Ten issues to watch in 2020
This EPRS publication seeks to offer insights and put into context ten key issues and policy areas that are likely to feature prominently on the political agenda of the European Union in 2020. It has been compiled and edited by Isabelle Gaudeul-Ehrhart of the Members' Research Service, based on contributions from the following policy analysts: Naja Bentzen (issue 10), Alessandro d'Alfonso (issue 8), Vivienne Halleux (issue 1), Nóra Milotay (issue 2), Mar Negreiro (issue 3), Magdalena Sapala (issue 7), Elena Lazarou and Jana Titievskaia (issue 9), Anja Radjenovic (issue 6), Gianluca Sgueo (issue 5), and Agnieszka Widuto (issue 4). The cover image was produced by Samy Chahri.

Further details on the progress of on-going EU legislative proposals, including all those mentioned in this document, are available in the Parliament's Legislative Train Schedule, at:

http://www.europarl.europa.eu/legislative-train/

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Introduction

A new European Parliament and new European Commission, a new decade, and a new financial framework to adopt for the next seven years – 2020 would seem to be a year full of new beginnings. But 2020 does not start with a blank page: next to the political commitments already made and work programmes already adopted, a range of issues are already on the table, some recent, some less so, but all requiring our understanding, and each calling for action.

To help us to see where we need to focus and take action, the European Parliamentary Research Service has asked a dozen of its policy analysts to select, from myriad interesting topics, ten issues to watch in 2020. These issues concern all aspects of European policies: economic and social, European citizens and migrants, the most advanced technologies and most affected regions, budget and finances, as well as trends within our European borders and across the oceans or at the pole. Some of these issues follow directly from previous editions of this publication – such as the multiannual financial framework, migration, and the impact of US politics on transatlantic relations. Others are assessed in a new light, for example climate action and energy transition. And still others are brand new in this series of publications, such as the ‘gamification’ of EU democracy, and the Arctic.

Behind this diversity, two main themes emerge: climate and solidarity. These two themes will not come as a surprise: they were at the heart of campaigns for the European elections last year, and continue to make the headlines at both European and national levels. The December 2019 Parlemeter – the Eurobarometer survey for the European Parliament – confirms that, first and foremost, European citizens demand a greener and fairer Europe. Climate change, poverty and social exclusion are citizens’ key priorities for the European Parliament to address.

Climate and solidarity have therefore logically inspired the written contributions as well as the visual representation of the ten issues and their interaction, represented on the cover of this publication. In 2020, no issue can be presented, let alone understood, in isolation, detached from its interactions with others. As one example among many, biodiversity calls for climate action, which will affect the adoption of the multiannual financial framework, which will define the Just Transition Fund, which will influence the fight against poverty and exclusion that affect children, who interact via 5G, which enables more on-line involvement of citizens, who coordinate support to migrants using new technologies or express their concerns for the Arctic on line, and so on.

In a world in which all issues are directly or indirectly related to the others, the thinking follows this pattern. It follows that, with this publication as increasingly elsewhere, you can choose to read these issues in any order you wish. Cross-referencing will make the connections and guide you from one subject to the other.

We hope that you will enjoy reading this latest edition of ‘Ten Issues to Watch’ and that it will stimulate your reflections and ignite your curiosity as you explore the challenges and opportunities of 2020.

Étienne Bassot

Director, Members' Research Service
European Parliamentary Research Service (EPRS)
1. Towards a 'Paris Agreement' for biodiversity?

Biodiversity refers to the variety of all living organisms present on Earth. It encompasses diversity within and between species and of ecosystems. Though essential to human life, biodiversity is continuously declining, mainly as a result of human-induced pressures. While existing policies and actions for conserving nature and using it more sustainably have achieved some results, they are not sufficient to stem the drivers of nature's deterioration. The latest global assessment of the state of biodiversity and ecosystems points to an unprecedented and accelerating rate of global change in nature. One million animal and plant species (out of a total estimated number of 8 million) will be driven to extinction, many within decades, unless action is taken across sectors and policy areas.

Why biodiversity matters

Biodiversity underpins the functioning of ecosystems, which provide a wide range of direct and indirect contributions essential to human life. Those 'ecosystem services' include the provision of food, fuel and medicines, crop pollination (over 75% of global food crop types rely on animal pollination), climate regulation through carbon storage and control of local rainfall, water and air filtration, mitigation of the impact of natural disasters, and soil formation. Globally, such services are worth US$125-140 trillion per year (over 1.5 times the size of global gross domestic product – GDP).

Drivers of biodiversity loss

Biodiversity loss can be driven by natural or human factors. Habitat loss, alteration and fragmentation due to land-use change is a main pressure. Types of land-use change include the conversion of land cover (deforestation, mining), changes in (agro-) ecosystem management (e.g. through intensification of agriculture or forest harvesting), and changes in the spatial design of the landscape (e.g. fragmentation due to urban sprawl and ‘grey’ infrastructure developments). The over-exploitation of natural resources (mainly via harvesting, logging, hunting and fishing), climate change, pollution, and invasion of alien species are further key threats to biodiversity. Those direct pressures are influenced by indirect drivers, such as economic and population growth, resulting in an increased demand for food, fibre, water and energy. Evidence suggests that in the future, climate change will pose the gravest threat. It will also interact with and exacerbate other stressors.

<table>
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<th>Biodiversity and climate change</th>
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<td>Biodiversity contributes to both climate change mitigation and adaptation. Marine and terrestrial ecosystems are major carbon stores, sequestering about 5.6 gigatonnes of carbon per year, the equivalent of some 60% of global anthropogenic emissions. Healthy ecosystems can help reduce the impacts of climate change. Mangroves, for instance, act as buffer zones, protecting the shoreline from floods and soil erosion. At the same time, climate change affects ecosystems and species in multiple ways, mainly as a result of higher temperatures, changes in precipitation patterns and increases in extreme weather events and wildfires. Temperature increases induced by climate change could threaten one in six species at the global level. While the links between biodiversity and climate are well documented, there has been growing political momentum recently to tackle the challenges of climate change and biodiversity loss together, as illustrated by the G7 Metz Charter on Biodiversity; the Beijing call for biodiversity conservation and climate change; and the November 2019 European Parliament resolution on the climate and environment emergency. Addressing both issues jointly is all the more important as climate change mitigation efforts can have potential unintended consequences negatively affecting biodiversity (e.g. biofuel expansion can push food crop cultivation into natural areas). Some analysts suggest that better integrating climate change and biodiversity action would require increased coordination in science, international governance (between the conventions on climate change, biological diversity, and on combating desertification) and civil society.</td>
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Policy responses

Many different international agreements relate to biodiversity, the most important being the United Nations Convention on Biological Diversity (CBD), to which the European Union is a party. In 2010, the parties to the CBD adopted a ten-year global strategic plan for biodiversity to tackle biodiversity loss, including the ‘Aichi’ biodiversity targets. However, according to the 2019 global assessment of the state of nature carried out by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, most of those targets are likely to be missed.

At EU level, nature conservation policy is based on two main pieces of legislation, the Birds Directive and the Habitats Directive, which provide the basis for the Natura 2000 network of protected areas. Aiming to safeguard species and habitats of special European interest, this network currently covers 18 % of the EU’s land area and almost 9 % of its marine waters. Other relevant EU legislation includes the Water Framework Directive (for inland waters) and the Marine Strategy Framework Directive (for marine waters); as well as the common agricultural policy and the common fisheries policy.

In 2011, the EU adopted a biodiversity strategy to 2020, reflecting the commitments made within the CBD. It sets a headline target (‘halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them in so far as feasible, while stepping up the EU contribution to averting global biodiversity loss’), and six mutually supportive targets, each translated into a number of actions. The mid-term review of the strategy in 2015 concluded that the EU was not on track to meet its 2020 headline target. This is confirmed by the European Environment Agency’s (EEA) report on the ‘State of the Environment 2020’, which finds that only two of the policy objectives set for 2020 are likely to be met – namely, designating marine protected areas and terrestrial protected areas. If current trends continue, nature is set to deteriorate further in the coming decade. The adequate integration (‘mainstreaming’) of biodiversity concerns into sectors and policies exerting considerable pressure on biodiversity (including agriculture, forestry, fisheries, spatial planning, energy, transport, tourism and industry), the critical importance of which was already stressed by the EEA in its 2015 assessment, remains crucial for the post-2020 biodiversity agenda.

