



**EU POLICY  
CHALLENGES 2009-2019  
A report to the President**



# EU Policy Challenges 2009-2019

## A report to the President of the European Parliament

Earlier this summer, I invited the five horizontal Policy Departments which we have at our disposal within the permanent administration of the European Parliament - four within the Directorate General for Internal Policies (DG IPOL) and one within the Directorate General for External Policies (DG EXPO) - to engage in strategic thinking about some of the forward policy challenges and choices that are likely to face the European Union in the coming decade. I am strongly in favour of encouraging greater in-house thinking among our staff on future trends and the wider policy context in which the Parliament works.

Specifically, I asked each Policy Department to submit a series of short papers on the medium to longer-range issues which the various members of their team expected to prove important during the course of the coming two legislative terms. The contributions were to be personal appraisals by named individuals, based on their experience and understanding of the policy areas in question, rather than formal statements of institutional policy.

### **Attached you will find two documents:**

**i) a compendium of the papers on policy challenges and choices which I have received from the five Policy Departments in recent weeks.**

These papers provide a valuable overview of multiple issues which the EU in general is likely to confront over coming years, together with a series of useful pointers as to how the EU institutions might choose to respond. In order to preserve the integrity of the personal contributions which they represent, they are unedited texts designed as 'food for thought', as we engage in forward thinking and reflection about the opportunities and problems ahead;

**ii) a much shorter, synoptic 'EU Policy Challenges', which is a check-list of 69 possible areas for future policy work.**

This check-list is designed to assist your own thinking as you define your own personal priorities for the coming thirty months.

It draws on a number of the ideas and suggestions contained in the compendium of papers from the Policy Departments.



Klaus WELLE

**ECONOMIC AND MONETARY POLICY****- 1 - Revising and relaunching the Lisbon strategy**

- A major challenge facing the European Union over the coming decade is how to continue the process of economic reform, to create a dynamic, open, knowledge-based economy. Central to this is likely to be a reassessment and relaunch of the Lisbon Strategy, giving it a renewed sense of purpose and direction, in the context of the current economic and financial crisis.
- The European Parliament could outline at an early stage its specific priorities in this field and could seek to lead the debate on how a revised Lisbon Strategy can be effectively dovetailed with other priorities and challenges, such as sustainable development, energy policy and demographic change.
- The EU will need to include unique and original ideas in the new strategy, rather than just adapting those of its competitors. The preparation of this strategy could be based on consultation not only with the EU institutions but also with experts, citizens and other stakeholders. The European Parliament could play a key role in driving forward such dialogue.

**- 2 - Reforming global economic governance**

- Strengthening and clarifying the role of the International Monetary Fund (IMF) and World Bank will be of great importance over the coming decade. In particular, the Global Stability Board could have a stronger institutional basis and enhanced powers.
- The European Parliament could use its influence to push for the implementation of far-reaching reforms in the international economic and financial institutions, and for the review of the conditions applied to most IMF and World Bank lending.
- The Parliament could actively promote the abolition of all tax havens, and the closing of 'onshore' tax and regulatory loopholes which permit widespread tax avoidance even in major financial centres.

**- 3 - Revising financial regulation and supervision**

- More progress can be made in the regulation of financial markets, especially in the regulation of alternative investment funds, the role and responsibilities of depositaries and the transparency and stability of derivatives markets.



- The European Parliament could play a key role in defining the composition and the competences of the new European Systemic Risk Board. Based on the proposal of the De Larosière report, this Board will be created to monitor and assess potential threats to financial stability and, where necessary, issue risk warnings and recommendations for action.
- The European Parliament could be a central actor in the creation of the European System of Financial Supervisors, which will comprise of three new European Supervisory Authorities (ESAs). These three Authorities will have binding and proportionate decision-making powers in respect of whether supervisors are meeting their requirements under a single rule book and relevant Community law, and if there are disagreements between the home and host state supervisors.

#### **- 4 - Assessing ECB monetary policy and the Growth and Stability Pact**

- The European Parliament could identify and develop concrete proposals for areas where the Single Market is still incomplete (public purchasing, defence procurement, some services etcetera).
- In the new system, the European Central Bank will see its powers increase, which in turn could lead to calls for the review of its democratic accountability. In this area, the Parliament might have an important role to play. The ECB's democratic accountability could be enhanced by setting up a Sub-Committee for Relations with the ECB instead of having the 'Monetary Dialogue' within ECON Committee meetings. In addition, the Parliament could raise the issue of reassessing the new role of the European Central Bank.
- The Growth and Stability Pact will face reforms and extensions. Procedures will be harmonised and issues relating to state aid and competition might be included in the pact in order to prevent extensive industrial subsidies and to ensure a level playing field.

