted in Christianity, most others, such as the President of Romania, Klaus Iohannis, emphasised that this identity is ‘based on principles, values and common interests’.

Important role of EU citizens

All EU Heads of State or Government who spoke to the European Parliament stressed the important role of European citizens. Better communication with citizens, was for most a crucial answer to some of the challenges that the EU is currently facing (see Section 2.2 below), in particular the rise of euroscepticism and populism. There are two distinct and complementary perspectives in this respect: Some speakers focused on the need to involve citizens more actively into the EU process and decision-making by using citizen's dialogues and other forms of direct democracy. Other speakers emphasised the need to highlight to citizens the benefits of the EU and to deliver on their priorities. The Prime Minister of Sweden, Stefan Löfven, summed this point up by saying that the EU must ‘constantly prove its worth to people's everyday lives – and to their dreams for the future.’ The Irish Taoiseach, Leo Varadkar, showed the complementarity of these two views when arguing that ‘citizens need to feel the benefits of Europe, they need to embrace it and actively participate in its further development.’

Reforming the EU within the current Treaty framework

Lastly, a common message voiced was the need to reform the EU. While a number expressed some criticism at the performance of the EU, others saw the need to reform in relation to the challenges the EU is facing. In both cases, the preferred option supported by the EU Heads of State or Government was to conduct this reform within the current Treaty framework, as it was flexible enough to accommodate many of the needed changes. Many, such as the Prime Minister of Belgium, Charles Michel, believed that Treaty change would at this moment ‘even be counterproductive’. In this context, some stressed the possibility of making use of enhanced cooperation, while others opposed a multi-speed Europe.
Table 1 – Overview of topics addressed by each Head of State or Government

<table>
<thead>
<tr>
<th>Head of State</th>
<th>Main focus/specific proposals</th>
<th>Topics addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leo Varadkar</td>
<td>The European ideal and values, Brexit, internal market.</td>
<td></td>
</tr>
<tr>
<td>Ireland</td>
<td>Strengthen CFSP, protection of external borders, reform of the CSAS, completion of the single and the single digital market, MIF.</td>
<td></td>
</tr>
<tr>
<td>Andrej Plenković</td>
<td>Convergence, completion of EU/1U, providing EU with needed resources. Specific proposal: A convergence mechanism to help countries improve their growth potential.</td>
<td></td>
</tr>
<tr>
<td>Croatia</td>
<td>European democracy and European sovereignty. Specific proposal: citizens’ consultations on the future of Europe.</td>
<td></td>
</tr>
<tr>
<td>António Costa</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emmanuel Macron</td>
<td>European democracy and European sovereignty. Specific proposal: citizens’ consultations on the future of Europe.</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mark Rutte</td>
<td>EU unity; multilateralism; ‘less is more’; EU needs to focus on core tasks. Specific proposal: 55% reduction in greenhouse gases by 2030. Security, migration and the social-economic dimension. Specific proposal: Rebalance the relation between Member States and EU Institutions. Need for EU to be at the forefront of the technological, industrial and digital revolution.</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mateusz Morawiecki</td>
<td>EU unity; multilateralism; ‘less is more’; EU needs to focus on core tasks. Specific proposal: 55% reduction in greenhouse gases by 2030. Security, migration and the social-economic dimension. Specific proposal: Rebalance the relation between Member States and EU Institutions. Need for EU to be at the forefront of the technological, industrial and digital revolution.</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Politicians</td>
<td>Key Issues</td>
<td></td>
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<tr>
<td>-----------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Jüri Ratas, Estonia</td>
<td>Preserving unity within the EU, completion of the digital single market, enhance internal and external security.</td>
<td></td>
</tr>
<tr>
<td>Klaus Iohannis, Romania</td>
<td>Preserving EU cohesion and unity, defence, security, and EU's global role.</td>
<td></td>
</tr>
<tr>
<td>Angela Merkel, Germany</td>
<td>Tolerance and solidarity, migration, defence.</td>
<td></td>
</tr>
<tr>
<td>Lars Løkke Rasmussen, Denmark</td>
<td>Not abusing the right of free movement, migration and climate change.</td>
<td></td>
</tr>
<tr>
<td>Nicos Anastasiades, Cyprus</td>
<td>Unification of Cyprus, MTF and Brexit.</td>
<td></td>
</tr>
<tr>
<td>Pedro Sánchez, Spain</td>
<td>Protect Europe to protect its citizens. Specific proposal: binding genderequality strategy.</td>
<td></td>
</tr>
<tr>
<td>Juha Sipilä, Finland</td>
<td>Efficient implementation, fight populism, climate. Specific proposal: EU-Africa Forest Fund.</td>
<td></td>
</tr>
<tr>
<td>Giuseppe Conte, Italy</td>
<td>Focus Europe close to its people. Specific proposal: Give EP power of general accountability vis-a-vis other EU institutions.</td>
<td></td>
</tr>
<tr>
<td>Peter Pellegrini, Slovakia</td>
<td>Social policy, freedom of the press and rule of law, an attractive Union that citizens can trust.</td>
<td></td>
</tr>
<tr>
<td>Stefan Löfven, Sweden</td>
<td>Defend core EU values. Specific proposal: Sweden to join European Public Prosecutor's Office.</td>
<td></td>
</tr>
<tr>
<td>Arturs Krišjānis Kariņš, Latvia</td>
<td>Migration, defence, shared values as the cornerstone of the EU.</td>
<td></td>
</tr>
</tbody>
</table>

Data source: EPRS.
2.2. Main challenges facing Europe

The speakers recalled the numerous challenges the EU has been facing in recent times, notably the economic and financial crisis, migration and refugee crisis as well as the United Kingdom’s withdrawal from the EU (Brexit). They then outlined the main challenges of today and of the years to come (see Figure 3).

Figure 3 – Main challenges mentioned by speakers

Data source: EPRS.

The challenges mentioned can be divided into three categories: i) policy challenges, ii) political challenges and iii) international challenges.

Regarding policy challenges, the areas mentioned most often were migration, climate change and security. These were also the three challenges most mentioned of all three categories (see above i), ii), iii). Other important policy challenges were seen in digitalisation and economic development. Concerning political challenges, the majority expressed concern at the growing distance that had developed between the institutions and the citizens, and considered that readjustments to the EU’s political and institutional performance were needed. The Belgian Prime Minister, Charles Michel, spoke of a ‘fundamental crisis of faith’ in public institutions, including European institutions, as well as in traditional media. Many linked this to the rise of populism. While many speakers saw the rise of populism as a major threat, which needs to be confronted, the Italian Prime Minister, Giuseppe Conte, saw it as an opportunity ‘to reverse a process of gradual separation between those who govern and those who are governed’. Conversely, the Prime Minister of Slovakia, Peter Pellegrini, argued that ‘the EU is not some fictitious distant Brussels. We are [the] European Union’.

Although all the Heads of State or Government agreed that Member States needed to face the challenges together, the views regarding the exact form of this cooperation varied. Some argued that some responsibilities needed to be given back to the nation states, with the Prime Minister of Poland, Mateusz Morawiecki, even calling for ‘a Union of Nations 2.0’. Many others called for more Europe, but this only in specific areas. The French President, Emmanuel Macron, called for more ‘European sovereignty’ and for the European level to be upgraded.
Regarding decision making, there were also calls to abandon unanimity principle, such as from the Spanish Prime Minister, Pedro Sanchez; while others, such as the President of Cyprus, Nicos Anastasiades, stressed the need to preserve consensual decision making.

As regards international challenges, those most commonly mentioned were instability in the region, defined as geo-political instability and/or conflicts close to the EU borders, and the challenges to the multilateral order, mostly described as a worsening in transatlantic relations and Russian aggression. Moreover, the more active and self-confident role China, and to a lesser extent other actors such as India, are assuming on the global stage has also been mentioned in the context of the changing multilateral order. Lastly, globalisation was mentioned either as a challenge in itself, or as having a multi-dimensional impact, such as a loss of European competitiveness or an increase in social inequalities.

2.3. Main topics and priorities

When looking at policy issues addressed by Heads of State or Government, a distinction must be drawn between the overall number of policy issues addressed and the attention dedicated to each of these specific topics.

Number and depth of topics addressed by speaker

On average Heads of State or Government mentioned 15 of the 27 issues outlined in Table 1 in their speeches to the European Parliament. A trend that can be observed is an average decrease in the number of topics between the first speech in January 2018 and the more recent speeches.