2020, a game changer?

In October 2020, the parties to the Convention on Biological Diversity will meet in China to review the achievement and delivery of the strategic plan. At the conference (COP15), they are expected to adopt a post-2020 global biodiversity framework, with conservation goals for the next decade.

The European Commission President, Ursula von der Leyen, has expressed the ambition that the EU ‘lead the world’ at this COP, as it did at the 2015 Paris Climate Conference. As part of the European Green Deal, the Commission has pledged to present, by March 2020, a biodiversity strategy for 2030, followed up in 2021 by measures targeting the main drivers of biodiversity loss. The envisaged strategy would include an outline of the EU’s position for the COP, with global biodiversity protection targets, commitments to address the causes of biodiversity loss in the EU, with measurable objectives, and measures to restore damaged ecosystems.

In January 2020, the European Parliament is due to vote a resolution in view of COP15. The motion for a resolution, adopted on 3 December 2019 by its Committee on Environment, Public Health and Food Safety, stresses the need for the international biodiversity framework to take the form of a legally binding agreement. It also urges the Commission to design a biodiversity strategy for 2030 that sets legally binding targets for the EU and its Member States.
2. 21st century policies for 21st century children?

Europe's youngest generation and its challenges

Today's children under 18 – part of 'Generation Z' (children and young people under 22) – are the most diverse in terms of origins. In Luxembourg, for example, the share of foreign-born children in the 0-14 age group was the highest in the EU in 2016, with one fifth born outside the national territory (14.1 % born in another EU Member State, and 5.9 % outside the EU). There are also big variations between countries in east and west. In Sweden, the share of children born outside the EU was 6 %, but in Czechia, Croatia, Poland and Estonia, this was only between 1 and 1.6 %. The members of this generation are also the first to be labelled 'digital natives': despite large differences between OECD countries, almost all 15-year-olds (95 %) have internet access at home. The youngest generation is more affected by 'sticky floors and ceilings' than any other when it comes to intergenerational earnings mobility: since the 1990s, there has been a general trend towards a lack of mobility between the income positions at the bottom and at the top of the social ladder. When looking at the UN Sustainable Development Goals (SDGs), the youngest are the most vulnerable, most affected by poverty and by unemployment. That said, poverty is a multi-dimensional issue not only related to income, and thus not only affecting children from low-income families. Based on calculations of household income, close to 25 % of children are at risk of poverty in the EU. However, looking across several other dimensions of poverty, including housing and social activities, about 30 % of children are affected in high-income countries. This trend has strengthened since the 2008 recession. At the same time, this generation is claimed to be the best educated proportionally, as well as liberal-minded and open to emerging social trends.

Trends concerning the share of young and old people who will depend on the working-age population show that today's generation of children will face an increased burden in supporting the remainder of the population as they move into work. Moreover, the population stagnation and emigration of highly educated early-career citizens that is already being observed in several southern, central and eastern European Member States, will result in a smaller and less educated workforce in those countries. At the same time, a more highly educated labour force should be able to compensate for some of these demographic trends and secure sufficient productivity levels. In addition, among generalists and specialists, a new group of 'versatilists' is emerging, who can apply in-depth skills to a progressively widening scope of situations and experiences, gaining new competencies, building relationships and assuming new roles. Such individuals are capable of constantly adapting in a fast-changing world. Against this evolving background, the EU needs to make sure that its policies are responsive to the changing needs, including those of the labour market, so that policy not only compensates for, but also anticipates change.

Possible responses in the next political cycle

The President of the European Commission, Ursula von der Leyen, wrote in her mission letters to the then Commissioners-designate: 'What we do now will determine what kind of world our children live in'. The President's political guidelines also put special emphasis on the delivery of the SDGs by planning to mainstream them in the European Semester. The 2030 Agenda for sustainable development is the most ambitious global agreement for achieving social progress to date. To monitor its progress, the SDG goals and targets have been set universally for all countries. Currently, we lack an official global monitoring framework that looks at children's lives in a multidimensional way. The SDGs can fill the statistical gap. Supporting progress for children today helps to meet the long-term, multiple ambitions of the SDG agenda tomorrow.

The 1989 United Nations Convention on the Rights of the Child (UNCRC) explicitly recognises children as human beings with innate rights, and has been ratified by all EU Member States. Article 3
of the Treaty on European Union (TEU) focuses, inter alia, on the protection of children's rights, as does Article 24 of the Charter of Fundamental Rights of the EU. Over the years, this focus has helped to promote a more comprehensive approach to policies concentrating on children across the EU. It has also promoted a move away from the idea of children as objects in need of protection, towards children as autonomous agents participating in society, as was the case, for example, in recent climate marches. Several EU policies and programmes in the areas of education, social and employment policies, health, the digital agenda, migration and justice have already targeted children directly.

The plans of the von der Leyen Commission open up the prospect of a more comprehensive strategy of policies focusing on all children, anticipating change, granting equal opportunities and mitigating adverse life events. Nearly half of the Commissioners have tasks directly linked to children's lives, such as migration, trade, crisis management, and the environment, and some new portfolios. The mission letter of the Commissioner for Democracy and Demography includes reference to a two-year conference on the future of Europe for citizens of all ages across the EU and follow-up on the actions agreed; an analysis of the impact of demographic change on the different groups in society and the regions most affected, accompanied by measures on how best to support them; and support to areas that are most affected by brain drain. It also outlines a plan for a comprehensive strategy on the rights of the child, including actions to protect vulnerable children, protect their rights online, foster child-friendly justice, and prevent and fight violence. Together with the Commissioner for Equality, this Commissioner will also coordinate efforts on a better work-life balance, following the path of the recently adopted Work-Life Balance Directive – an attempt to adjust systems to the changing realities of families. Moreover, the Commissioner for Democracy will focus on investing in children and on creating a Child Guarantee – a long-standing request of the Parliament – for the most vulnerable children, so that they get access to basic services: health, housing, nutrition, early childhood education and care, and education. This she will carry out jointly with the Commissioner for Jobs and Social Rights, who will also be responsible for adjusting social protection systems to the new reality of work. Several Commissioners will focus on strengthening child protection, particularly for children in vulnerable situations: migrants, Roma children, children with disabilities, unaccompanied minors, and children affected by crisis situations. The Commissioner for Innovation, Research, Culture, Education and Youth will focus on making the European Education Area a reality by 2025, so as to allow everyone to access quality education and to move between countries. She is also expected to update the digital education action plan and raise awareness of disinformation from an early age. Finally, the Commissioner for Health and Food Safety will work with the Commissioner for Innovation on education for a healthy lifestyle, including the mental health of children and adolescents.

Designing forward-looking policies to meet the challenges

To better design policies, President von der Leyen intends to strengthen the links between portfolios as well as between the people and the EU institutions that serve them. The Commissioner responsible for interinstitutional relations and foresight will publish a yearly foresight report that should help with priority-setting and also in the coordination of policies in different areas sharing the same objectives. Apart from building stronger links with the Parliament, he should also involve stakeholders and citizens in these discussions. Children could be part of this process too. In the EU, children can participate in national elections from their 18th, or sometimes their 16th or 17th birthday. In some countries, they can now also participate in the design and evaluation of the policies, legislation and public decisions that affect their lives. Putting children and their best interests centre stage across so many portfolios might achieve a more holistic approach to children’s development. In addition, a stronger focus on the SDGs can encourage better data collection across countries, which in turn can feed into more forward-looking policy design that anticipates change.
3. 2020: The beginning of the 5G era

In 2020, we will hear more and more about 5G – the next generation of broadband infrastructure with gigabit speeds – as according to the Commission’s targets, this is the year when it is supposed to become commercially available in at least one big city in each EU Member State. Already in 2019, some countries started launching and experimenting with 5G pilots, but wider deployment is expected once the 5G standards and the dedicated 5G spectrum pioneer bands become available by the end of 2020. Given the enabling role that 5G plays in the digital transformation of our society and economy, it is paramount that the EU does not lose the opportunity to lead in the 5G global race.