### **EUROPEAN SINGLE MARKET**

#### **- 5 - Completing the Single Market**

- The Single Market still needs to be completed in a number of key areas, such as public purchasing, defence contracting and various services, including some aspects of financial services. Although very significant progress has been made overall, the pace of integration has slowed in recent years - just as globalisation and enlargement offer both new challenges and opportunities.
- For the Single Market to work better, the European Parliament could move beyond harmonisation of rules and start promoting and applying a wider range of policy tools. These could include strengthening EU competition policy, improving consumer confidence, increasing consumer protection, investigating breaches of EU law, raising awareness about problem solving networks and the removal of subsidies and restrictive national standards.



- The European Parliament could promote the coordination of tax policy and action in specific markets. But there is a need to analyze individual markets in-depth, identify the sources and the extent of the problems and to develop a tailored mix of policies to remedy shortcomings.
- The policy option of opening the Single Market to countries outside the EU - Eastern and Mediterranean countries, development of a transatlantic Single Market - could be considered.

## EMPLOYMENT AND SOCIAL AFFAIRS

### - 6 - Facing the challenges of an ageing population and shrinking workforce

- A shrinking workforce can be offset by increasing the participation of women and older people in the labour market, and also by immigration. To achieve this aim a number of policy choices must be made - and this is where the European Parliament could in certain cases play a central role.
- In order to keep older workers in employment, the mandatory retirement age could be extended. Provisions for a smooth transition to pension need to be created, and occupational health and safety measures must be adapted to old-age workers.
- The Parliament could promote lifelong learning, something that would help to compensate for a reduction in the total number of workers by increasing individual productivity. It could encourage the Member States to coordinate better the procedures that regulate the access of immigrants to the labour market.
- The European Parliament could stimulate and support investment in green technologies, which will help create new high- and low-skilled jobs whilst also enhancing Europe's energy security and combating climate change.

### - 7- Moving to a 'flexi-security' model?

- The European Parliament could further develop the concept of 'flexicurity'. Achieving a good balance between flexibility and security will mean promoting flexible work arrangements; effective active labour market measures that enable workers to cope with change; sound lifelong learning systems and modern social security systems that guarantee income and also facilitate mobility.
- There is the need to define which aspects of the modernisation of social protection are to be coordinated at EU level and what tools to use in the exercise. Thus the European Parliament could propose to Member States the creation of a framework for continued joint reflection and reinforced cooperation.



## ENVIRONMENT AND ENERGY

### - 8 - Tackling climate change effectively

- The European Parliament will need to work towards reaching the 20-20-20 target (20% reduction in greenhouse gas emissions (possibly 30%), 20% improvement in energy efficiency and 20% renewables in the energy mix) by 2020. The following four steps of the climate energy package of December 2008 will be on the agenda: 1) revision of the directive on EU emission Trading System; 2) creation of a directive for pilot projects on carbon storage; 3) creation of a directive on renewable energy in electricity, transportation and heating and cooling; 4) setting binding national targets for CO<sub>2</sub> reduction.
- A future financial framework will need to be created so that EU budget lines can be adapted in line with the requirements of climate policy. The European Parliament can no longer redistribute existing resources but could propose the creation of new resources to finance the cross-sectoral nature of the fight against climate change.
- The Parliament could consider using 'green diplomacy', by regularly raising the issue of the EU climate targets, and defending those targets, in its contacts with parliamentarians from other countries. In addition, it could prompt the Commission and the Member States to construct a foreign policy on climate change and repeatedly draw attention to the EU climate targets in the EU's and the Member States' diplomatic missions.
- International cooperation is crucial. Building an effective global carbon market will help achieve sustainable globalization. Also, the Parliament could push for placing climate change at the core of the development policy. The EU will need to give assistance to developing countries to draw up targets, to adopt new technologies and to stop deforestation.
- Mitigation and adaptation policies will lead to a new model of sustainable development, where the social character could be promoted in order to secure the necessary social consensus. Thus the European Parliament could fully involve citizens in the process of combating climate change.

### - 9 - Shaking up EU biodiversity policy

- The European Parliament could push for the development of a more coherent European integrated approach for halting the biodiversity loss. A clear post 2010 target could be set by the Member States and new funding opportunities could be established under the Common Agriculture Policy, the Common Fisheries Policy, and the Cohesion and Structural Funds.
- The Parliament could take the global initiative of proposing the creation, based on the model of IPCC, of an Intergovernmental Panel on Biodiversity Loss, which would be responsible for the coordination of the activities of the Member States and for the monitoring of the progress made in this area.