The Head of State or Government who addressed the most issues was the Prime Minister of Luxemburg, Xavier Bettel, mentioning 21 issues, while the one to raise the least issues was the Prime Minister of Denmark, Lars Lokke Rasmussen, with eight mentioned. Looking only at the total number of issues addressed does not provide the full picture.
Next to the number of topics mentioned, another dimension to be considered is the time speakers spent on each of the topics mentioned in their respective speeches. When divided into three categories (i.e. little, medium and large amount of time spent), one can observe an overall trend of decreasing emphasis on each individual issue when comparing earlier and later speakers. This means that later speakers not only touched upon fewer issues, but also devoted less policy attention to these issues. Looking at individual speakers, differences can be discerned between the number of topics mentioned and the emphasis given to these topics. For example, both Lars Løkke Rasmussen and Mark Rutte mentioned fewer issues on average, but spoke relatively lengthily about each of the topics they raised. Conversely, Estonian Prime Minister Jüri Ratas was one of the speakers mentioning the most topics, but spoke relatively little about each issue. Others, such as the Prime Ministers of Luxembourg and of Poland, both combined a high number of topics with long policy attention to each of the topics they mentioned. (See Figures 4 and 5).

**Overall frequency and attention given to topics**

Also when comparing the policy attention given to each topic, it is possible to see a correlation between the frequency with which each topic was mentioned and the attention dedicated to it.
Of the policy areas raised, migration was the only one mentioned by every speaker. Other prominent policy areas were climate (90% of all Heads of State or Government), MFF (85%) and defence (85%). By comparison, policy areas that were mentioned less often were development policy (20%), transport (20%), as well as food and health (5%). When looking at the average attention received by each topic raised, Figure 7 shows that migration, social policy, the MFF, and defence were the topics that on average received the most attention. Transport, the EU elections, energy, and education and culture received the least attention from speakers on average.
When looking at these two dimensions, it is evident that in many cases the topics that were raised by many speakers on average also received a lot of attention when they were mentioned. Topics such as migration, the MFF and defence scored highly, while others, such as development policy and transport, scored lower in both respects. For other topics however, such as social policy, there is a difference between frequency and emphasis. While six speakers did not mention social policy at all, the other speakers put the second most emphasis on this topic, behind only migration. An opposite example is the topic of climate, which was the second most frequently raised topic behind migration, but received less emphasis than eight other topics when mentioned.
2.4. Possible explanations as to why time spent on the various issues varied between speakers

There are of course multiple reasons why some speakers stressed a particular issue, and others hardly mentioned it, or not at all. Different national priorities as well as party political affiliations can explain some of the variations. For example, all speakers belonging to the left of the political spectrum dedicated a high proportion of their speech to social policy.

Most of those speakers who addressed unemployment came from countries that had recently experienced a strong reduction in their unemployment levels, or conversely, where unemployment still remains very high. The exception to this trend was the Chancellor of Germany, Angela Merkel, who talked about unemployment although Germany is not suffering most from this problem. Pedro Sanchez and Giuseppe Conte, who come from countries that still suffer from high unemployment levels, both made proposals on how to address this issue at European level. Pedro Sanchez proposed the introduction of a 'European unemployment insurance scheme' and Giuseppe Conte stressed that 'the new European legislature must pursue the fight against unemployment and must support growth more decisively'. Other differences can be explained in connexion with the timeliness of a topic (e.g. if the topic has just been discussed or is about to be discussed in the European Council or the European Parliament). Here the transnational list is a good example. While half of the first six speakers addressed the issue of transnational lists, the latter 14 speakers did not mention it at all, as it was off the agenda. The same also applies to references made to the Spitzenkandidaten process. Another example is trade, with, in the period from January 2018 to May 2018, a series of speakers in the European Parliament’s debate paying more attention to trade than most of the speakers since then. This could be explained by the fact that, at that point in time, the trade dispute with the US was in a critical phase and that most of the European Council meetings in this period discussed the issue, until an agreement was found between EU Heads of State or Government on 17 May 2018.
2.5. An opportunity to make new proposals

The future of Europe debates in the European Parliament were not only a forum for debating different visions for the future of the EU, but also an occasion to launch and discuss new ideas as well as concrete proposals. More than half of the speakers made use of this opportunity and initiated new proposals across different policy fields. While some Heads of State or Government called for specific targets in some policy areas, such as on climate change, others suggested new peer review mechanisms in the field of rule of law or as a supporting process towards economic convergence. Although many concentrated on policy issues, some also had proposals aimed at improving the institutional set up of the EU. These proposals were going in two opposite directions, with some calling for an upgrade of the EU institutions and abolishing unanimity in various policy areas, and others for more competences to be given to the Member States.

Table 2 – Specific proposals made by individual speakers

<table>
<thead>
<tr>
<th>Speakers</th>
<th>Policy areas/issues</th>
<th>Proposals</th>
</tr>
</thead>
<tbody>
<tr>
<td>António Costa</td>
<td>European Semester</td>
<td>Convergence mechanism to help countries improve their growth potential</td>
</tr>
<tr>
<td>Emmanuel Macron</td>
<td>Citizens participation</td>
<td>Citizens' consultation on the future of Europe</td>
</tr>
<tr>
<td>Emmanuel Macron</td>
<td>Climate</td>
<td>Minimum price for carbon price floor</td>
</tr>
<tr>
<td>Charles Michel</td>
<td>Migration</td>
<td>Support programme for local authorities welcoming and integrating refugees</td>
</tr>
<tr>
<td>Mark Rutte</td>
<td>Climate</td>
<td>55 % reduction in greenhouse gases by 2050</td>
</tr>
<tr>
<td>Mateusz Morawiecki</td>
<td>Development Policy</td>
<td>A European development fund for Africa</td>
</tr>
<tr>
<td>Mateusz Morawiecki</td>
<td>Institutional</td>
<td>The union of nations 2.0: redefine the balance between nation states and cooperation at the European level.</td>
</tr>
<tr>
<td>Alexis Tsipras</td>
<td>Social policy</td>
<td>A new social contract for Europe</td>
</tr>
<tr>
<td>Angela Merkel</td>
<td>Security and Defence</td>
<td>Establish a European Security Council</td>
</tr>
<tr>
<td>Pedro Sánchez</td>
<td>Social policy</td>
<td>Binding gender-equality strategy</td>
</tr>
<tr>
<td>Pedro Sánchez</td>
<td>Social policy</td>
<td>European unemployment insurance scheme</td>
</tr>
<tr>
<td>Pedro Sánchez</td>
<td>Institutional</td>
<td>Abolish unanimity on foreign affairs, tax, MFF, and rule of law</td>
</tr>
<tr>
<td>Juha Sipilä</td>
<td>Agriculture</td>
<td>EU-Africa Forest Fund</td>
</tr>
<tr>
<td>Giuseppe Conte</td>
<td>Institutional</td>
<td>To give the European Parliament the power of general accountability in relation to other European institutions</td>
</tr>
<tr>
<td>Stefan Löfven</td>
<td>Fraud against the EU budget</td>
<td>Sweden joining the European Public Prosecutor's Office</td>
</tr>
</tbody>
</table>

Data source: EPRS.
3. Taking stock of the debate on key policy areas

3.1. Economic and monetary union

Policy update

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

Angela Merkel

Europe’s economic and monetary union (EMU) was launched in 1992. It comprises the single currency and an independent monetary policy run by the European Central Bank (ECB), fiscal rules and a rather loose framework for the coordination and surveillance of Member States’ economic policies. More recently, it has also adopted a single rulebook and single supervision framework for financial institutions within the euro area. EMU was instrumental in promoting price stability, fostering trade and financial integration and supporting the single market. Nevertheless, the financial and sovereign debt crises showed that its design was incomplete.

The European reaction to the crises was multi-pronged. On one side, monetary and fiscal measures were taken. As a counterpart, the regulatory framework relative to European economic governance was strengthened, to enhance, among other things, fiscal and macroeconomic surveillance.

In parallel to the above, discussions began in 2012 on how to do more to integrate frameworks for the financial sector, budgetary matters and economic policy, as well as adding greater democratic legitimacy and accountability to the process. Important milestones in this process were the 2012 Commission communication, ‘Blueprint for a deep and genuine EMU’, the December 2012 report, ‘Towards a genuine economic and monetary union’ by the European Council President, in collaboration with the Presidents of the European Commission, the Eurogroup and the ECB, and the 2015 report, ‘Completing Europe’s economic and monetary union’, drafted by the Presidents of the four aforementioned institutions, together with the President of the European Parliament.

The basic promise of the euro was that it would bring us all greater prosperity – not a redistribution of prosperity.”

Mark Rutte

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2 For an introduction to the subject, see European Commission’s webpage: How the Economic and Monetary Union works; European Central Bank’s webpages: The Euro at 20, Independence and Single Supervisory Mechanism; and European Banking Authority’s webpage Single Rulebook.

3 Unconventional monetary policy measures from the ECB, bilateral loans among Member States and the creation of support mechanisms such as the European Stability Mechanism (ESM).

4 In this context, eight new EU regulations and directives (known as the ‘six-pack’ and ‘two-pack’) as well as two intergovernmental treaties (the Treaty on Stability, Coordination and Governance (TSCG) and the Euro Plus Pact) were adopted.

5 The term ‘discussions’ is used to refer both to Commission initiatives and to deliberations of the presidents of the European Commission, the Euro Summit, the Eurogroup, the European Central Bank and the European Parliament.