A worldwide race to roll out 5G

There is a worldwide race to research, develop, and roll out 5G. Once it has been widely deployed between 2020 and 2025, 5G is expected to enable an array of new innovative services that will transform sectors such as manufacturing, energy, vehicle manufacturing and health. That is why in many parts of the world 5G is becoming a national priority for the broader digital transformation of the economy. Many countries have already started experimenting with pilots and small scale launches. In April 2019, South Korea became the first country to commercially launch 5G on a wider scale, and by December 2019, about 5 million Koreans had 5G phones. The largest commercial launch in 2019 took place in China, which deployed over 100,000 base stations in over 50 cities in November and is expected to reach 143 million 5G users in 2020. In fact, at this pace, many expect that China will dominate the global 5G market by 2025. The US and Japan will grow rapidly in 5G adoption, whereas the EU will lag behind them. From an industry perspective, two out of the five companies serving the 5G radio access network space are European: Ericsson and Nokia. According to some analysts, in a digital world increasingly dominated by Chinese and US companies, 5G is one of the few future markets where European suppliers are in a very good position to compete with these companies from the start.

The real 5G is yet to come

The path to 5G, including all the technical specifications and standards, represents the most complex evolution that the mobile industry has undertaken to date. Currently, 5G is in its first phase of implementation (i.e. ‘non-standalone’ (NSA), supported by existing long-term evolution (LTE) (4G) radio and core network infrastructure). However, 4G is starting to run out of capacity given the mobile data traffic explosion, and the move to standalone 5G is needed to cope with this trend. It will transport a huge amount of data much faster, reliably connect an extremely large number of devices and process very high volumes of data with minimal delay. As an example, certain types of real-time applications, such as remote surgery, could not be done with the current 4G technology due to lag and control delay. The first 5G-enabled human remote brain surgery took place in China last November, with doctor and patient over 2,400 km apart. According to the International Telecommunication Union (ITU), the standards supporting all 5G applications will be in place in 2020. Some telecom service providers prefer to go straight from 4G to standalone 5G, and are waiting until 5G coverage is established as operators still look to recoup 4G investments, since 5G deployment requires a lot of investment in infrastructure costs.

The EU approach

Given its importance for EU competitiveness, the European Commission aims to speed up 5G deployment, notably by updating EU legislation to increase 5G investments, by supporting the 5G
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EU action plan strategic initiative, and by co-financing 5G research and development within the 2021-2027 multiannual financial framework (MFF – see also issue 7).

The European Electronic Communications Code, which updated the previous EU telecom legislation, sets important framework conditions as regards 5G investment in the EU. In particular, Member States are required to make 5G pioneer bands available by the end of 2020, with investment certainty and predictability for at least 20 years.

The EU 5G action plan also set out key targets to be achieved by Member States, including a common EU calendar for a coordinated 5G commercial launch in 2020 (in at least one major city in each Member State) and ensuring that all urban areas and major terrestrial transport paths have uninterrupted 5G coverage by 2025. It also supports co-funding research and development, including the launch of pan-European pilot demonstrators. According to the EU 5G observatory, at the end of September 2019, it was clear that Member States were heavily involved in 5G testing, with 165 trials reported, including 11 ‘digital cross-border corridors’ with live tests of 5G for cooperative connected and automated mobility. Finally, the Commission recommendation adopted in March 2019 seeks a high level of cybersecurity of 5G networks across the EU, with a coordinated approach guided by the toolkit expected in early 2020.

Remaining challenges ahead

There are industry concerns about whether plans to keep 5G on track for a fully commercialised launch by 2020 will actually happen, given all the complexity involved at technical level and the investment required for spectrum licensing and infrastructure costs. The 5G business case is clear in dense urban areas, where demand is high, but not in rural areas. Therefore, not all EU consumers and businesses will benefit from 5G applications, creating a new type of digital divide.

Next, there is the concern to create sufficient consumer and business demand for 5G, as the former might not be ready to pay for more expensive handsets and subscriptions, or the latter for the infrastructure costs and resources that are required for their digital transformation.

Another key challenge to overcome is that of making 5G more energy efficient. With each new generation of mobile technology, the energy consumed by the network has grown significantly, as data traffic has continued to increase. In South Korea, since the 5G commercial launch, monthly data traffic per user has doubled compared to 4G. Although according to the industry, 5G is designed to deliver increased energy efficiency, the actual impact on the environment is yet to be assessed.

In addition, cybersecurity concerns draw a lot of media attention. These are linked to the greater access of third-party suppliers to networks, and the total increase in the overall attack surface and potential entry points for attackers, as well as the degree of dependency on individual suppliers. Moreover, as 5G networks are increasingly based on software, they could also make it easier for hostile actors to maliciously insert ‘back doors’ into products and critical infrastructure. According to the Council, the legal and policy framework to which suppliers may be subject to in third countries should be considered.

Other emerging issues such as health and safety aspects and ecological aspects will need to continue being explored during this decade, as a number of studies are ongoing and an increasing number of citizens, scientists and doctors are concerned about the potential harmful effects that 5G could have on human health and on the environment.

During the 5G era that starts in 2020, we will see a revolution that will transform the world as we know it. We have to hope that the EU will not lose the opportunity to lead in the 5G global race, to foster growth and innovation in key sectors and industries, and to improve the quality of life for society as a whole.
4. Energy transition: Who will pay the price?

The EU plans to cut greenhouse gas emissions by at least 50% by 2030 and to achieve climate neutrality by 2050. This will require a transition from fossil fuels to renewable energy sources. In particular, it will mean phasing out coal, with impacts on jobs and regional economies. In order to support this energy transition, the von der Leyen Commission has proposed a Just Transition Mechanism as part of the European Green Deal. The idea of ‘just transition’ acknowledges the past contribution of industrial regions to economic prosperity and emphasises the need to share the future costs of switching to a low-carbon and climate-resilient economy. The year 2020 will be the first time the EU plans to adopt targeted measures facilitating a just energy transition in its most affected regions.

Background

As a signatory of the 2015 Paris Agreement, the EU has committed that by 2030 it will cut greenhouse gas emissions by 40% compared to 1990. The European Green Deal presented by the European Commission on 11 December 2019 would raise the 2030 target to at least 50%, and set the EU on a path to achieving full climate neutrality by 2050. This collective EU goal is an important step in the context of climate change, curbing global warming, ensuring clean air and reducing health risks for the population. According to latest Eurostat data, 54% of total EU emissions come from fuel combustion in the energy sector. Fossil fuels, and in particular coal, are among the main contributors. The remaining sources of emissions are transport, agriculture, industrial processes, and waste management. While the EU is on track to meet its 2020 target of reducing emissions by 20% (see also issue 8), meeting the 2030 and 2050 targets will require greater efforts and managing the socio-economic transformation in the affected regions. The COP24 climate conference, which took place in 2018 in Katowice (the capital of Silesia, the largest coal-producing region in Poland), included the Silesia Declaration on solidarity and just transition, in which the participating countries committed to take into account the impact of climate change and energy transition policies on workers and communities. ‘Just transition’ was also discussed at the COP25 conference in Madrid in December 2019.

State of play and trends

In 2018, coal provided about 16% of the energy production mix in the EU, with remaining components coming from renewables, nuclear, gas, oil and other sources (see Figure 1). Coal is used mainly to generate electricity, and for heating by industry and households. However, the numbers vary between Member States, and range from marginal or no coal use in power generation to at least 40% (Bulgaria, Czechia, Germany and Greece) and up to 80% (Poland).

According to the 2018 Commission report on 'EU coal regions', in 2015 there were 128 coal mines in 12 Member States and 207 coal-fired power plants in 21 Member States. Direct employment in the coal sector amounts to 238 000 jobs (including 185 000 workers in coal mines and 53 000 workers in coal power plants). The regions with the highest number of direct jobs in the coal sector (mines and power plants) are...
located in Bulgaria, Czechia, Germany, Greece, Poland and Romania. Estimates show that indirect activities throughout the coal value chain, including power generation, equipment supply, services, research and development, and other dependent activities provide an additional 215 000 jobs, bringing the total employment in direct and indirect coal-related activities to almost half a million people.