## - 10 - Transforming the EU into a sustainable and efficient energy system

- The European Parliament can encourage Member States to devise a forward-looking common energy policy both within the EU and in external relations, so as to ensure a high level of security of energy supply. The proposal of the Parliament to form solar energy partnerships with third countries in the Mediterranean region could be taken forward.
- The Parliament will need to promote further research and pilot projects in this field, as well as the development of the grid so as to allow for the optimal integration of renewable energy resources.
- The transformation of the energy system will require the adjustment of the fiscal and market instrument. The Parliament could call on the Member States and the other institutions to introduce reduced rates of VAT for renewable energy and for energy-saving goods and services and to create incentives to modernisation by means of VAT reductions.
- The growing energy dependence on fossil fuels will have to be limited and managed through diversification. The Parliament could stimulate investments in renewables and upgraded energy infrastructure, whilst developing a common approach towards Russia's influence on the gas market.
- It could be important that the Parliament supports the restructuring of the industrial system (buildings, transport and manufacturing) with reinforced innovation. This includes strengthening existing measures, continuing public intervention and the increasing of financial resources for eco-innovation.

## PUBLIC HEALTH AND FOOD SAFETY

### - 11 - Updating the European food safety framework

- Changes in socio-demographic structures and consumer behaviour, both within the EU and globally, may mean that the European Union has to shift from a food policy based on lifestyle to one founded on confidence and trust. The main focus may have to be consumer confidence and food quality, instead of quantity.
- Besides labelling, the European Parliament could provide citizens with clear information based on scientific knowledge and organize open and structured dialogues with stakeholders and the public. Strategies for risk management and targeted risk communication could be developed in cooperation with the other institutions, the food industry and consumers.
- Due to globalisation and changing technologies, new and resurgent risks to European food supply have increased. The EU will have to work closely with international organisations such as WHO, FAO and OECD to prevent and reduce such threats.



## INFORMATION AND RESEARCH

### - 12 - Regulating whilst developing the World Wide Web

- The European Union is likely to play a fundamental role in establishing a regulatory framework for the Internet. Future policy challenges will include the choice between sector-specific regulation and integration into other regulatory areas.
- The challenge will be how to create a good balance between i) privacy and security; ii) competition and investment incentives; and iii) national interests and the growing need for action at the European and global level.
- Above all, it will need to be decided whether there should be specific rules for the Internet activities or whether these should be subject to more general rules, for instance under competition and criminal law.
- The EU and the Parliament will have to make the choice between letting market forces shape new emerging markets, or adopting a regulatory approach, for example lower barriers for newcomers and weaker actors.



**TRANSPORT, TOURISM AND REGIONAL DEVELOPMENT****- 13 - Focusing on the future of transport**

- The European Parliament could attach more importance to the current debate on the future of transport by bringing new efforts and resources. This would contribute to long term objectives, influencing at an early stage the future strategic concept of coherent and sustainable transport policies.
- To encourage the adoption of harmonised charging systems in all transport sectors, the Parliament could push for the internalisation of external costs and for the development of the right price signals.

**- 14 - Developing sustainable transport**

- Reversing the economic downturn may lead to a shift of priorities which could weaken the sustainability objectives in the transport sector overall or lead to a distortion between individual transport sectors. The European Parliament could aim to ensure that priorities and policy outcomes are balanced so as to achieve both objectives.
- The Parliament could explore additional options for greenhouse gas (GHG) reductions. It could press for specific GHG reduction targets for individual transport sectors, in order to enable transport to make a significantly larger contribution to the fight against climate change.

**- 15 - Resolving financial constraints and changing the TEN-T**

- In forward thinking of budget issues, it will be important to recognise that the provision of sufficient financial means will be important in developing the Trans-European Networks for Transport (TEN-T). Investments should ensure the sustainable development of transport policy.
- The European Parliament could consider pressing for a significant increase of EU funding for the TEN-T network during the negotiation of the next



Multiannual Financial Framework. The Parliament could look to the next revision of the TEN-T guidelines as a major dossier in transport policy.

#### **- 16 - Promoting mobility in urban areas**

- Urban transport is becoming a very high priority within the European transport agenda. The introduction and application of sustainable urban transport plans in conurbations of over 100,000 inhabitants, the launch of a programme for improving statistics/databases on urban mobility at Eurostat, and the setting up of an urban mobility observatory are all important future objectives. Stronger EU financial support and input from the European Parliament are needed.
- The European Parliament could insist on a more active EU role in urban mobility, as similar problems are emerging across the EU and becoming more visible to Europe's citizens.

#### **- 17 - Investing in transport systems**

- The European Parliament could consider pushing actively for much greater investment in research and development, in order to develop intelligent transport systems and new low carbon vehicle propulsion. Setting the international standards for future transport technologies could result in new opportunities for the European economy.

#### **- 18 - Improving the transport of information and data**

- Further improvements regarding the collection of transport data, the definition of more meaningful indicators, and the development and harmonisation of more detailed transport statistics could be requested by the European Parliament. To achieve this, a strong focus may be put on improving the reporting obligations of the Member States in co-decision procedures.
- Parliament could urge the Commission to report on a regular basis and in detail on the economic, environmental, social and other developments in each specific transport sector.