6 Important milestones in this process were the 2012 Commission communication, ‘Blueprint for a deep and genuine EMU’, the December 2012 report, ‘Towards a genuine economic and monetary union’ by the European Council President, in collaboration with the Presidents of the European Commission, the Eurogroup and the ECB, and the 2015 report, ‘Completing Europe’s economic and monetary union’, drafted by the Presidents of the four aforementioned institutions, together with the President of the European Parliament.

7 European Commission, White paper on the future of Europe: The way ahead.

8 European Commission, Reflection paper on the deepening of the economic and monetary union.

9 European Council, Leaders’ Agenda.
concrete decisions on EMU reform. Finally, the Commission put forward a set of proposals and initiatives to complete EMU in December 2017, as well as two more proposals in May 2018.

During this period, the European Parliament has contributed to the discussion on the future of EMU, by adopting a number of important resolutions. Among the numerous recommendations Parliament voiced, it stressed the need to simplify the current framework and to increase its democratic accountability, among other things, by providing for a stronger role for the European Parliament and national parliaments, as well as by bringing the European Stability Mechanism and the Treaty on Stability, Coordination and Governance inside the EU legal framework; the need for a fiscal capacity for the convergence and stabilisation of the euro area; for a unified representation of the euro in international organisations (e.g. the International Monetary Fund); for better coordination of fiscal policies; for more investments in key sectors; and for tax reforms to prevent tax avoidance and tax evasion.

The discussion on the future of EMU, however, was not confined to the EU institutions. In September 2017, in an address at the Sorbonne, the French President, Emmanuel Macron, presented EMU reform as one of six dimensions of an initiative for Europe. A month later, Germany’s then finance minister, Wolfgang Schäuble, circulated a non-paper to his Eurogroup colleagues. A third view was provided in March 2018 in a position paper issued by the finance ministers of Denmark, Estonia, Ireland, Latvia, Lithuania, the Netherlands, Finland and Sweden.

The variety of Member State positions led to an absence of breakthroughs at European Council level: instead of concrete decisions being adopted in June 2018 – as promised in the Leaders’ Agenda – intense negotiations took place during several Eurogroup meetings and Euro Summits in June, October and December 2018. Finally, in December, EU leaders cautiously agreed that the European Stability Mechanism would provide a common backstop to the Single Resolution Fund (SRF). They also announced their intention to introduce single-limb collective action clauses (CACs) for euro-area government bonds by 2022 and to include this commitment in the ESM Treaty. With regard to the European Deposit Insurance Scheme (EDIS), however, they noted that further technical work is necessary, to be done by a high-level working group, which will report back by June 2019. In addition, while they did not agree on the need for an economic stabilisation function, they were more open with regard to proceeding on the design, implementation and timing of an ‘instrument for convergence and competitiveness’, which would be part of the EU budget (inspired by the Franco-German proposal of 16 November 2018).

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11 Namely, the Reform Support Programme and the European Investment Stabilisation Function.
12 Among others, the resolutions on the economic policies of the euro area (2017/2114(INI)), on the review of the economic governance framework: stocktaking and challenges (2014/2145(INI)), on possible evolutions of and adjustments to the current institutional set-up of the European Union (2014/2248(INI)), on improving the functioning of the European Union building on the potential of the Lisbon Treaty (2014/2249(INI)) and on budgetary capacity for the euro area (2015/2344(INI)).
13 While some Member States prioritised risk-sharing measures (led by France), others argued instead for further risk-reduction initiatives (led by Germany).
The Future of Europe debates in the European Parliament

Taking stock of the debate in Parliament

A number of the Heads of State or Government speaking in the debate explicitly mentioned the banking union as a crucial objective, in order to protect citizens’ savings on a pan-European basis, and made a firm commitment to further work to reach that aim. The views on how to do that and when to establish the European deposit guarantee scheme (EDIS), however diverge. Leaders from fiscally conservative Member States tended to highlight the need to clean bank balance sheets of non-performing loans before deposit guarantee and bank resolution can rely on a common European financial backstop, the aim being to reduce the risk of using it at all. Differences of opinion also exist with regard to the aims of a new euro-area budget, which is to be negotiated in the framework of the 2021-2017 multiannual financial framework. While Heads of State or Government did not agree on the need for a stabilisation function (i.e. to cushion the shock of an economic downturn), they were more open to proceed with the design, implementation and timing of an ‘instrument for convergence and competitiveness’ (inspired by the Franco-German proposal of 16 November 2018).

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

Although Heads of State or Government have expressed their support for the speedy completion of the economic and monetary union (EMU), the debates have highlighted their different views on how the EU should proceed to achieve this aim. Those in the risk reduction camp insisted on balanced budgets and healthy banking systems, cleansed of non-performing loans, as preconditions to risk sharing arrangements, e.g. in the framework of the banking union’s European deposit guarantee scheme. Others put more emphasis on the need to strengthen solidarity between Member States and thus avert financial crises and protect citizens’ savings. The conclusions of the European Council and Euro Summits reflect these differences. On tax issues, the insistence of Heads of State or Government that the EU equip itself with tools to fight tax evasion and avoidance has, in part, been translated into legislation. Fair taxation of corporations, especially those with a significant digital footprint in the data economy, remains an elusive goal, however. In the absence of a common European approach, quite a few Member States decided to introduce their own digital taxes.
3.2. Migration

Policy update

“Legal migration has positive implications for our economic development; it plays a key role in those sectors with a lack of workers, and contributes to alleviating one of the challenges on our continent, which is an ageing population.”

Pedro Sánchez

Since 2015, Europe has faced its most significant migratory challenge since the end of the Second World War. The unprecedented arrival of refugees and irregular migrants in the EU, which peaked in 2015, exposed a series of deficiencies and gaps in EU policies on asylum, external borders and migration. In a speech in December 2017, Antonio Tajani, Parliament’s President, declared: ‘Piecemeal responses are the opposite of effective solutions. What we need instead is a strong European strategy, genuine coordination and more pooling of resources’.

Although record-high migratory flows to the EU witnessed during 2015 and 2016 had subsided by the end of 2017 and in 2018, the migratory pressure is likely to continue and management of migration flows will most likely remain high on the EU agenda. This is also reflected in the growing amounts, flexibility and diversity of EU funding for migration and asylum policies inside as well as outside the current and future EU budget. What the European Commission calls an effective, fair and robust EU migration policy, adapted to future challenges, includes establishing a strong and efficient EU asylum system, reducing incentives for irregular migration, saving lives, securing external EU borders, and ensuring more efficient legal channels for regular migrants.

The migratory pressure exposed deficiencies in the common European asylum system (CEAS), which prompted the European Commission to launch its reform. Almost three years after the introduction of two packages of proposals, three files (the Qualification Regulation, the recast Reception Conditions Directive and the EU Resettlement Framework) reached partial provisional agreement between the institutions, but later did not receive the final support in the Council. For two other files (the Dublin Regulation and the Asylum Procedures Regulation), the Council was also unable to find a common position. Discussions in the Council to determine the Member State responsible for examining an application by an asylum seeker (often referred to as the Dublin system), have been at a stage of consultations between Member States for almost three years. The most controversial issue involves reaching a compromise on the principles of solidarity and fair sharing of responsibility for asylum seekers. This prompted the Commission to propose, though not yet being able to implement, temporary arrangements of solidarity and responsibility for refugees and migrants rescued during search and rescue operations on their way to Europe that would serve as a bridge until the new Dublin Regulation and the rest of CEAS package become applicable.

“An immediate revision of the common European asylum system and the Dublin Regulations for a fairer distribution of migratory and refugee weight among Member States is absolutely necessary.”

Nicos Anastasiades

With migration quickly gaining importance on the EU agenda but governments unable to find a compromise on internal aspects of the EU’s migration policy, the Commission gradually shifted its attention towards cooperation with third countries on addressing migratory challenges beyond the EU’s borders. Mainstreaming migration in development cooperation policies, which the European Parliament addressed in its April 2017 resolution, has become one of the top priorities in EU relations with third countries and one of the main instruments to reduce incentives for irregular migration. For this purpose, the EU has been mostly focusing on three main levers: partnership with third countries through development cooperation and humanitarian assistance, ensuring an effective return and readmission policy, and fighting migrant smuggling and trafficking. Although relationship between development conditions and migration flows is far from clear, the EU set up several financial instruments and projects, aimed at tackling

“The key in decreasing irregular migration is to work with third countries.”

Jüri Ratas

An immediate revision of the common European asylum system and the Dublin Regulations for a fairer distribution of migratory and refugee weight among Member States is absolutely necessary.”

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The Future of Europe debates in the European Parliament

challenges along the main migratory routes, including addressing the root causes of irregular migration, improving reception conditions for refugees and their families closer to home, and helping communities that host the largest share of displaced people. To increase the rate of return of irregular migrants, the EU has been focusing on improving its own return capacities, on concluding re-admission agreements or practical arrangements (currently 23 in place) and establishing dialogues and partnerships with key countries of origin and transit, including Libya and Turkey.