It is estimated that by 2030, around 160 000 direct jobs in the coal sector may be lost. This corresponds to about two thirds of the current employment in direct activities only, with further job losses expected in the related sectors. Coal has been undergoing a phasing-out process, with production and consumption steadily declining since the 1990s, however, closures of mines and power plants are expected to accelerate in the coming decade. According to the 2018 Commission report on 'EU coal regions', the highest regional impacts of job losses in the coal sector are expected to be felt in Bulgaria, Germany, Greece, Poland, Romania and Spain, as well as the United Kingdom. These losses may have particularly dire consequences in regions where the unemployment rate and the share of jobs at risk in the economically active population are high. Carefully planned transition strategies can facilitate the diversification of local economies, creation of new employment opportunities, especially in the renewable energy sector, and the development of new energy infrastructures.

**Just Transition Mechanism**

The [Just Transition Mechanism](#) amounting to €100 billion was announced by the European Commission President, Ursula von der Leyen, as part of the European Green Deal, on 11 December 2019. The mechanism will support regions most affected by the energy transition, with funding coming from the InvestEU programme and the European Investment Bank. The mechanism will also include a new Just Transition Fund, initially proposed by the European Parliament in its [resolution](#) of March 2019, with financing coming from EU cohesion policy. The Commission's Executive Vice-President, Frans Timmermans, is responsible for the climate action portfolio and European Green Deal, while the Commissioner for Cohesion and Reforms, Elisa Ferreira, has been tasked with designing the Just Transition Fund. The Commission's priorities and [mission letters](#) suggest that support will be aimed at industrial, coal and energy-intensive regions. However, the exact scope and activities to be funded under the Just Transition Mechanism will be presented in the legislative proposals, which are scheduled to be put forward by the European Commission in January 2020.

**What will happen next?**

The year 2020 is expected to see the adoption of the multiannual financial framework for 2021-2027 currently being negotiated (see issue 7). This raises the target of EU expenditure contributing to climate objectives to 25% (from 20% in the current 2014-2020 period – see also issue 8). As mentioned above, the European Green Deal will take shape through a set of new legislative proposals, including one on the Just Transition Mechanism. This collective effort is likely to bring Europe closer to achieving its long-term climate objectives, while also sending a political message on climate justice and solidarity with regions and workers most affected by the energy transition. Other EU programmes will also be adopted, providing potential funding sources ranging from social funding for re-skilling and job search support, investment opportunities in the energy and climate adaptation sector, and research on new clean technologies. These will include instruments such as InvestEU, the LIFE programme, Connecting Europe Facility, Horizon Europe, the European Globalisation and Adjustment Fund, the Modernisation Fund, the Reform Support Programme, and cohesion policy funds. Since various types of regions compete for these resources, the Just Transition Mechanism negotiated in 2020 could provide considerable support to mitigate the socio-economic consequences of energy transition in the most affected regions of the EU.
5. Strengthening democracy through 'design thinking'

On Google alone, 40,000 new queries are performed every second. These generate 1.7 megabytes of new data (equivalent to 300 sheets of paper) per second. In 2019, we spent more than a third of our active time online, every day. That is the equivalent of being online from January to March, uninterrupted. Most of us connect to the internet while on the move. Globally, mobile subscriptions have already outnumbered humans. Ordering food, booking a hotel room, buying a train ticket or even finding a partner are all actions we can perform in just a few 'clicks'. Fast, reliable and intuitive: technology is designed to engage and reward us with the promise of becoming more resourceful and knowledgeable. However, it is also causing disruptive changes in our democratic systems. Paradoxically, it looks as though the more connected citizens are, the less willing they are to interact with their administrations.

Game design, civic engagement and democracy

The majority of the mass protests that broke out in 2019 around the world, from Hong Kong to Algeria and Lebanon, were convened using smartphones, inspired by hashtags, and coordinated through social networks. Activists in Taiwan self-organise and negotiate with policy-makers through an online platform. Whether it is on the environment, civil rights, economic reforms or transparency of politics, networked social movements have shown a great capacity to mobilise large crowds quickly and effectively to counteract governmental decisions. In an attempt to adapt to this trend, political movements in Italy and Spain regularly consult their voters online before deciding on important political issues.

Regardless of whether they are used to mobilise voters, lobby legislators or liaise between communities and local administrators, mobile apps and online platforms are designed to have an impact. They offer citizens and activists timely and tangible results. In reality, however, standard interactions with administrations deliver the complete opposite. As of 2019, 64% of European citizens had used an online public service at least once. When asked to comment on their experience, many reported poorly designed websites, unnecessarily complex procedures and wrong timing (e.g. online consultations occurring late in the legislative process). Inadequate feedback was the most common complaint. Citizens expect administrations to take their contributions into account and, if not, to explain why. When the feedback is inadequate or non-existent, the trust relationship between the citizens and the administration can be damaged. Progress has been made in 'user-centricity' (i.e. availability, usability and mobile friendliness). Yet online participatory procedures are still, for the most part, time-consuming and rather disappointing for citizens. Hence, the paradox: in a time of unprecedented opportunities offered by technology, growing numbers of citizens are disengaging from public institutions.

The question is how to re-design existing participatory procedures with captivating, attractive, formats. Public administrations worldwide are trying to rise to this challenge by experimenting with nudges and game design (e.g. badges, points, levels, rankings and challenges) in decision-making. This is not new: games were part of the public sphere in Greek and Roman societies, and have existed in some form or other throughout the history of public power. For the first time in history, however, public regulators are looking at how to harness the motivational potential of game design to counter disenchantment with politics, and foster civic engagement. The final goal would be to re-align democracy with citizens' expectations, making participation more playful and rewarding.

Game-design and EU democracy

The EU is at the forefront of experimenting with innovative approaches to enhance the quality of interactions with citizens, making EU policies more inclusive, user-centric and participatory. The
importance of design-thinking was mentioned in the 2016-2020 EU eGovernment action plan and commented upon by EU bodies such as the European Political Strategy Centre in 2018 and the Joint Research Centre in 2019. Moreover, a new push for democracy is one of the six headline ambitions of the political guidelines for the von der Leyen Commission. This point was further stressed in the mission letter from the Commission President to Vera Jourová, Vice-President for Values and Transparency. Jourová reiterated the importance of digital tools for engaging citizens (and specifically the ‘Have your say’ web portal) during her parliamentary hearing.

The EU is testing game design in three key areas: participatory platforms, informative websites and prize challenges. Futurium exemplifies the first area. This online platform has been designed to facilitate the joint forging of ideas to help design future policies. The platform incorporates different variables, reflecting both emotional and rational mindsets (i.e. front-end participatory tools, knowledge-harvesting tools, data-crawling tools and data-gathering tools). Users can express their preferences on future scenarios according to their desirability (how much they want a future scenario to become reality) or, alternatively, to their likelihood (the probability that a future scenario will materialise or will continue if it is already an established trend). Equally, however, users can like or dislike a policy’s impact and plausibility (i.e. the overall assessment of the possibility to implement the policy).

Examples of game design in the second area (informative websites) are numerous. Learning Corner, for instance, encourages young citizens to learn about the EU through educational games. Players are challenged with trivia and action games focused on historical, social, legal, and political aspects of European integration. In Economia, sponsored by the European Central Bank, young Europeans are informed about basic principles of economic policy through games. The EU digital scoreboard measures the performance of the EU and its Member States in implementing the digital agenda. Users have access to data and can compare the digital performance of EU countries and explore the digital dimensions of connectivity, human capital, the digitalisation of business, and research.

Prize challenges provide an example of the third area. Every year, the Social Innovation Competition, for instance, rewards the best new social innovations from all over Europe. In the EU contest for young scientists, contests are first held at national level, and then winners can apply to take part in the Europe-wide contest. Projects are given a display stand in the Science Exhibition Hall (in the host country for that year) and contestants are required to answer questions from members of the scientific jury, and encouraged to explain their projects to a public audience.