#### **- 19 - Moving forward with a sustainable tourism strategy**

- In its general approach to transport policy, the European Parliament will need increasingly to consider wider factors - such as security challenges (for example, vulnerability to terrorist attacks), regional conflicts or pandemics, energy issues and climate change, so making tourism more sustainable and competitive.
- Economic and demographic change may gradually reshape the promotion and encouragement of tourism in the future. In the long term, tourism may be influenced by democracy, human rights and piracy issues. The European Parliament could monitor closely these trends and impacts and draw the policy implications from them.



## - 20 - Tackling territorial issues

- One key challenge for the European Parliament in coming years may be to find effective policy responses tailored to specific contexts and to foster integrated development approaches to address global challenges, even though they are often specific to different territories.
- Future work could be more focused on 'place-based policies'. More specifically, the Parliament could seek to translate general goals into efficient policy measures: making the economic, social and territorial dimension work together, thus creating synergies which might reinforce each other.

## COMMON AGRICULTURAL POLICY (CAP)

### - 21 - Implementing the Lisbon Treaty

- The entry into force of the Lisbon Treaty would represent a turning-point for the European Parliament in the agricultural area - at legislative (co-decision), executive (comitology) and budgetary (abolition of distinction between 'compulsory' and 'non-compulsory' expenditure) levels.
- The Parliament could consider the possibility of negotiating an inter-institutional agreement to interpret the new clauses of the treaty that deal with agriculture.

### - 22 - Reforming the Common Agricultural Policy (CAP) and updating its Treaty objectives

- A genuine revision of the Common Agricultural Policy aims, principles and key mechanisms is foreseen. This will be outlined in 2012-13 and progressively implemented between 2014 and 2019, so as to be fully operational in 2020. This will mark a transition from the decoupling of aid - already fully implemented - to a new step of targeting and tailoring support.
- The European Parliament could consider pushing to revise the agricultural chapter of the Treaty, which has not been modified since 1957, and which does not include modern objectives. The simplified procedure for reforming treaties (Article 48 TEU) would allow Parliament to initiate this revision - probably after the next Common Agricultural Policy (CAP) reform has been approved in 2012-13.

### - 23 - Coping with globalisation and implementing the Doha Round

- In principle, the current Doha Round may be expected to end in 2011, although this remains uncertain. Any new WTO agreement on agriculture will have a major impact on the evolving Common Agricultural Policy (CAP), especially for tariffs. Until 2020, the new multilateral framework will be



implemented progressively in the context of the 'new' CAP. The European Parliament will need to take a view on the key elements of this process.

- The Parliament could seek to incorporate the parameters of any new global deal on climate change into the operation of the CAP. The areas of agriculture, energy and climate are increasingly intertwined. The CAP will have to cope with a 'green deal', something which the Parliament could actively contribute to defining.

## COMMON FISHERIES POLICY (CFP)

### - 24 - Monitoring fisheries

- Future European Parliament initiatives in the fisheries sector will need to take account of a continued fall in catches, along with uncertainty over the impact of climate change on fish resources. Europe will face greater dependency on imports from external suppliers, such as China.
- The Parliament could push for increased research efforts to tackle environmental problems and to ensure both the survival of coastal communities and the supply of fishery products at reasonable prices.

### - 25 - Appraising the future Common Fisheries Policy (CFP)

- The European Parliament could ensure that the future reform satisfies three time-specific requirements - namely access to waters in the 112-mile zone, the restoration of fish population to the level of Maximum Sustainable Yield (MSY) in 2015 and the achievement of a 'good environmental status' by 2020.
- Establishing differentiated management régimes will lead to a debate over maintaining the principle of relative stability. The Parliament may need to address shortcomings and adjust national quotas to fleets' real needs. It could call for increased research efforts as regards the impact of climate change and the application of an 'eco-systemic approach' (reducing the catch below the MSY level).
- The European Parliament could pay attention to potential impacts the WTO Doha Round may have on key aspects of the CFP, such as subsidies and EU tariff protection.
- Future priorities for the Parliament will probably include the strengthening of resources conservation, fleet management policies, the common market organization and the European Fisheries Fund.

### - 26 - Preparing a strategy for aquaculture sustainable development

- The European Parliament may wish to be active in balancing aquaculture and the need for sustainable development. One may see future new measures to increase production in aquaculture which could result in less employment in



other areas. The Parliament could consider looking at the potential for closer dovetailing and cross-over of fisheries and aquaculture within the context of Integrated Maritime Policy.

#### **- 27- Assessing the impact future enlargements on fisheries**

- The European Parliament will need to assess the fulfilment of the accession criteria and consequences for fisheries of Croatia, Iceland and/or Turkey joining the European Union. Turkey would have major impacts on aquaculture.

### **CULTURE**

#### **- 28 - Strengthening audiovisual and cultural policies**

- The European Parliament could assess whether the huge increase in choice for consumers means that cultural diversity is automatically ensured and that artists will continue to be properly rewarded for their work in the digital age.
- Innovative thinking on the promotion of the cultural sector could become more important within the European Parliament, as the digital revolution proceeds.