The unprecedented arrival of refugees and irregular migrants also exposed a series of deficiencies and gaps in EU policies on external borders. It affected the functioning of the Schengen rules, leading to the re-introduction of border checks by several Member States. In response to these challenges, the Commission has embarked on a broader process of reform aimed at strengthening its external borders by reinforcing the links between border controls and security. On the one hand, measures for protecting the EU’s external borders have focused on reinforcing EU border management rules and strengthening and upgrading the mandates of relevant EU agencies, such as the European Border and Coast Guard Agency. On the other hand, in connection with a number of key shortcomings in the EU’s information systems, efforts were made to strengthen these systems and technologies for security, criminal records, and border and migration management (Schengen information system, visa information system), to establish new systems (European travel information and authorisation system, entry/exit system) and to improve their interoperability. The EU also embarked on the gradual establishment and implementation of the European integrated border management (EIBM) at national and Union level, which should result in limiting irregular migrant flows, reducing organised crime and terrorist risks.

Migration is not only a challenge but also an opportunity for the EU. In view of the future challenges in terms of an ageing population and an economy that is increasingly dependent on highly-skilled jobs, migration will be an important tool to enhance the sustainability of EU countries’ welfare systems and to ensure sustainable growth of the EU economy. Hence, the Commission proposed a revision of the system – in place since 2009 – aimed at offering more flexible admission conditions, improved admission procedures and enhanced rights for highly qualified workers. Parliament and the Council adopted their positions on the file, but the negotiations stalled. Despite Parliament’s efforts to resume them, provided that they bring changes in certain areas compared to the current system, progress has not been achieved for months. According to the Commission, attracting migrants is not enough and should be accompanied by measures for their effective integration into the host societies. For this purpose, it adopted an action plan and is providing funding to support EU countries in tapping into the economic, social and cultural potential of third-country nationals, including of asylum-seekers and refugees.

The Commission also called for efforts to enhance legal pathways to Europe for humanitarian purposes. The aim is to show that there are alternatives to irregular migration. To support the most vulnerable in need of international protection and help them find a safe pathway to Europe, the Commission, together with Member States, established several resettlement mechanisms, such as the emergency scheme, which ended in 2017, and the current scheme, which expires in October 2019. However, not all pledges have yet been materialised and a proposal on establishing a Union-wide resettlement framework is blocked in the Council.

"Migratory movements are an integral part of human history. We should not fear them. We should understand them."
Charles Michel

"Chaotic migration affects the confidence of the whole of society in the reception of refugees – but it affects the refugees themselves worst of all."
Stefan Löfven

"Migration is not only a challenge but also an opportunity for the EU. In view of the future challenges in terms of an ageing population and an economy that is increasingly dependent on highly-skilled jobs, migration will be an important tool to enhance the sustainability of EU countries’ welfare systems and to ensure sustainable growth of the EU economy. Hence, the Commission proposed a revision of the system – in place since 2009 – aimed at offering more flexible admission conditions, improved admission procedures and enhanced rights for highly qualified workers. Parliament and the Council adopted their positions on the file, but the negotiations stalled. Despite Parliament’s efforts to resume them, provided that they bring changes in certain areas compared to the current system, progress has not been achieved for months. According to the Commission, attracting migrants is not enough and should be accompanied by measures for their effective integration into the host societies. For this purpose, it adopted an action plan and is providing funding to support EU countries in tapping into the economic, social and cultural potential of third-country nationals, including of asylum-seekers and refugees.

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Taking stock of the debate in Parliament

All Heads of State or Government intervening in Parliament's Future of Europe debates addressed migration and were united in considering migration as one of the main challenges that the EU faces. They agreed that this challenge can only be addressed at EU level. Although most Heads of State or Government stressed the need to make progress on the reform of the common European asylum system (CEAS) and on the issue of relocation, EU leaders at successive European Council meetings have failed to achieve a breakthrough on internal aspects of migration and the EU's asylum policy. Twelve speakers called for a better cooperation with countries of origin and transit, many of them calling for a 'Marshall plan' for Africa. Eight speakers also stressed the control of the EU's external borders and the important role of Frontex in this context. However, only Charles Michel and Pedro Sanchez mentioned the positive aspects of legal migration.

In the field of migration, Heads of State or Government have shown a high degree of convergence on several points, as a result of the European Council's efforts to find a common and comprehensive EU strategy since the outbreak of the migration crisis in 2015. All have acknowledged that migration is a significant challenge, which needs to be addressed jointly at EU level. Many speakers also called for strengthened cooperation with countries of origin and transit and called for additional funding for EU migration policy. Nevertheless, there continues to be a lack of agreement on the reform of the CEAS, described as urgent by many speakers. Many also stressed responsibility and solidarity as an important shared value. Yet Lars Løkke Rasmussen and Mateusz Morawiecki called for more flexibility for Member States in approaching the migration challenge. The only one to address the negative impact of migration on the migrants themselves was Stefan Löfven.

3.3. Social dimension

Policy update

What is the social dimension?

The concept of the social dimension of the European Union (EU) points beyond sheer employment and social policies regulated by Title IX and X of the Treaty on the Functioning of the European Union (TFEU). It has a long history, which has been built up since the Treaty of Rome. While Article 3 (3) of the Treaty on European Union (TEU) calls for a highly competitive social market economy, Article 9 (the horizontal social clause) of the TFEU places balanced economic growth and sustainable development on an equal footing with full employment, a high level of social protection, equality, promotion of social justice, and a respect of diversity. It calls for account to be taken of social considerations in all policy areas. Both of these articles have implications for the content of the relevant EU policies and programmes and for the processes within which they are designed and implemented. Implementation can be achieved by means of hard (legislation, economic governance) and soft (policy development through mutual learning, and guidance) tools. The latter prevail in the policy areas relevant for the social dimension.
The 'new' emphasis on the social dimension?

After a halt in social policy regulations since 2004, followed by austerity measures as a response to the 2008 financial and economic crisis, deepening the economic and monetary union (EMU) and strengthening its social dimension were among the priorities of the Juncker Commission. The Five Presidents’ Report (22 June 2015) declared as Europe's ambition to earn a ‘social triple A’, as a tool to contribute to fair and balanced growth, decent jobs and labour protection, and thus update the legislative framework of the EU labour markets and welfare states. It also envisaged a broad reflection process on the future of the social dimension of the EU that was launched with the reflection paper on its social dimension. This offered three scenarios: i) focusing exclusively on the free movement of workers; ii) developing what would essentially be a multispeed Europe; and iii) genuinely deepening EMU across the EU-27. In addition, the reflection paper on harnessing globalisation highlighted the strong links between economic and social policies. Finally, the future of EU finances presented the extent to which the social dimension of the EU can be financially supported.

Important steps

In March 2017 the Commission proposed a holistic reference framework, the European pillar of social rights (‘social pillar’) to update EU labour markets and welfare states in response to the newly arising challenges and risks, including youth unemployment, the increase in atypical or non-standard work. Building on the already existing social acquis, the 20 principles and rights of the social pillar reach far beyond the strict confines of social policy, and address equal opportunities and access to the labour market, fair working conditions, social protection, and inclusion. The jointly proclaimed social pillar by the Commission, Parliament and Council shows the commitment of the three institutions.

The implementation of the social pillar principles is the responsibility of the Member States in cooperation with the social partners. The EU has been supporting these efforts while mobilising the main EU policy tools to hand: legislation, guidance, governance and funding. As for legislation and guidance, the European Parliament has called for new measures to modernise the world of work, social protection and access to education. There has been progress on implementing the social pillar by introducing legislative and non-legislative measures at Union and Member State levels, including improving social dialogue at all levels. To strengthen the social aspects of governance in terms of its content, the 2018 and 2019 European Semester exercises have made use of the social scoreboard accompanying the social pillar. In 2017 the European Parliament reiterated the idea of introducing a ‘social imbalances procedure’ in the drawing up of country-specific recommendations. Several issues around strengthening the social aspects of the Semester process are still to be tackled, including the importance of democratic control while deepening EMU. Finally, in April 2019 the European Commission launched a debate on moving from unanimity to qualified majority voting in the Council in certain areas of social policy, to broaden the limited space of EU competence, including that of Parliament. As for EU funding, the debate on the post-2020 multiannual financial framework (MFF) and its outcomes will be influential. Parliament has made several proposals to secure financial support for new priorities, higher payment ceilings as well as to establish more synergies between funds, such as the Cohesion Fund and ESF+, and links between spending and performance. The 2019 reflection paper on towards a sustainable Europe by 2030 emphasised that social investment must remain a priority.
Outlook

Globalisation, demographic challenges and digital transformation have put labour markets and the welfare state under enormous pressure. From 2004 onwards the explosion of centre-periphery conflicts in the wake of the sovereign debts crisis and the appearance of the new East-West conflicts have amplified the challenges. As a response the Juncker Commission aimed at strengthening the social dimension of the EU. At present there are several promising avenues that might further strengthen the social dimension of the EU. Some argue that the social pillar can generate a new policy dynamic. Others claim that beside policies for redistribution there should be also more focus on taxation, and not only in a corporate context. However, there are still fundamental issues remaining 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 social dimension is such that to strengthen it requires governance mechanisms\(^\text{14}\) in place that allow for collective problem solving by various actors across different sectors.