### Beyond playfulness – the future of Europe

Design thinking will be key to the success or failure of the new opportunities that will be offered to European citizens to interact with EU legislators. The Future of Europe debates, held by the European Parliament from early 2018 to April 2019, stressed the need for innovative approaches to democratic engagement at EU level. In her July 2019 statement to the Parliament, the then Commission President-elect committed to holding a conference on the Future of Europe, to start in 2020 and run for two years. The conference, she explained, would offer a platform where citizens would be able to express their main concerns. Following on from that, the EU institutions and civil society representatives would work together to identify the best responses to these concerns.

In 2020 and beyond, the use of appropriate nudges and game elements may play a decisive role in revitalising democracy, engaging a broader audience, especially of young citizens, and harnessing their views and creativity so as to improve the design of future EU policies. This approach will, however, present EU legislators with legal and ethical concerns. Legal challenges will demand appropriate measures to protect citizens’ privacy and guarantee inclusiveness. Ethically speaking, it could be argued that incentivising participation via game design might implicitly suggest that weaker or simpler forms of participation exist next to stronger more complex forms of civic engagement – thus acknowledging that game design nurtures a second-class civic spirit at best.
6. From 'ship by ship' to lasting solidarity in EU asylum policy?

Where it all started

'We cannot continue to squabble to find ad-hoc solutions each time a new ship arrives. Temporary solidarity is not good enough. We need lasting solidarity – today and forever more.' These were the words of former Commission President Jean-Claude Juncker, expressed in his 2018 State of the Union address, in reaction to the crisis of solidarity manifested mainly by a lack of reform of the common European asylum system (CEAS). Discussions in the EU Council on the reform of the Dublin Regulation have continued for more than three years and show no prospect of agreement on a uniform concept of solidarity that would pave the way for a permanent, EU Treaty-based mechanism to ensure fair sharing of responsibility for asylum-seekers. The Dublin Regulation is the main pillar of the CEAS and establishes the criteria that determine the Member State responsible for examining an asylum application, based primarily on the first point of irregular entry. Although a 2016 European Commission proposal envisages a corrective allocation mechanism intended to ease the pressure on frontline Member States, some non-governmental organisations (NGOs) consider it insufficient and unfair. Furthermore, the European Parliament has called consistently for an automatic, binding mechanism for the fair distribution of asylum-seekers among all EU Member States and for limits on access to EU funds for non-cooperative countries, including in its October 2017 report on the recast of the Dublin Regulation.

Lack of consensus on how to interpret solidarity, as enshrined in Article 80 TFEU, was already apparent during the 2015 emergency relocation exercise. To alleviate the migratory pressure on Greece and Italy, which have borne the brunt of the influx of migrants, the Commission tried to ensure a fair and balanced distribution and sharing of responsibility for asylum-seekers who were already present in the EU. However, despite most Member States' willingness to relocate asylum-seekers, Slovakia and Hungary objected to the scheme. They challenged the Council's decision adopting the scheme before the Court of Justice of the EU (CJEU), which rejected their case in a judgment of September 2017 (C-643/15 and C-647/15). Furthermore, Hungary, Czechia and Poland decided not to cooperate in the implementation of the decision, which resulted in the Commission referring them to the CJEU for non-compliance with their legal obligations on relocation.

Crisis in the Mediterranean

Disagreements regarding the CEAS were reflected in the 2018 'disembarkation crises', when Italy and Malta repeatedly prevented NGO and other vessels that were conducting search and rescue (SAR) activities in the Mediterranean from disembarking the people they had rescued at sea in their ports. Furthermore, in early 2019, Member States decided to cease the maritime patrols of Operation Sophia that had saved tens of thousands of lives. A policy of forcing migrants to stay for several days and sometimes weeks on boats, together with legal action and various administrative barriers to prevent NGO ships from operating at sea, was the result of a stand-off between EU Member States as most governments were reluctant to offer relocation spaces or to give access to protection to people who needed it. Instead of providing for effective solidarity with frontline Member States and for fair responsibility-sharing, EU countries continued to secure external borders and focused on cooperating with third countries (in particular Libya) to curb migration flows, prompting heavy criticism from academia and civil society organisations. On the basis of the European Council's June 2018 conclusions, the possible creation of controlled centres and regional disembarkation platforms in third countries was explored as a way to resolve the disembarkation problem, but no consensus could be reached owing to a lack of political and legal feasibility.
Ten issues to watch in 2020

The stark resistance to disembarkations by Italy and Malta prompted a group of Member States (a ‘coalition of the willing’) to show ‘ship by ship’ solidarity with frontline Member States and stranded migrants, and form ad hoc arrangements to take in the people who had disembarked. These arrangements, although a positive shift from the previous stand-off, were nevertheless criticised for being conducted in a purely intergovernmental (extra EU Treaties) fashion, for being dependent on other EU countries agreeing to take responsibility for people rescued before their disembarkation and for being unpredictable and not compatible with the CEAS. Furthermore, according to experts, this partial solidarity fails to deliver a unified approach, fails to consider the interests of all EU countries and is against the letter and the spirit of Article 80 TFEU, which requires that EU policies on asylum, migration and border management be based on the fair sharing of responsibilities.

The Commission suggested in December 2018 that temporary arrangements showing genuine solidarity and responsibility could be made. These arrangements, which would be time-limited and serve as a stop-gap until the new Dublin Regulation was adopted and became applicable, could be used to anticipate the core elements of the future EU asylum system. Furthermore, several NGOs called for or even presented plans for a predictable and fair relocation arrangement following disembarkation. After a series of informal discussions, ministers of four Member States reached agreement on a predictable temporary solidarity mechanism in September 2019. They ‘jointly committed’ to a non-legally binding scheme with voluntary pledges for the relocation of migrants before disembarkation in the central Mediterranean. Although the deal was welcomed by some NGOs, such as Amnesty International and Oxfam, others raised concerns regarding its compliance with the EU Treaties and principles (such as equal solidarity and fair distribution of responsibility for asylum-seekers among all Member States). Furthermore, SAR NGOs, operating in the Mediterranean, issued a joint statement calling for a sanction mechanism for non-adhering countries.

The way forward: towards lasting solidarity

The Finnish Presidency of the Council expressed the hope that the proposed temporary voluntary mechanism could ‘serve as an experiment’ for the broader reform of the European asylum system. However, the initial response from governments at the EU interior ministers’ October 2019 meeting gives no cause for optimism, as Member States are clearly not ready to make concrete commitments on responsibility-sharing in the form of a new instrument, even if it is non-binding. Furthermore, academics have warned that allowing states to choose when to implement solidarity measures would mean returning to intergovernmentalism in fields that are now clearly under EU competence and subject to qualified majority voting, putting at risk the objectives of the EU Treaties of having a single area of asylum common to all EU Member States. As pointed out in one expert opinion, for any system of responsibility allocation to be sustainable, Member States must be able to rely at all times on solidarity from other Member States in order to neutralise the negative effects of unbalanced distribution. Otherwise, they might be more likely to resort to incentives, such as not taking fingerprints or ‘waving through’, which pose a threat to the integrity of the Schengen system, or engaging in pushback practices.

The Commission President, Ursula von der Leyen, has made it clear that the new EU asylum system ‘should include finding new forms of solidarity and should ensure that all Member States make meaningful contributions to support those countries under the most pressure’. This was also echoed by Vice-President Margaritis Schinas, suggesting that all Member States must show solidarity, but can do it in ‘different ways’. The Commissioner for Home Affairs, Ylva Johansson, during her parliamentary hearing in October 2019, made a number of commitments, also stating that the solidarity mechanism in the EU was not and should not be voluntary. According to the latest reports, Member States more or less agree on the need for solidarity with countries facing sudden migration pressures, however, there are differences regarding the form that solidarity should take, e.g. mandatory relocation of asylum-seekers, or solidarity through financial aid. The latter has already been rejected by the European Parliament.
7. Next long-term EU budget: An opportunity not to be missed

Window of opportunity for EU budget reform

Every new round of preparation for the EU’s multiannual financial framework (MFF) is a rare opportunity to introduce essential changes to the list of spending priorities and improve the EU financing system. It is a period when numerous ideas for reforms and scenarios are proposed and debated, hoping that, this time, the opportunity for a profound change will not be missed and that efforts will focus on the common good rather than on ‘juste retour’. It has been no different with the preparation of the post-2020 MFF. The EU institutions, and stakeholders at all levels, took part in discussions about the future financing of the EU and the issues at stake. The key question was how to meet pressing, but sometimes competing, needs, with limited EU resources, while dealing with the financial fall-out from the UK’s withdrawal from the EU.