#### **- 29 - Promoting the Bologna Process**

- The promotion of world-class universities will play an important part in the future competitiveness of the European economy. The European Parliament could monitor the development and implementation of the Bologna process, which aims to create the European higher education area, in which academic degree and quality assurance standards are more comparable and compatible.
- The European Parliament could aim to ensure that the improvement of quality courses and greater competition between teaching establishments helps to pave the way towards a better qualified workforce.

#### **- 30 - Safeguarding diversity and cultures**

- The European Parliament could strive to strike the right balance in safeguarding the vital diversity of cultures and languages, whilst promoting a greater sense of collective belonging in Europe.
- On the international level, the European Parliament, and the EU as a whole, may face the challenge of turning the UNESCO Convention into an instrument that will have practical consequences and implications.



### - 31- Making the most of sport

- The European Parliament could be decisive in shaping the educational and social functions of sport, making the most of the new competences in this field with the entry into force of the Lisbon Treaty.
- For the Parliament, getting involved in such debates could hold both attractions and risks. These are issues that millions of sports fans care about, but the risk is that EU policies may become misunderstood and unpopular. It will be important to strike a sensitive balance in this field.



**JUSTICE, FREEDOM AND SECURITY / LEGAL AND PARLIAMENTARY  
AFFAIRS****- 32 - Creating a European Space for Civil Rights and Justice**

- The European Parliament will seek ways to strengthen the promotion and protection of fundamental rights. One way could be to lobby for the creation of a horizontal portfolio for a single Commissioner (particularly if the Charter of Fundamental Rights of the European Union becomes legally binding), or for the current portfolio to be divided into justice and fundamental rights on the one hand and a genuine portfolio on home affairs on the other.
- The Parliament could work on the definition of the impact on the protection of citizen's rights in sectoral policies and develop a horizontal control in sectoral legislative proceedings. The question of access to internet as a fundamental right was recently raised during deliberations on the Telecoms package.
- As part of an 'ex-post' control of legislation impacting on fundamental rights, the Parliament could follow the example of the Council of Europe, and extend its "evaluation visits" to Member States to learn more about local problems.
- The Parliament could be the driving force, possibly in strong cooperation with national parliaments, for the creation of a space of European civil justice. The aim would be to enhance legal security on cross-border related issues (for example, consumption, marriage, divorce, succession and wills) and improved mutual recognition of relevant documents.
- There is also the need to improve cross-border judicial cooperation. The Lisbon Treaty would provide a legal basis for the development of a European judicial training for lawyers.

**- 33 - Developing a European model balancing security and privacy**

- The European Parliament favours adequate guarantees to ensure respect for privacy and data protection in an area where the imperatives of national security have led governments across the world to call for more personal data to be collected by public authorities and private companies.
- These guarantees will need to take into account the new technological capabilities (such as the treatment of electronic data, internet, biometrics) which were unthinkable just ten years ago.



- The European Parliament could create a better EP-US Congress cooperation in this field with the aim of influencing discussions at an international level. It should aim to move further forward with the agreement reached at the EU-US summit in 2008 to conclude an EU-US agreement on exchange of information and data protection.
- The current legal “acquis”, based on different pillars and various legislative instruments, could be revised and simplified.

#### **- 34 - Answering national problems on asylum and border management**

- The European Parliament could help to develop a real European statute for asylum seekers, and harmonised procedures and conditions for granting asylum in conjunction with Member States' competences. Currently the levels for granting asylum from Iraqi asylum seekers vary from 0% to 70% between different Member States.
- Connected with changes in the asylum system(s), the Parliament might need to define its position on how to strike the right balance between ease of border crossings and enhanced security needs. This will require further developments towards an integrated border management strategy and a common visa system.
- The Parliament could continue to push for the replacement of the current national Schengen visas with a uniform 'European Schengen Visum', allowing for equal treatment of all visa applicants and enhanced solidarity between Member States so as to improve burden sharing.
- The Parliament favours effective combating of illegal immigration and urgent action to stop current human tragedies at sea. This could be done by reinforcing the mandate and resources of FRONTEX, the development of a European Border Surveillance System (Eurosur), and closer cooperation with the countries of origin.
- The Parliament considers that migrants who stay irregularly on the territory of Member States have to be required to leave the European Union, with due regard to the law and the dignity of the persons involved, giving preference to voluntary return. This aim could be pursued through the mutual recognition of return decisions and establishing a European 'laissez passer', with a view to facilitating readmission to the third countries.

#### **- 35 - Establishing a common European migration policy**

- The European Pact on Immigration and Asylum, adopted in 2008, foresees an annual debate from 2010 onwards by the European Council on this matter. This debate could be used by the Parliament as a way to feed in ideas.
- The European Union should aim to elaborate robust, medium and long term policies that take account of demographic change and migration, so as to offset Europe's declining population and workforce. These changes might both increase global competition for labour migrants and cause growing migration pressures in the coming decades.