Taking stock of the debate in Parliament

\textit{We cannot forget one fundamental principle that our community is based on social justice. ... You cannot talk about social development unless you deal with exclusion, poverty and inequality. It is important that we have an ambitious social policy to fight these inequalities.\textsuperscript{9}}

Mateusz Morawiecki

The majority of Heads of State or Government acknowledge the long lasting negative consequences of the economic and financial crisis on the livelihood of citizens across Europe, and particularly its disproportionate effects on the most vulnerable, its young people. Some have referred to a lack of solidarity in Europe, be it on migration or on economic issues, which has also translated into an inability to create a fairer, a more social Europe. Against this backdrop, some EU leaders are proposing concrete European solutions to address peoples’ concerns, including proposals such as, the creation of an EU minimum wage and an EU unemployment insurance. A majority of the EU leaders who have spoken have expressed their support for the values and principles expressed in the European Pillar of Social Rights, with some recalling that the essence of the European community lies in the principle of social justice. A number of Heads of State or Government support an upward convergence of social standards and have called for a prioritisation of social and welfare policies after years of austerity policies and growing inequalities in European societies.

\textit{A European impulse on these priorities, including by means of courageous formulations such as European unemployment insurance, is not only the best antidote against the lack of jobs, but against nationalist drift as well.}\textsuperscript{9}

Giuseppe Conte

A number of Heads of State or Government have stressed that, at a time when globalisation and increasing digitalisation are reshaping the world, there is a need to return to the origins of the European social contract and further build on it to address today’s demands. Some EU leaders have cautioned against pursuing exclusively national responses to issues such as youth unemployment as this would cause further alienation and feed into nationalist discourse, especially at a time when political shifts are under way on the continent. Some have referred to a ‘crisis of solidarity’ in Europe breeding

\textsuperscript{9} The result [of the crisis] was inequality, particularly inter-generational inequality – the inequality suffered by young people on our continent – and, of course, gender inequality ... We must call for a social Europe, a Europe with rights.\textsuperscript{6}

Pedro Sánchez

disenchantment among citizens, and that, now more than ever, an ambitious social policy should be promoted for the Europe of tomorrow.

3.4. Trade

Policy update

International trade has become a prominent topic on the EU’s agenda. Talks on new free trade agreements (FTAs), in particular with the United States and Canada, led to heated debates in civil society. The Commission responded to these developments by presenting a new EU Trade for All strategy in 2015. In 2017, it also presented a reflection paper on how to harness globalisation. As a result, EU trade policy took a conscious turn towards a more value-based, inclusive and progressive agenda, both in terms of trade agreements as well as legislative instruments.

Trade agreements

Since the publication of the Trade for All strategy, the EU has pursued various (new or updated) FTAs with trade partners around the world (Canada, Japan, Singapore, Vietnam, Mexico, Chile, Australia and New Zealand). The provisional entry into force of the EU-Canada Comprehensive Economic and Trade Agreement (CETA) in September 2017 and the entry into force of the EU-Japan Economic Partnership Agreement (EPA) in February 2019 represent two of the biggest EU achievements in terms of trade negotiations in the recent years. The EU-Japan EPA forms the largest trade zone in the world with 600 million people and a third of the global gross domestic product (GDP). The Free Trade Agreement (FTA) with Singapore was the subject of a Court of Justice of the EU (CJEU) opinion in May 2017, resulting in a decision to split the agreement into a Trade Agreement (TA) and an Investment Protection Agreement (IPA). The new agreements pay special attention to making trade more inclusive, for instance for small and medium enterprises (SMEs). Parliament has been actively exercising its monitoring function both throughout the negotiations as well as when giving its final consent to trade agreements.

In 2018, trade negotiations with the US re-emerged on the agenda following several trade conflicts with the Trump administration:

- the US tariffs on steel and aluminium imports from the EU and other partners,
- the investigation into tariffs on cars and car parts, and
- the US blockage of nominations to the WTO Appellate Body.

Building on the Juncker-Trump deal of July 2018, in January 2019, the Commission presented two negotiating directives to the Council for a trade agreement on (non-agricultural) industrial goods and an agreement on conformity assessment in an effort to do more to de-escalate trade tensions with the US.
Trade policy that protects

In the short to medium term, EU is likely to implement a trade policy that increasingly protects its citizens, while also facilitating inclusive and open trade. In this context, a mechanism for the screening of foreign direct investment (FDI) was adopted. The aim of the mechanism is to ensure that openness to investment does not undermine EU strategic interests. In addition, the Commission called on Parliament and Council to adopt the international procurement instrument (IPI), which was in legislative deadlock due to Member States resistance, before the end of 2019. The IPI aims to open up procurement opportunities in China by introducing procedures by which EU could restrict access to its open procurement markets if the opening is not reciprocal. In addition, trade defence instruments (TDI) were modernised and a new methodology for calculating anti-dumping duties was instituted in order to better protect European companies from imports of under-priced goods.

With regard to investment protection, the EU has also been actively engaged in the establishment of a multilateral investment court to address civil society concerns about investor-state dispute settlement (ISDS) mechanisms. Thanks, in part, to the European Parliament’s demands the controversial ISDS system was replaced with a permanent, transparent and institutionalised Investment Court System (ICS). Today, this process has been taken even further and active negotiations for the establishment of a multilateral investment court (MIC) are ongoing.

Finally, the EU is actively involved in the reform of the World Trade Organization (WTO) to resolve the looming deadlock on its dispute settlement system by the end of 2019, strengthen its monitoring role, and update international trade rules to ensure a level playing field in international trade where currently significant distortions exist. Parliament strongly supports the multilateral trading system, and supports WTO reform, including, if necessary, its dispute settlement system.

Taking stock of the debate in Parliament

Among the EU leaders who have spoken so far, it is possible to identify similar but also divergent viewpoints over the direction of EU’s future trade policy. While a number of Heads of State or Government acknowledge the role of trade liberalisation as an engine for economic growth, others see it as a threat to the livelihoods of producers and consumers alike and more generally to the preservation of high social and environmental standards within the EU. The majority of EU leaders have recognised that nationalist trade policies and protectionist measures pose a threat to the multilateral trading system and have expressed their firm commitment to preserving and defending it. However, amid growing concerns over the functioning of the World Trade Organisation, and faced with increasing unfair trading practices, a number of EU leaders are calling for better protection of Europe’s strategic interests. Some have stressed that the EU should continue to be open to trade but must not be naive.
The majority of Heads of State or Government acknowledged the current shifts in the global trading landscape and called for the EU to assert itself firmly as a relevant global player on the world stage. Some emphasised that, as many other times before, changes brought about by globalisation are destabilising the status quo and breeding fear and distrust in European society, and consequently leading to a rejection of trade agreements.

Nevertheless, despite the existing divergences among Heads of State or Government on the way forward, as one speaker expressed it, Europe itself is a testament that trade liberalisation brings both prosperity and peace among free people.

3.5. Multiannual financial framework

Policy update

Each year, the size of the EU budget is negotiated within the limits set out in the seven-year financial plan, giving a vision of the EU’s long-term priorities and known as the multiannual financial framework (MFF). With the current MFF (for the 2014-2020 period) entering its final phase, the preparation of the post-2020 MFF is already under way. The MFF package tabled by the Commission on 2 May 2018 includes proposals on the 2021-2027 MFF, on own resources to finance the EU budget, and on linking the EU budget with the rule of law. It was followed by a series of further legislative proposals for new and continued spending programmes and funds under the next MFF.

The Commission’s proposal: a new, modern budget for the EU of 27

The Commission’s proposal takes into account the financial coverage of the engagements of the Bratislava and Rome declarations, the challenges identified during the debate on the Future of Europe, and the loss of a major contributor with the UK’s withdrawal. The proposed commitments total €1 134 583 million in constant 2018 prices over the 2021-2027 period. It is equivalent to 1.11% of EU-27 gross national income (GNI) and represents a slight decrease in comparison with the current MFF’s 1.16% share of EU-27 GNI (i.e. Brexit-adjusted).

According to the Commission, the proposal is balanced and based on an honest assessment of the resources the EU will need to deliver on its collective ambitions. More funding is proposed for such areas as the single market, innovation and research (including additional 29.1% for Horizon Europe), environment and climate action (+46%), migration and border management (+207%). By contrast, cuts were proposed for cohesion policy (-10%) and the common agricultural policy (-15%). For the first time, the MFF proposal includes a dedicated budget for security and defence and for instruments supporting European monetary union. Moreover, the Commission proposes new measures to ensure that future EU spending is protected from risks linked to generalised deficiencies as regards the rule of law in the Member States. On the revenue side, the Commission proposed to modernise the current own-resources system, gradually eliminate rebates and introduce a basket of new resources linked to the EU policies on climate, environment and the single market. This reform, according to the Commission, could be an opportunity to depart from the obsolete concept of Member States’ net balances or ‘fair return’.