The European Commission’s proposal for the 2021-2027 MFF, presented in May 2018, is an attempt to accommodate these various priorities and demands for reform. For the first time ever, the MFF negotiations coincided with the European elections and the ensuing period of formation and approval of a new Commission. This overlap created an opportunity for the new Parliament and Commission to emphasise their own political agendas and priorities and thereby to give new direction to the debate. One and a half years after the proposal, the Member States have not yet been able to agree on a common position on the future EU finances. Decisive solutions are expected in 2020, the last year before the planned start of the next MFF. However, the later the decision is made, the higher the risk of negative consequences for beneficiaries of the EU budget.

New institutions, new political agendas, new resources?

The result of the European elections and the first months of the post-electoral period have already brought new elements – with budgetary consequences – to the debate on the future of the EU. Speaking in front of the newly elected Parliament, the then-candidate for the President of the European Commission, Ursula von der Leyen, outlined her priorities for the upcoming term and mentioned concrete initiatives and areas needing increased EU spending. Their implementation would require adjustments to the initial proposal prepared by the Juncker Commission.

The new, ambitious political agenda puts European citizens, a healthy planet and a new digital world centre stage. It includes initiatives such as the European Green Deal and a sustainable Europe investment plan endowed with €1 trillion over the next decade. Provision is made for ‘record amounts’ invested in cutting-edge research and innovation; a private-public fund specialising in initial public offerings of small businesses; and a budgetary instrument for convergence and competitiveness for the euro area. There is also a strengthened European Defence Fund, a reinforced European Border and Coast Guard Agency, and 30 % higher spending on external action investment. The new European Commission President has declared support for long-term budget ideas previously proposed by the European Parliament, such as the Just Transition Mechanism and the European child guarantee, action to reinforce the youth guarantee, and the tripling of Erasmus+.

With its freshly renewed legitimacy, the European Parliament has set out its position on the 2021-2027 MFF. While the resolution of 10 October 2019 confirmed its negotiating position and certain demands included in resolutions adopted during the previous term (March 2018, May 2018, November 2018), some aspects have been updated to reflect the new political situation. First, Parliament confirmed its determination to make the most of its prerogatives to meet citizens’ expectations for the next MFF. Parliament maintained the view that financing the EU’s commitments and ambitions requires a budget equal to 1.3 % of EU gross national income (GNI). Second, with even more emphasis than before, the Parliament called for common climate action and climate
mainstreaming in the next MFF. Third, welcoming the commitments and new initiatives announced by then President-elect, von der Leyen, Parliament called for clarification of their financial impact for the future EU budget. According to Parliament, the financing of the new instruments should be included in the agreement on the next MFF and any proposals made after the adoption of the 2021-2027 MFF should be financed from fresh appropriations. Last but not least, the Parliament warned of clear risks relating to a delayed agreement on the next MFF.

The outgoing Commission's MFF proposal, the new Commission's agenda and the firm negotiating position of the new European Parliament will be difficult to reconcile with the views presented by some Member States. Although the Council is under ever-increasing time pressure to reach an agreement, key decisions are awaiting the green light from the Heads of State or Government. However, the December 2019 European Council meeting did not yield results. The Member States remain deeply divided on most aspects of the MFF. As was the case with past MFF negotiations, they often have contrasting priorities, and form more or less formal coalitions. One group of countries, for instance, would like to spend less than in the current MFF. Another group, the ‘Friends of cohesion’, defends the budget for cohesion policy. There are also those that would like to avoid cuts in agriculture, and those wishing to maintain the rebates.

Delayed agreement – real consequences for citizens

The current debate is following more or less the same timeline as the negotiations on the 2014-2020 MFF. On that occasion, the decision on the MFF was adopted less than one month before the start of the new financial period, with severe consequences for the implementation of EU programmes and knock-on effects for the beneficiaries of EU financial aid. To avoid the same scenario and potential harm for EU citizens, the Parliament and the Commission are urging the Member States to speed up the process. The European Parliament, deeply concerned about the situation, has called on the Commission to prepare a contingency plan with a view to protect beneficiaries and to ensure the continuity of funding in the event that the new MFF is not ready on time for the start of the new programming period on 1 January 2021.

The importance of a timely agreement on a solid long-term financial plan for the EU goes beyond the European institutions; it is also important to realise that any delay in the adoption of the budget will have a major impact on the EU's reputation internally and abroad, and ultimately on people. It would send a negative signal about the unity of the Member States and their ability to deliver on the commitments made, and it would increase uncertainty for beneficiaries of EU funding. Moreover, it could be a missed opportunity to step away from the usual divisions in the MFF negotiations and see the EU budget as a common good, not as a cost of Europe.

Figure 2 – Examples of consequences. Why the delay in the MFF negotiations matters

<table>
<thead>
<tr>
<th>EU programme or policy</th>
<th>Impact of a delay</th>
<th>Citizens most affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Erasmus+</td>
<td>1 million young people not able to benefit from exchange in 2021</td>
<td>&gt; Students&lt;br&gt; &gt; Universities</td>
</tr>
<tr>
<td>Research programmes</td>
<td>Loss of 5 000 research jobs per month</td>
<td>&gt; Researchers&lt;br&gt; &gt; Scientific institutes&lt;br&gt; &gt; Universities</td>
</tr>
<tr>
<td>Cohesion policy</td>
<td>100 000 projects in the EU regions not able to start on time</td>
<td>&gt; Businesspeople&lt;br&gt; &gt; Local communities</td>
</tr>
<tr>
<td>Infrastructure projects</td>
<td>Construction of the rail link Rail Baltica strongly affected</td>
<td>&gt; 5 million people in the Baltic States</td>
</tr>
</tbody>
</table>

8. Climate action: High time to invest more

The year 2020 is expected to determine how the EU budget will contribute to climate mitigation and adaptation efforts for most of the next decade. Analysts and stakeholders estimate that more ambitious climate targets for 2030 and beyond urgently require significant investments, highlighting the role that public finances could and should play in this respect.

Investment needs and the role of public finances

According to the United Nations Intergovernmental Panel on Climate Change (IPCC), scenarios limiting global warming to 1.5 °C require a significant upscaling of investment to fund transitions in energy, land, urban infrastructure and industrial systems. The IPCC report notes that government action can facilitate the mobilisation of private funding. Focusing on the global energy system only, the International Renewable Energy Agency (IRENA) estimates that bringing the world into line with the objectives of the Paris Agreement would necessitate additional investments worth US$15 trillion by 2050, changes in the investment mix, and the frontloading of action in the decade up to 2030. According to the European Commission, meeting the current climate and energy targets for 2030 implies at least €260 billion in additional investment each year. Commission President Ursula von der Leyen warns that the cost of inaction would be even higher. Recommending measures to improve a deteriorating economic outlook, the Organisation for Economic Co-operation and Development (OECD) has urged countries to address structural changes in their economies by making bold public investments in climate mitigation and adaptation. According to a Eurobarometer survey (April 2019), the vast majority of EU citizens (84 %) agree that more public financial support should be given to the transition to clean energies, even if this means a reduction in subsidies on fossil fuels. In various surveys, respondents consistently view environmental protection as one of the top priorities that the EU should address.