- It may be inevitable to set up an active and controlled European migration policy, including demographic changes and development cooperation factors. This policy might not only be designed for highly-skilled workers but open up migration to other necessary sectors of the labour market.
- A prerequisite for the success for this policy would be to complement it through a sound integration framework in order to ensure societal cohesion.
- The Parliament could push to develop further cooperation with third countries on immigration issues (legal, illegal, return policies) as a priority for Europe's foreign policy and by establishing Migration Information and Management Centres which can contribute significantly to tackling migration problems by addressing the concerns of the potential migrants in countries of origin.
- The Parliament could support further "circular migration" flows as one of the emerging EU policy themes and mobility partnerships by giving immigrants the ability to return to their country of origin without jeopardising their chances of return.

### **- 36 - Tackling the internationalisation of crime and new technologies**

- The European Parliament could contribute considerably to the development of a genuine "European internal security architecture" by combining analysis and action on internal and external security challenges such as Terrorism and Organised crime, Cyber security, energy supply, piracy etcetera.
- Europol will become a community agency as of 2010, following a Council decision. This will improve operational functioning. But the Lisbon Treaty provides for a specific legal basis for the determination of its structure, operation, field of action and tasks through the ordinary legislative procedure.
- The Parliament, together with national parliaments, will have to define the scrutiny of Europol's activities.
- In parallel to these reflections Parliament could already start to hold annual debates on the so-called Organised Crime Threat Assessments (OCTA) which are adopted by Europol on a yearly basis and on the EU Terrorism Situation and Trend Reports (TESAT).
- The Parliament could push for a better cooperation between Europol and Eurojust (the body for supporting and coordinating investigations and prosecutions between competent national authorities), in particular through Joint Investigation Teams.
- The Lisbon Treaty would not only provide the legal basis for the framework of Europol but also for Eurojust through ordinary legislative procedure.
- The Parliament could push the development of Eurojust further into a Public Prosecutor's Office for the protection of the financial interests of the Union (there would also be a legal basis in the Lisbon Treaty). In the long run, this could lead to the extension of its competences to cover serious crimes that have a cross-border dimension.



### - 37 - Simplifying rules for Europe-wide active companies and consumers

- The European Parliament could develop further a real European contract law in order to grant full legal security to cross-border transactions comparable to the levels inside Member States.
- SMEs - which represent in terms of numbers around 99% of all companies in the internal market - have special needs and weaknesses. Parliament could improve its advocacy of SME interests by pressing for the adaptation of the legal framework following the financial crisis (such as suppressing SME specific cross-border problems like accountability burdens and fiscal, legal and administrative barriers) and for the realisation of the statute of the European private company.
- As first initiatives on company law stem from the 1960s, a number of key acts have been revised several times and the framework has evolved rapidly and significantly. It might be necessary to regroup the entire *acquis* on company law in one single document. This could enhance legal security and make it more accessible, in particular for SMEs.
- In order to help European companies to manage their cross-border activities, the Parliament could further contribute to the development of other optional statutes of European societies (European foundation, European cooperative etcetera) and revise the statute of the *societas europea*.

### - 38 - Protecting industrial and intellectual property rights

- The EU needs a strong protection of its innovations and to remain competitive in a knowledge based world economy. Europe has lost ground in terms of patent activities compared to other global players. The current fragmentation of the patent system in Europe makes the access to the system difficult and costly, with the issuing of rights and their effective protection cumbersome. Parliament could continue to push for the strengthening of industrial property rights, in particular through an efficient and simple European patent system.
- The copyright has come under considerable pressure, with enormous technological developments during the past years. Whole industries are shaken up. Within the common market, based on free competition, the right balance has to be struck between necessary protection against infringements of copyrights and piracy on the one hand and the access to content (artistic, cultural or scientific) for the consumer. Parliament could take over the lead to find solutions in the areas of conflicting interests.
- If the Lisbon Treaty comes into force, the legislator would have a legal basis to establish measures through the ordinary legislative procedure to create European intellectual property rights. This could provide uniform intellectual property rights protection, along with the setting up of centralised Union-wide authorisation, coordination and supervision arrangements.



## CONSTITUTIONAL AFFAIRS

### - 39 - Encouraging a better turnout in European Elections in 2014 and 2019

- The European Parliament could start to reflect immediately on measures to improve the turnout in areas where possible implementation would need some time.
- The Parliament could do more to support European political parties in becoming a genuinely complementary factor, in parallel to national parties, for the 'transmission' of European politics to the citizens. This could be done during the run-up to the European elections. It could also reflect on how to reform further the European party system (encourage European parties to open up for individual membership next to national party membership).
- The Parliament could evaluate the possible impact on some ideas for the reform of the European election system. (Possibilities include, for example, the structure of constituencies, the introduction of partly pan-European lists, parallel information on European party affiliation next to the national party name on the ballot paper, and so on).