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Parliament’s negotiating mandate: adequate resources to face new challenges

Parliament has taken a strong stance on building an ambitious, results-focused EU budget, able to respond to unforeseen challenges and supporting programmes delivering European common goods. It is of the opinion that the plan for the EU’s long-term expenditure and EU system of revenue should be treated as a single package and no agreement can be reached on the former without corresponding progress on the latter. Parliament considers the Commission’s proposal insufficient given all existing commitments, challenges and new priorities and estimates that the MFF ceiling should amount to €1 324 089 million (2018 prices), which corresponds to 1.3 % of EU GNI and is 16.7 % more than proposed by the European Commission. In particular, Parliament opposed cuts in the common agricultural policy and cohesion policy. It voted for greater support for certain areas and programmes, including the single market, innovation and digital economy (e.g. doubling the current allocation for Horizon Europe). It also supported measures against unemployment and support for youth (e.g. tripling the allocation for the Erasmus+), environment and climate action (e.g. doubling the allocation for LIFE+), migration, border management, security and defence. Furthermore, Parliament proposed to introduce to the MFF two new items: the Child Guarantee (€5.9 billion) and the Energy Transition Fund (€4.8 billion). Furthermore, according to Parliament, the EU’s contribution to the achievement of climate objectives should be set at a minimum of 25 % of MFF expenditure in 2021-2027, and 30 % as soon as possible, but no later than 2027. As for the proposed changes in the system of own resources, Parliament considers them an important step towards a more ambitious reform, but expects an even more ambitious approach.

Further steps in the negotiations

The proposals have been also examined by the Council. The ministers have been working on preparation of a draft document known as the ‘negotiating box’, including a number of horizontal and specific issues, which need to be addressed during the negotiations and which are most likely to require political guidance from the EU leaders. However, the discussions held so far show that the differences of opinion on many aspects remain significant. For example, opposing views persist as to the overall MFF size, funding of the CAP and cohesion policy, climate mainstreaming, link with the European Semester and the new instrument supporting economic and monetary union as well as on most elements of the proposal on the new own resources.

Reaching agreement on the EU’s multiannual financial plans has never been easy. It concerns almost all areas of the EU action and has to reconcile many competing priorities and divisions among the main decision-makers. The adoption of the MFF package involves various procedures with different roles for the European Parliament and the Council, including unanimous decisions and a specific role for the Heads of State or Government in the European Council. Although, according to the Treaties, the European Council ‘shall define the general political directions and priorities’ of the Union, and ‘it shall not exercise legislative functions’, experience of previous MFF negotiations shows that it plays a decisive role in reaching an agreement, including on figures and on detailed aspects of the spending programmes. This time, the negotiating process is additionally complicated by the overlapping change in the political terms of Parliament and the Commission. The intention of the Commission and Parliament to reach an agreement before the May 2019 European elections was dashed by the European Council’s decision at the December 2018 meeting to continue work at Council level with a view to achieving an agreement only in autumn 2019 (Figure 9). Whether this plan is realistic depends on many aspects, including on the post-electoral process of formation of the new institutions and the final date of the
Brexit. In the more immediate future, important decisions are expected to be announced following the European Council meeting on 20-21 June 2019.

Taking stock of the debate in Parliament

All but three Heads of State or Government spoke on this issue and outlined which policy priorities, in their opinions, deserve funding in the next MFF. They were 14 specifically stressing the need to develop new policies (such as security, innovation and the digital economy), 11 of them also highlighted the contribution of the ‘traditional’ areas (the common agricultural policy – CAP – and cohesion policy), or stressed the need for a balance between the two. Half the speakers addressed the size of the EU budget. Three of the earlier guest speakers have specifically expressed their readiness to contribute more to the EU budget. Three explicitly called for the EU budget to shrink after Brexit/ or remain proportional in relative terms. Others, however, stressed the need to provide the EU with a budget that matches its needs and ambitions. One quarter of the Heads of State or Government, all among the earlier contributions, addressed the creation of new own resources for the EU. Only one, Emmanuel Macron, called for the end of all rebates after Brexit.

There has been no clear convergence of views among the speakers to date on the next MFF. Opposing views persist as to funding of the CAP and cohesion policy. Some Heads of State or Government strongly reject any cuts, while others call for their consolidation and modernisation. Nevertheless, many of them agree that more initiatives should be funded in the areas of external relations, security and defence, and migration. Leo Varadkar, António Costa and Emmanuel Macron have specifically expressed their willingness to contribute more to the EU budget. The call for additional own resources for the EU was made mainly by earlier speakers and has not been mentioned by the last 12 speakers.

![Figure 9 – Timeline of the negotiation process of the post 2020 MFF](image)
3.6. Security and defence

Policy update

Recent years have seen considerable progress in EU security and defence initiatives. The EU’s 2016 Global Strategy has been implemented through an implementation plan on security and defence, the European defence action plan (EDAP) and proposals to strengthen EU-NATO cooperation following the Warsaw joint declaration. These actions provided the basis for the realisation of initiatives such as the European Defence Fund (EDF), the coordinated annual review on defence (CARD) and permanent structured cooperation (PESCO), which aim to enhance and optimise EU defence capabilities. In June 2017, the Commission presented a reflection paper on the future of European defence based on the Global Strategy as a contribution to the Future of Europe debate.

Through the EDAP, the Commission proposed in 2017 a European Defence Fund to support the European defence industry by (co-)funding – for the first time ever – collaborative research projects and joint development of defence capabilities, including through support for small- and medium-sized enterprises (SMEs) and cross-border opportunities in defence supply chains. The European Defence Fund (EDF) aims to support collaborative research in innovative defence technologies and the development of defence products jointly agreed by the Member States. In July 2018, the EU adopted a regulation for a European defence industrial development programme (EDIDP) to finance the EDF until the end of the current budget period. The aim of the regulation is to improve the competitiveness and innovative capacity of the EU defence industry, by supporting cooperation between Member States. Under the new multiannual financial framework (MFF), the fund will receive increased financing, through a regulation on which a partial political agreement was reached in February 2019.

In December 2017, 25 Member States agreed to launch PESCO. PESCO operates based on concrete collaborative projects (currently 34) and commitments, geared towards strengthening EU defence. PESCO members commit to increasing national defence budgets and invest more in defence research. The projects cover areas such as training; capability development and operational readiness on land, at sea and in the air; space and cyber-defence. Several of these areas are consistent with the priority areas identified by the latest version of the Capability Development Plan based on its 2018 revision. As part of its efforts to step up security and defence, the EU is also aiming to improve military mobility, including through PESCO and through cooperation with NATO, as expressed in the 2018 Joint Declaration on EU-NATO cooperation. The Commission has proposed a €6.5 billion envelope for military mobility in the multiannual financial framework (MFF) for 2021-2027 in order to enhance strategic transport infrastructure. Military mobility is to be implemented through the Connecting Europe Facility (CEF).

“We recognise the importance of new policies and challenges, but their financing should not take place at the expense of cohesion policy, which is the fundamental Treaty policy and essence of the European Union.”
Mateusz Morawiecki

“Although we recognise PESCO as a decisive step, our vision remains the military autonomy of Europe, the creation of a euro-army.”
Nicos Anastasiades

“To achieve our global ambitions, we need a stronger and more effective common foreign and security and defence policy.”
Andréj Plenković

“At the same time, NATO will remain the bedrock of collective defence in Europe, and our aim should be a mutually reinforcing relationship between the EU and NATO.”
Jüri Ratas

“Our operational capability must serve our values and interests at the international level.”
Charles Michel

“Only united by permanent structured cooperation, can we help one another to take greater responsibility, complementary to NATO, to address instability on our borders that threatens peace and security.”
António Costa
Common security and defence policy (CSDP), under which the EU has 16 missions currently deployed, has also benefited from the establishment, in 2017, of a Military Planning and Conduct Capability (MPCC) within the EU military staff (EUMS) to assume command and control of EU non-executive military missions. With regard to civilian missions, in November 2018, the Council and the Member States adopted a new Civilian CSDP Compact, agreeing to increase contributions to civilian CSDP missions and to strengthen EU capacity to deploy civilian crisis-management missions. Looking to the future of EU foreign and security policy, in his 2018 State of the Union address, Commission President Juncker proposed broadening the scope of qualified majority voting (QMV) in certain areas of CFSP, including sanctions regimes, the promotion of human rights and decisions on civilian common security and defence policy missions. 'A potential agreement by EU leaders on broadening the scope of QMV to civilian CSDP would signify that the EU would gain increased flexibility to decide and to act in particular areas of security and defence. Several proposals, which would boost the EU's institutional capacity to operate in the area of security and defence, may also be topics of further discussion – and possibly implementation – in the years to come. These include the possibility of a dedicated directorate for general defence and the respective Commissioner post; a European security council; and of a full-fledged security and defence committee (SEDE) in the European Parliament as an upgrade to the existing sub-committee.