How the EU budget has contributed so far

The EU budget has various features that make it relevant to the fight against climate change, including the fact that it is mainly an investment budget financing activities in many climate-related policy areas, including agriculture, cohesion, energy, innovation, and transport. In addition, despite its relatively small size (around 1 % of EU gross national income, GNI), the EU budget has the ability to leverage additional private and public financing and also generate economies of scale, amplifying its impact. In the current programming period, covered by the 2014-2020 multiannual financial framework (MFF), the EU decided to strengthen the role played by its budget in climate action, by mainstreaming related objectives and considerations across all its major funding instruments. To this end, for the first time, the EU institutions introduced the political objective of devoting at least 20 % of total MFF resources to measures relating to climate mitigation and adaptation. According to the latest data published by the European Commission, the EU is close to meeting the 20 % objective by the end of 2020, with related investment amounting to around €210 billion over seven years (i.e. 19.7 % of the total). According to assessments of the results, despite uneven progress across different policy areas, climate mainstreaming has increased the climate-focus and relevance of the EU budget. Recommendations include addressing a number of weaknesses identified in the tracking methodology and increasing the attention paid to results and impact. The European Parliament, which has also called for improvements in the methodology, is highly supportive of the principle of climate mainstreaming in the EU budget. In the negotiations for the EU’s 2020 budget, Parliament managed to secure an additional €60.5 billion for climate-related expenditure on top of the allocations put forward by the Commission in the draft budget, with a view to helping bridge the remaining gap towards the 20 % objective.
What is at stake in the year 2020

Climate mainstreaming in the EU budget is expected to become one strand of a broader strategy. In the speech presenting her College of Commissioners and their programme to the European Parliament, Commission President Ursula von der Leyen highlighted the European Green Deal as the EU’s new growth strategy, which is meant to cut emissions while creating new jobs. Noting the significant level of public and private investment that this will require at both European and national levels, she supported the principle of climate mainstreaming not only across the EU budget, but also throughout capital markets and the entire investment chain. Following the announcement of the European Green Deal on 11 December 2019, negotiations on relevant proposals during the course of 2020 will determine the way the new strategy is translated into concrete measures.

Focusing on the contribution of the EU budget to the financing of the European Green Deal, an agreement on the new MFF should be completed this year, since the 2014-2020 framework is coming to an end. For the 2021-2027 period, the Juncker Commission proposed to confirm the principle of climate mainstreaming and to raise the political objective to 25% of total resources, which would amount to €320 billion in spending relating to climate action (up from the current €210 billion). Parliament has supported a bigger MFF and a more ambitious approach (at least 25% for the entire period, but the annual share should reach 30% by 2027 at the latest), which would translate into climate finance worth more than €370 billion. In addition, Parliament expects new initiatives put forward following the European elections to be financed on top of the original Commission proposal. While both Parliament and Commission have called for swift negotiations to avoid delays in the implementation of the new MFF, contrasting positions appear to be persisting in the Council and the European Council. The press reports that a number of EU Member States would like to see cuts in the amounts initially proposed by the Commission. Since the climate objective is expressed as a share of total resources, the final agreement will have a direct impact on the level of ambition for climate finance.

In parallel, Parliament and Council are due to finalise negotiations on the post-2020 generation of implementing programmes. The qualitative and quantitative contributions that individual policy areas are able to make to the climate objectives will depend on how the new instruments are designed and implemented as a result of these negotiations. In addition, as part of the preparations for the new programming period, the European Commission could envisage work to strengthen the tracking methodology for climate mainstreaming and its impact, with a view to addressing weaknesses identified by analysts and stakeholders.

According to von der Leyen’s political guidelines, the package of measures for the European Green Deal will include a Just Transition Mechanism that should mobilise €100 billion to support the people and regions most affected by the green transition (see also issue 4) and a Sustainable Europe Investment Plan that aims to trigger €1 trillion of private and public investment across the EU over the next decade. The European Investment Bank (EIB) will be an important partner in the implementation of the plan. The EIB, which manages various financial instruments supported by the EU budget, is committed to using 25% of its lending for climate-related projects, and is stepping up action in the domain with a new policy that will phase out lending for all fossil fuels projects by the end of 2021.

In many respects, the year 2020 could therefore be crucial when it comes to shaping the medium-term capacity of the EU budget and of broader EU finances to channel support for the clean energy transition and leverage an appropriate level of private and public funding for the European Green Deal. In November 2019, the European Parliament underlined the urgency of tackling these issues, declaring a climate and environmental emergency in Europe and globally, while calling for more financial support for the fight against climate change.
9. US elections: What is at stake

On Tuesday 3 November 2020, the 59th presidential election in the United States will determine whether Donald Trump will remain President for a second mandate. Given the high level of polarisation in the United States and the substantial divergence between the policies of the incumbent and those of his contenders, the results of this presidential election will in many ways define the next four years for the US, for transatlantic relations and for global governance.

Background

Presidential elections in the US are held every four years, alongside congressional and gubernatorial elections. In November 2020, US citizens will thus vote not only for their president, but also for all 435 members of the House of Representatives, 35 out of 100 senators, and for governors in 11 states. Since the 2018 mid-term election, legislative power has been divided between a Democrat-held House and a Senate controlled by Republicans. According to some forecasts, the current majorities in both houses will remain, prolonging the power dynamics that complicate the legislative process. However, the spotlight is on the race for the White House, with the upcoming presidential election involving several unknowns. The incumbent, President Donald Trump, has been an unconventional president in terms of policies and – strikingly – style, making it hard to predict whether the electorate will follow traditional patterns of behaviour. In addition, a record number of Democratic candidates are running for the party’s nomination, with varied approaches to politics and policy. Finally, a big question is whether the 2020 election will follow the high voter turnout patterns of the 2018 mid-term elections, which recorded the highest turnout in a mid-term since 1912, in part because it was seen by many as a referendum on the first two years of the Trump presidency. These elements make the upcoming US elections one of the key issues to watch in 2020.

Who will run?

As of December 2019, 15 Democrats and 3 Republicans had entered the race for the White House. Leading the competition for the democratic nomination are former Vice President Joe Biden; Senator Bernie Sanders (Vermont); Senator Elizabeth Warren (Massachusetts); and Pete Buttigieg, Mayor of South Bend, Indiana. While all candidates have addressed affordable housing and healthcare, climate change, skills and education in their agendas, their policies vary, spanning the entire spectrum from moderate to progressive. Divergences can be observed in the fields of health insurance, taxation, big digital economy business and environment. On issues such as banning assault weapons and support for the impeachment process against the current President, all leading candidates agree. An issue of concern for the Democratic Party is that none of the candidates has gathered a clear majority of support or consistently polled over 30%. Following primaries in all states, the Democratic Party will formally nominate its ‘ticket’ at the 2020 Democratic National Convention in Milwaukee, Wisconsin in July 2020.

The Republican National Committee will hold its presidential nominating convention in August 2020, in Charlotte, North Carolina. While President Trump faces two challengers (former Governor of Massachusetts, Bill Weld, and former Representative Joe Walsh, of Illinois), he is the clear favorite and has raised the highest amount of campaign financing so far, more than double the amount raised by Bernie Sanders, who ranks second in campaign financing. Both of his Republican opponents have publicly declared that they support the impeachment of President Trump. However, never in modern US history has an incumbent President lost a primary nomination.
What are voters thinking?

The economy, immigration and healthcare were key issues for voters in the 2018 mid-terms, giving Democrats control of the House of Representatives. However, experts posit that in the presidential election, partisanship is likely to play the most important role in determining voter choices, given the climate of polarisation surrounding impeachment. According to surveys, only 34% of Americans say the next presidential election will be about the economy (and only 27% of Democrats). However, jobs, healthcare, immigration, and the environment continue to occupy the top spots when Americans are asked what issue ‘matters the most to you right now’. One of only two age groups for which jobs and the economy are not the primary issue are the 18–24 age group (who cite the environment). This is noteworthy since, according to Pew Research Center data, the 2020 electorate will be younger than ever before with one in ten eligible voters belonging to Generation Z (see issue 2). Moreover, for the first time ever, non-white voters will account for as much as a third of eligible voters, while surveys indicate that higher percentages of these voters disapprove of the way Donald Trump is handling his job as president. More men (44%) than women (36%) approve of Trump’s job performance. The number of women voters has systematically exceeded that of male voters in US presidential elections since 1964.

The President's strong and weak points

For President Trump, the economy remains an asset. The low inflation rate and the booming job market have led to the perception that the US economy is flourishing and, despite expectations of a slowdown, recession is unlikely to hit in 2020. While the trade war that the President has waged against China and trade partners was expected to disadvantage certain sectors of industry and farmers, according to some studies, the costs of tariffs have instead been borne by US importers. At the same time, the escalation of Trump’s trade war has carried a strategic objective: strong-arm tactics are designed to buttress voters' perception of an active policy of promoting US interests. The Trump Administration considers that it inherited 'a significantly flawed trading system' and tried to rectify this, rhetoric that appeals to Trump voters keen on the 'America First' slogan. The President's popularity is currently closely linked to public opinion regarding the impeachment inquiry launched on 24 September 2019 following allegations that Trump had pressured the Ukrainian President to investigate the son of potential Democrat nominee Joe Biden. With the House of Representatives voting to impeach Trump on 18 December 2019, it will now be up to the Senate to try the case. Polls carried out in December indicate that just over half of voters favour the President's impeachment and removal from office. At the same time, analysts suggest that it is unlikely this will affect the Republican Party’s decision to support Donald Trump for a second term.