### - 40 - Facing challenges resulting from the introduction of the Lisbon Treaty

- The Lisbon Treaty would necessitate a number of institutional changes for the European Parliament. In particular the following issues might need a special focus, constant attention and action by the European Parliament during the next ten years.
- Agreeing with the European Council on the consultation procedure based on Declaration 11 to the Lisbon Treaty on the nomination of the candidate for the post of President of the European Commission.
- Laying down the right framework for the use of the new Citizens' Initiative process, in order to increase participation by European citizens in European matters in a constructive way and to give this instrument meaning and effectiveness. This could also be seen in conjunction with an enhanced pre- and post-legislative (i.e. through the right of petition) dialogue with civil society and further development of the Impact Assessment process.
- Enhancing the relationship with national parliaments to strengthen further the parliamentary dimension in the Union.
- Rebalancing the relationship between the European Parliament and both the Council of Ministers and the European Council.
- Contributing to the effective establishment and development of a democratically accountable EU External Action Service.
- Managing an appropriate and effective system for the scrutiny of implementing legislation by the Commission (the former comitology system).



**FINANCIAL PERSPECTIVES - BUDGET - OWN RESOURCES****- 41 - Synchronising the 'Financial Perspective' with Parliament's term**

- Over the coming years, the European Parliament could work to synchronise the multiannual Financial Framework (MFF, currently seven years) with the five-year terms of the Parliament and European Commission. To this end, it could aim to prolong and then adjust the current MFF or 'Financial Perspective' (2007-2013) in 2015-16, giving due consideration to the mid-term evaluation of the on-going legislative programmes in 2010-2011. This would enable the next Parliament and Commission, which will be elected in June 2014, to prepare properly the following MFF for the period 2016/2017-2021.
- Compared to the current seven-year MFF, a new five-year periodic cycle would allow greater flexibility. It would increase accountability and democratic control because any current Parliament and Commission could not bind a future Parliament or Commission by their decisions. Furthermore, it would facilitate law-making for the respective period since legislative and budgetary planning would be better synchronised.
- This reform could also be imbedded in a comprehensive approach to the inter-institutional strategic planning, with the incoming Commissioners submitting guidelines for the MFF to achieve their political priorities for the term of office.

**- 42 - A less complex and fairer system of EU Own Resources**

- The European Parliament has traditionally wished to link the reform of expenditure with a review of revenue. The two processes should ideally run in parallel with the aim of merging them in a global and integrated form.
- For the European taxpayer, a less complex but fairer system of EU own resources could be of major benefit.



- The Parliament has already proposed a possible approach which could be introduced in two stages: The first would lead to an improvement of the current system of national contributions, towards more equality, simplicity and solidarity. In the second phase, a new system of own resources would be created introducing a genuine (own) EU resource. This could be a certain share of a tax without increasing either overall public expenditure or the tax burden for citizens.

#### **- 43 - Making the EU Budget driven by, and responsive to, policy**

- In coming years, new instruments in the budgetary field which allow quick decision-making to adopt new initiatives and to respond sufficiently, flexibly and effectively to unforeseen challenges are likely to become more important. The European Parliament may need to pursue its objective of allocating a higher amount to the 'Flexibility Instrument' to support such an approach.
- A negotiating process could be designed in such a way as to separate redistributive issues (related to national net balance positions) from specific EU policy priorities. This could be done through two-stage negotiations, with the first stage being purely redistributive, while the second would be about the provision of European public goods and other common issues.
- More EU spending programmes could be provided with 'sunset clauses', namely they would expire unless their effectiveness and scope for extension are established or unless they have undergone successful 'health checks'.

#### **- 44 - Forging synergies between national budgets and the EU Budget**

- The EU Budget, which is small compared to national public spending (some 2.5%), can only be considered as an added value if it shows that it fills important gaps, addresses a limited number of issues, and serves, in conjunction with national public finances, as a facilitator for specific policy objectives.
- The European Parliament could further develop its cooperation with national budget committees through joint budgetary debates. These could raise awareness about possible synergies, and lead to better coordination of public expenditure in the various policy areas and for specific actions. They could imply a re-orientation of the European budget towards European-added value sectors, for example, in promoting competitiveness, energy security, European infrastructure, a knowledge-led service economy, research and development. This approach, combined with a stronger involvement of national parliaments, could have been useful for the coordination of the recent European Economic Recovery Plan.



#### **- 45 - Identifying links for the EU Budget and legislative and political priorities**

- The European Parliament needs to ensure that it preserves its possibilities for initiating new spending and legislation through the use of 'pilot projects' and 'preparatory actions' in the annual budget.
- The Parliament, further to the recent reforms agreed by the Conference of Presidents, could aim to set up appropriate structures for greater cross-committee cooperation in this field. These could identify and exploit possible links between the Commission's annual Legislative and Work Programme, external policy priorities and the annual budgetary procedure, through a Working Group or Conference of Rapporteurs.