From a budgetary perspective, the proposed new MFF will mark a significant increase in EU funding for security and defence and will include a dedicated heading for defence amounting to 2.1% of the overall proposed budget, which will also cover the European Defence Fund and military mobility projects. Moreover, in June 2018 the Commission presented a proposal for a European Peace Facility (EPF), an off-budget instrument alongside the next (MFF) aiming to enhance the EU's ability to prevent conflict, build peace and strengthen security around the world. If agreed on, the EPF will finance parts of the costs of EU defence activities such as African Union peacekeeping missions, the common costs of own military CSDP operations (currently covered by the Athena mechanism), and military capacity building for partners.

The European Parliament has been a strong supporter of developments in security and defence as well as a proponent of the full implementation of the relevant Lisbon Treaty provisions towards a European defence union. Some of Parliament's longstanding positions, included in its 2018 annual resolution on the implementation of the CSDP, relate to the call for an EU security and defence white paper, which would define an 'overarching strategic approach to European defence'; a call for Member States to increase their defence spending, particularly on equipment and research; improved financial control of missions; consistency of security and defence policy with other EU external policies; and complementarity of EU strategic autonomy with NATO. These positions have most recently been emphasised in resolutions on EU-NATO relations, on military mobility, on the European Peace Facility, inter alia, as well as in annual reports on the implementation on the CFSP and the CSDP.

Taking stock of the debate in Parliament

"We want to strengthen our cooperation on security and defence, increase our ability to implement joint civilian and military crisis management operations, and have a European Union that cooperates with strategic partners and builds security – together."

Stefan Löfven
Most of the Heads of State or Government taking part in the Future of Europe debate pointed to the deteriorating global security environment and stressed the importance of showing a united front when addressing the common threats and challenges the EU and its Member States are facing. Some underlined the importance of the internal/external security nexus in countering threats and ensuring the security of the EU citizens, a goal reflected in the EU Global Strategy and the subsequent implementation plan on security and defence. Most of the Heads of State or Government were united in the view that PESCO is a timely development but none of them referred to individual PESCO projects. Defence spending was an important element for several speakers, some of whom praised the EDF initiative and called on all EU Member States to meet as rapidly as possible the objective of spending 2% of their GDP for defence. A number of speakers called for European defence cooperation to be pushed beyond PESCO and for a genuine European defence union, in accordance with the Lisbon Treaty. A few spoke of a European army, to be complementary to NATO, as a possible long-term development towards which the EU must work, without delineating the details of such a project.

The contributions of Heads of State or Government in the Future of Europe debate showed a high degree of convergence of views on security and defence. For example, most of them spoke of the common threats that the EU and the Member States are facing, primarily referring to the ‘arc of instability’ present in the EU’s neighbourhood, terrorism, cyber-attacks and disinformation. A number highlighted that the EU and Member States need to elaborate a common response to threats that balances and preserves the EU’s interests internationally. Most of the EU leaders stressed the importance of preserving the transatlantic link. They mentioned that current efforts to advance European defence cooperation, in particular PESCO and the EDF, were complementary to NATO, which remains the provider of ‘collective security’ in Europe. Some of the Heads of State or Government spoke of the EU’s commitment to multilateralism, one of the pillars of the EU’s Global Strategy. They stressed the importance of taking a holistic approach to foreign and security policy, drawing on the full range of diplomatic, military, trade and development tools the EU and its Member States have access to. With regard to institutional aspects, a few called for the introduction of qualified majority voting in those foreign and security policy areas where the Lisbon Treaty permits, while one – Nicos Anastasiades – spoke against changing decision-making rules applicable to civilian CSDP. Angela Merkel, who has called for the creation of a European security council, made the only other institutional proposal of the entire debate on defence. One speaker, Emmanuel Macron, praised the work undertaken by the European Parliament on the European Defence Fund.

3.7. Climate change

Policy update

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

“My country [Latvia] spends 2% of its GDP on the military. I believe that we all should. Aggressive countries will always respect strength. We need to invest in order to remain strong.”

Krisjānis Kariņš

“We will provide a clear and firm response to our fellow citizens that, yes, we can protect them and provide a response to this global disorder.”

Emmanuel Macron

“We, together, must implement the Paris Agreement without any ‘ifs’ or ‘buts’ or ‘maybes’, to keep the global temperature rise below 1.5 degrees.”

Stefan Löfven
EU climate and energy policy

The EU has a comprehensive set of energy and climate policies, including its emissions trading system. It is broadly on track to achieve its climate and energy targets for 2020. These policies were reinforced in the 2015 energy union strategy and in legislation adopted during the eighth European Parliament legislature. To move towards a low-carbon society and achieve its international commitments (NDC) under the Paris Agreement, the EU has revised its legislation regarding emissions trading, effort sharing, energy efficiency, renewable energies and energy performance of buildings and introduced a new regulation regarding land use and forests. In 2019, Parliament and Council adopted legislation on the CO₂ emissions of new cars and vans, the CO₂ emissions of heavy-duty vehicles and on the electricity market (a regulation and a directive). The Commission proposed to raise climate-related spending in the next multiannual financial framework (2021-2027) to a quarter of the EU budget. To outline pathways towards a future low-carbon economy, in November 2018, the European Commission adopted a ‘clean planet strategy’ for a climate neutral Europe by 2050. The co-legislators also adopted a targeted revision of the 2009 natural gas directive, which would ensure that EU energy law applies to gas pipelines entering the EU internal market, including the controversial Nord Stream II gas project.

International agreements and climate diplomacy

The global environment has become more challenging: in addition to the US withdrawal from the Paris Agreement, a number of other countries have enacted only weak climate change policies. Public and private-sector investment in climate-friendly technologies such as renewable energies has fallen globally, while studies such as the United Nations Environment Programme (UNEP) emissions gap report and the Intergovernmental Panel on Climate Change (IPCC) special report on global warming of 1.5°C indicate that efforts should be increased beyond the current NDCs to achieve the temperature targets of the Paris Agreement. As regards developing countries, many of their commitments are conditional upon the availability of climate finance, but achieving the amount set out in the Paris Agreement – US$100 billion annually by 2020 – will prove difficult, even more so after the US stopped its payments to the UN Green Climate Fund. The EU remains committed to providing assistance to developing countries in the form of finance and expertise, and takes an active role in international climate diplomacy.

European Parliament role

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. Throughout the eighth legislative term, Parliament successfully pushed for stronger climate and energy legislation. As a result, many adopted texts go well beyond the Commission proposals. For example, the adopted target for energy efficiency improvements is 32.5 % (instead of 30 % proposed by the Commission); the target for the share of renewable energy stands at 32 % (instead of 27 %), and the CO₂ emissions of new passenger cars in 2030 must 37.5 % lower than in 2020 (instead of 30 %). In October 2018, Parliament adopted a resolution on COP24, advocating a 1.5°C global warming target and calling for a 55% emission reduction in the EU by 2030. A parliamentary delegation participated in the annual UN climate conferences in Lima, Paris, Marrakesh Bonn and Katowice. In response to Commission’s ‘clean planet strategy’, Parliament adopted a resolution on climate change in March 2019, welcoming the strategy and calling for an overarching approach towards achieving net zero emissions by 2050.
Outlook

The debate on long-term emission reduction, based on the Commission’s clean planet strategy, is expected to be on the agenda for the June 2019 European Council. The debate is expected to continue in the next legislative term and feed into the EU’s long-term low greenhouse gas emission strategy required by Paris Agreement in 2020. The question how to achieve a ‘just transition’ towards a low-carbon economy is likely to play an important role in the debate. The co-legislators will also need to agree the on the multi-annual financial framework for 2021-2026, for which the Commission proposed to dedicate 25% of the EU budget to climate action. To prepare the implementation of the energy and climate policies, Member States have drawn up draft national energy and climate plans, as required by the regulation on the governance of the energy union. The European Commission is assessing these plans and may issue recommendations to Member States in June 2019. The Commission has started preparatory work on the future of gas infrastructure and gas markets, with a view to a closer integration of the gas and electricity systems, aiming to facilitate the production of hydrogen and other gases from renewable electricity and promote their use in the transport and buildings sectors and for long-term energy storage.

Taking stock of the debate in Parliament

“I am proposing a 55 per cent reduction in greenhouse gas emissions by 2030. Not only to meet our obligations, but also because a competitive and forward-looking Europe is by definition a sustainable Europe.”
Mark Rutte

Most speakers mentioned climate change as a common challenge. Some reconfirmed their support for the full implementation of the Paris Agreement and deplored the fact that the US had unilaterally denounced it. A few called for the Paris commitments to be made stronger and welcomed the Commission’s objective of achieving a climate-neutral economy by 2050. One, Mark Rutte, pointed out that the current target of reducing greenhouse gas emissions by 40% by 2030 was not enough to keep global warming below the 2°C ceiling set in Paris, and proposed to ‘raise the bar’ to 55%. Several Heads of States or Government stressed that energy transformation was key for the EU in the current geopolitical context. A few underlined the importance of reducing energy dependence by investing in innovation, including clean-tech energy, by relying on different types of energy, compatible with the EU’s low-carbon economy objective, and by diversifying supply sources. Some of them spoke of the importance of energy prices and explained that a fine balance needed to be struck between affordable energy prices and policies aimed at reducing energy supply dependency.