Possible implications for transatlantic relations

The election outcome will certainly affect transatlantic relations. The EU-US common approach to multilateralism and the liberal international order has been challenged under the current administration in fields such as climate change and trade. This will also have implications for the future of the World Trade Organization (WTO). The Trump Administration has largely focused on ‘correcting’ trade balances through a mercantilist trade policy. Some of the 2020 candidates are likely to take a less confrontational approach and would prioritise sustainability, even if they are not more favourable to the WTO. For the EU, a more cooperative US could help influence global terms of trade, in particular in the context of the rise of China.
10. The Arctic: Too hot to handle?

Tip of the iceberg

The climate crisis is changing the Arctic region in a number of ways, at a faster pace than hitherto expected. The Arctic is warming twice as fast as elsewhere, as a result of pollution and emissions mainly in other parts of the world, with far-reaching environmental, economic, demographic and security-related consequences. The repercussions, whilst particularly visible in the Arctic, have significant domino effects for the entire world. With yet another record Arctic sea ice decline in 2019 and prospects of an ice-free Arctic Ocean in summer by 2040 – the most visible indicator for climate change, the region can be seen as the world’s thermometer. The rising temperature not only signifies the climate emergency; it also lays bare a number of other underlying developments and tensions that are closely interlinked with and affect the rest of the world. The interconnections between geopolitics and the climate crisis further highlight the need for sustainable development in all aspects of Arctic governance.

Increasingly naked Arctic ambitions in an exposed environment

The Arctic has been a peaceful and stable arena for growing intergovernmental and non-governmental cooperation among the eight states with territory above the Arctic Circle – Canada, the Kingdom of Denmark (including Greenland), Finland, Iceland, Norway, Russia, Sweden and the United States – since the end of the Cold War. However, beneath the melting ice sheet, the Arctic is resurfacing as a region of global geopolitical and military importance, with international attention zooming in on the Arctic Ocean. Increasing competition for natural resources – minerals as well as oil and gas reserves – and new navigation routes (notably the Northern Sea route that would shorten shipping routes between Europe and north-east Asia by 40% compared with the existing routes) have attracted growing interest from the rest of the world, including non-Arctic states such as China (which claims ‘near-Arctic’ status). Against this backdrop, the need for predictable cooperation between Arctic states as well as respect for international agreements and rule of law is pressing.

As the only non-NATO Arctic state, Russia’s efforts to control its waterways and increase exports of fossil fuels (Russia’s main source of revenue), paired with its military posturing and disregard for international law (notably demonstrated by the illegal 2014 annexation of Crimea and the hybrid war against Ukraine) are cause for increasing concern in the region. At the same time, the conduct of the United States under President Donald Trump has cast doubt on the prospect of traditional unity among NATO members. In addition, amid growing nervousness over Chinese activities in the region, NATO has for the first time formally recognised the ‘opportunities and challenges’ posed by China, including in the Arctic. The unfolding ‘power game’ has prompted Denmark to put the Arctic and Greenland at the top of its national security agenda. In parallel, overlapping Arctic continental shelf claims by Russia, Denmark and Canada are currently being evaluated by the United Nations Commission on the Limits of the Continental Shelf (CLCS). This process will be followed by negotiations between the countries. In this environment, the focus on the United Nations Convention on the Law of the Sea (UNCLOS, the international ‘constitution for the oceans’, also regulating the Arctic Ocean) continues to grow. Moreover, the importance of the Arctic as an element in national identities and
narratives plays a key role in the discourse on national Arctic policies – which are aimed at both international and domestic audiences – thus further highlighting the links between geopolitics and emotions. In this sense, the crisis of multilateralism and climate denialism under the Trump Administration has had the side effect of highlighting the importance of the EU in supporting sustainability, multilateralism, peace and the principles of international law.

'A hot spot in every possible way': what role for the EU?

The EU’s Arctic policy has developed significantly in recent years. Three EU Member States (Denmark, Finland and Sweden) and two European Economic Area members (Iceland and Norway) are Arctic states. Some 500 000 EU citizens live in the Arctic. Denmark, Finland and Sweden are members of the Arctic Council (AC, the leading multilateral forum for cooperation and coordination in the region, whose mandate explicitly excludes military security). Seven EU Member States (Germany, Spain, France, the Netherlands, Poland, Italy and the United Kingdom) are AC observers. The EU has so far failed to achieve formal observer status, whereas China and India, among others, obtained this status in 2013. The EU has been pushing the northern dimension policy – a joint policy between the EU, Iceland, Norway and Russia – since 1999 (renewed in 2006). The current EU policy for the Arctic – adopted in 2016, focuses on science and research and aims to advance international cooperation in response to climate change, and contribute to sustainable development. These efforts were also reflected in the EU’s decision to join an international agreement to prevent unregulated fishing in the central Arctic Ocean, the first of its kind to cover the Arctic high seas.

The 2016 EU Global Strategy – expected to be revised in 2020 – envisaged the EU contributing to an orderly and cooperative Arctic region. Ahead of the October 2019 EU Arctic Forum in Sweden, the European External Action Service called the Arctic 'a hot spot in every possible way'. Despite the increasing global focus on Arctic developments, the urgent need to tackle the key priorities of the EU’s current Arctic policy, and the outgoing Finnish Presidency’s efforts to sharpen the EU’s Arctic focus, none of Ursula von der Leyen’s mission letters mentioned the Arctic. Nevertheless, on 9 December 2019, the Council invited the High Representative and the Commission to initiate an update of the EU’s Arctic policy. Against this backdrop, expectations for a balanced, comprehensive EU Arctic policy, or even strategy, are growing, and Parliament is gearing up to leave its mark on it. A new European Parliament -Arctic Friendship Group was launched in Brussels in November 2019 and a number of Arctic activities are planned for the first half of 2020, including a hearing and a mission to the region.

Common denominators, diversifying interests?

Sustainability in the Arctic is the focus of Iceland’s Arctic Council chairmanship for 2019 to 2021, mirroring a key common denominator for and shared interest of all Arctic Council member states and permanent participants. The focus on climate action – as agreed by the EU, Iceland and Norway on 25 October 2019, see Issue 8 – highlights the EU’s common ground with most Arctic states. Russia, which will chair the Arctic Council after Iceland and has no interest in instability in the region (precisely because it wants to maintain control over its resources and waterways), will shape the AC’s agenda from 2021 to 2023. At the same time, the choice of US President will be decisive for the functioning of multilateralism, including in the Arctic. Greenland, which through its self-governing status within the Danish realm is the most powerful indigenous community in the Arctic, can be seen as a barometer for the drifting dynamics and diversifying interests in the region. The increasing global attention to and courting of Greenland (demonstrated by Donald Trump’s offer to buy the island, the plans for a new US representation in Greenland’s capital, and Beijing’s attempts to invest in critical Greenlandic infrastructure) are likely to further boost Nuuk’s assertiveness. In addition to Greenland’s plans to open new representations, including in Beijing, Nuuk’s growing international visibility was underlined by the joint US visit by the Danish and Greenlandic foreign ministers in November 2019. In the Arctic, the EU will be navigating increasingly diverse and decisive actors.
Further reading


Child well-being and the Sustainable Development Goals: How far are OECD countries from reaching the targets for children and young people, OECD Working paper No 92, September 2018.


This is the fourth edition of an annual EPRS publication designed to identify and frame some of the key issues and policy areas that are likely to feature prominently on the political agenda of the European Union over the coming year.

The topics analysed are biodiversity, EU policies for children, the 5G era, the price for energy transition, 'gamification' of EU democracy, finding solutions for asylum policy, the EU's long-term budget, climate action, the US elections, and the Arctic.