There was broad convergence of views among Heads of State or Government on the urgent need to act on climate and energy. Nearly half of the speakers considered that the EU could play a leading role internationally in the implementation of the Paris Agreement. A number agreed that greenhouse gas emissions had to be reduced, whilst a few were calling, in line with the European Commission proposal, for a carbon neutral economy by 2050. Promoting renewable energy, increasing energy efficiency, developing strategic energy projects, keeping energy prices low and ensuring the diversification of supply were themes that several leaders touched upon in their interventions. These are all part of the European energy union project, which only one speaker – Andrej Plenković – stated explicitly should continue to be built.
The debate also showed that diverging views persist among the EU leaders on a number of issues, including the strategic energy projects that the Member States should pursue. For example, one speaker – Mateusz Morawiecki – called into question the North Stream 2 project, underlining its high dependency on Russia.

3.8. Institutional aspects

Policy update

Brexit and the upcoming European elections have offered the opportunity to reflect, once more, on the path the Union should take in the future. A serious reflection was initiated not only on how to develop individual policy areas but also on the future direction of the EU as a whole, on how to re-organise institutions, enhance the democratic dimension of the EU and encourage EU citizenry's involvement into the EU dynamics.

Although a debate on the future of Europe was already on the cards, the decision of the UK to withdraw from the EU can be said to have accelerated it. In the aftermath of the British referendum, with the Bratislava declaration of September 2016, the EU-27 Heads of State or Government decided to give a clear signal combining unity with concrete actions crystallised in a 'roadmap' for example on migration or security. At the same time, efforts were made not to neglect a discussion on the reasons why the popularity of the European project appeared to have diminished. After the Bratislava Summit, with the Rome Summit, at the March 2017 celebrations of the 60th anniversary of the Rome treaties, the Heads of State or Government, in a more solemn setting, pledged for 'Unity and solidarity'. Within this framework, the idea of an EU integration at different speeds and intensities re-emerged.

In this initial phase, the European Parliament offered a substantial contribution in terms of ideas ranging from less invasive proposals to more far-reaching proposals for reforms with two resolutions adopted on 16 February 2017. With a first resolution, Parliament intended to build on the 'unused potential' of the Lisbon Treaty by e.g. limiting the inter-governmental approach; proposing a shift from unanimity to qualified majority voting through the use of passerelle clauses by the European Council; make more frequent use of its own right of legislative initiative; strengthening its political scrutiny (function) over the Commission; reducing the number of Council configurations and transforming the Council into a true legislative chamber and. With a second resolution, Parliament presented more far-reaching proposals to the current institutional set up, most of which would however require Treaty changes, e.g. the transformation of fiscal and economic policy into a shared competence; increasing its involvement in economic and monetary union; creating an 'EU foreign minister', transforming the office of the HR/VP; empowering the Commission to bring infringement procedures for the violation of Union values; making more frequent use of qualified majority voting in the Council; granting the power to submit legislative proposals to actors other than the Commission, such as the Council, Parliament and national parliaments.

The evolution of the European integration is historically, although not exclusively, linked to the evolution of the Franco-German relationship, which saw with the Meseberg declaration in June 2018 developing points of convergence between President Macron and Chancellor Merkel's visions on several issues such as the migration agenda, the strengthening of the asylum system, the establishment of genuine border police, and the establishment of a euro-area budget. The Meseberg declaration was followed by the Aachen Treaty signed on 22 January 2019, marking this convergence on various areas.
The Commission made a constructive contribution to the debate with its White Paper of March 2017 presenting five ‘working methods’ for the future. The Commission proposed five different scenarios in which EU integration could be developed with the intention of stimulating the debate without offering a definitive solution. Those scenarios were: i) ‘Carrying on’; ii) ‘Nothing but the single market’; iii) ‘Those who want more do more’; iv) ‘Doing less more efficiently’; and v) ‘Doing much more together’. To these five scenarios, a sixth was added in the 2017 State of the Union address, based on strengthening a Europe of values represented by freedom, equality and respect for the rule of law.

Although the European Council did not give an official reaction to the Commission’s white paper, it nevertheless gave some Member States or groups of Member States the opportunity to express their positions. The southern European Union countries set out their visions on specific policy areas, while other groups of countries such as Italy France, Spain and Germany at the Versailles Summit took up explicit positions in favour of a multi-speed Europe. The Visegrad States expressed scepticism regarding that approach at their Warsaw meeting. Beyond the State of the Union addresses delivered each year by the Commission’s President, the Commission in its communication of March 2018 offered also support on specific institutional aspects, such as the Spitzenkandidat process, revised composition of Parliament, the possible introduction of transnational lists and reform of institutional leadership of the European Council and the Commission at the highest level, with the introduction of a ‘double-hatted’ position that encompasses both functions.

More recently, on 13 February 2019, the European Parliament adopted a resolution on the state of the debate on the future of Europe touching upon several aspects, ranging from policy, such as the perspective of EMU and economic governance, to institutional issues. This resolution recognised the need to make EU decision-making processes more democratic and transparent; reaffirmed the importance of the Community as opposed to the intergovernmental method and fostered more agile decision making through the increased use of qualified majority voting, also through recourse to passerelle clauses. Parliament, in this resolution, also expressed the need to respect the balance between differentiated integration and the equality of Member States; called for a more active role of national parliaments especially in controlling the action of their governments in the European institutions; and reiterated its suggestion to transform Council into a true legislative chamber. It also stressed the need for a more intense political integration, encompassing respect for human rights, fundamental freedoms and democratic principles.

The debate on the Future of Europe involved not only EU institutions, EU leaders and Member States, but also citizens. The citizens’ dialogues launched by the Commission in 2012, but reinvigorated by President Juncker’s bid to ‘regain citizen’s trust’, created a permanent dialogue between EU citizens in EU Member States and high-level representatives of the EU institutions. The aim was to exchange views, explain EU policies, gather ideas, receive and reflect on criticism. This exercise involved also an online consultation of EU citizens who could also react to the Commission’s white paper and express their views.

In the midst of the various positions expressed by EU institutions and groups of countries, the European Council adopted a new working method, the Leaders’ Agenda intended to facilitate discussion and decision making within the European Council in a more, results-oriented fashion. Within the Leaders’ Agenda modus operandi, the plan is to devote the Sibiu Summit on 9 May 2019 to the preparation of the 2019-2024 strategic agenda and the assessment of the Leaders’ Agenda.
Taking stock of the debate in Parliament

“It is necessary to abolish the rule of unanimity; not only on foreign affairs issues, but also on such important matters as taxation, the multiannual budget and the mechanisms to verify respect for the rule of law and human rights.”

Pedro Sánchez

The Spitzenkandidaten procedure and transnational lists were only mentioned by three speakers, Leo Varadkar, Andrej Plenković and Xavier Bettel and these were among the first six speakers addressing the European Parliament. While the European Commission white paper on the future of Europe was only mentioned directly by Leo Varadkar and António Costa, others indirectly addressed some of the five scenarios, by outlining their preference for the division of competences between the EU and Member State level. Some argued that some responsibilities needed to be given back to Member States while many others called for more Europe, but this only in specific areas. The French President, Emmanuel Macron, called for more ‘European sovereignty’ and for upgrading the European level. Many of the interventions have stressed the importance of democracy and the rule of law, in particular as Europe is facing rising populism and authoritarianism. In this context, eight speakers also referred directly to the forthcoming European elections.

Many speakers expressed concern at the growing distance that has developed between the institutions and the citizens, and considered that readjustments need to be made to the EU’s political and institutional performance. Charles Michel spoke of a ‘fundamental crisis of faith’ in public institutions, including European institutions, as well as in traditional media. Most leaders intervening in the Future of Europe debate, in particular the later contributions, chose not to dwell on institutional reforms as, in their view, attention should lie more on listening to the citizens and regaining their trust. All speakers referred to the role of ‘citizens’ either in the context of delivering for them and/or regarding their active involvement in the EU such as through ‘Citizens consultations’.

“I do not hide from you that I am a little hesitant about institutional debates. These discussions, as important as they are, do not excite our citizens.”

Xavier Bettel

“Let’s make permanent the Spitzenkandidaten system, and democratise choosing candidates for other leading positions within the EU.”

Leo Varadkar
This paper concludes a series of four briefings on the Future of Europe debates that have explained the views of the different Heads of State or Government who have spoken in the European Parliament’s plenary sessions from January 2018 until April 2019. The first part of this paper describes the overall points of convergence and divergence among the speakers, trends in the topics tackled, and proposals advanced. In the second part, the paper offers excerpts from some of the most significant statements by the speakers, as well as a more detailed analysis of their various positions on the following key policy areas: Economic and Monetary Union, migration, the social dimension, international trade, climate change and energy, security and defence, the next Multiannual Financial Framework, and institutional issues.