#### **- 46 - Changes in the annual Budget procedure**

- If the Lisbon Treaty enters into force, its new annual budget procedure will entail changes for the European Parliament's internal procedures, giving equal power to the Parliament for (former) 'compulsory expenditure'. It will simplify the annual budgetary procedure, replacing a formal second reading of the Council with the introduction of one reading in each institution, followed by conciliation and subsequent endorsement or rejection.
- The Parliament will need to develop a procedure which would allow it to prepare properly for an ambitious first reading of the Budget. Furthermore, the Parliament will need to give special attention to the composition of the Conciliation Committee, which will now have a very important task. While in the current situation, the decision to move from the first to the second reading position is taken - fully transparently - by the Budget Committee and the EP Plenary, under the new procedure, the negotiations will take place in the Conciliation Committee, behind closed doors. Therefore, the Parliament will need to consider how best to remain transparent and ensure that all Members and committees concerned are properly consulted and informed.
- The creation of the suggested Working Group or Conference of Rapporteurs could help ensure the necessary cooperation among committees (please see above).

### **BUDGETARY SCRUTINY, CONTROL AND IMPLEMENTATION**

#### **- 47 - Transforming national 'annual summaries' on the EU budget**

- Strengthening the accountability for the EU Budget spent in Member States is in the interests of both the European taxpayer and of the European Parliament. Today, the European Commission is legally responsible for the 80% of the EU Budget which is actually spent by and in the 27 Member States.
- After the first so-called 'annual summaries' delivered by this shared management process, the Court of Auditors has come to the conclusion that these reports cannot be considered as a viable analysis of the functioning of control systems.



- National responsibility and accountability in the context of the budget discharge could be further strengthened by introducing official 'statements of assurance', which should be approved at the appropriate national political level, with a clear mandate from the respective governments. This improved discharge procedure could also involve the national budgetary control committees.

#### **- 48 - Better Impact Assessment for cost efficient legislation**

- Each year, the majority of the Court of Auditors' cases in the area of budget implementation are not generated by fraud or bad intention, but simply derive from the fact that the rules imposed in any regulation are often too difficult to apply in due form.
- It is important that legislative proposals and major amendments to them are checked, not only in terms of impact in the relevant policy areas, but also in terms of administrative impact within the Commission and other executive bodies. The Impact Assessment process could be extended further to cover the bureaucratic impact on any citizen, enterprise or other body affected by new rules.
- Allowing for a proper assessment of the options and impacts of a measure, the decision-making process needs to reserve enough time for proper consultation. All stakeholders should be given a genuine opportunity to provide an input to this process.

#### **- 49 - Better scrutiny of the Council's political-related expenditure**

- Since 1975, the European Parliament and the Council have had a 'gentlemen's agreement' not to modify each other's budgets. However, following the adoption of the 1993 Maastricht Treaty and the inclusion of policy-related expenditure (in the fields of Justice and Home Affairs and Common Foreign and Security Policy) in the Council's (administrative) budget, the Parliament has become increasingly concerned about the lack of appropriate democratic scrutiny of these specific policy areas.
- Democratic accountability is of major importance. The Parliament could consider the amount of information it needs to ensure appropriate scrutiny, and whether or to what extent the 'gentlemen's agreement' of 1975 is indeed still appropriate.

#### **- 50 - Reforming the European Anti-Fraud Office (OLAF)**

- There is an increasing size and complexity of EU funding and an increasingly cross-border nature of crime. In this context, the European Parliament wishes to review existing structures in the fight against fraud, and in particular OLAF.
- If the Lisbon Treaty enters into force, by offering a proper legal basis for such an initiative, the Parliament could push for the creation of a 'European Public Prosecutor', to improve the protection of the Communities' financial interests.



## - 51 - More visible 'value for money'

- Giving visibility to what the EU is achieving with its spending - the European value added - is in the interest of European citizens, as ultimate stakeholders of the EU policies, and may help ensure better participation in policy-making and elections.
- The European Parliament could push the European Commission and the Member States to provide better monitoring, evaluation and publicity of and for EU-funded activities.
- The definition of the 'added value' of EU funding depends largely on the point of view of the assessing person. It is therefore desirable that the assessment is done not only by the Commission and the Member State bodies, as they would evaluate their own executive work, but by our outside bodies and stakeholders too.



**COMMON FOREIGN AND SECURITY POLICY (CFSP) AND  
EUROPEAN SECURITY AND DEFENCE POLICY (ESDP)****- 52 - Developing a common European Security Strategy**

- The area of security and defence under the Common Foreign and Security Policy (CFSP) is likely to be one of the most important strategic policy areas to be developed by the European Union in coming decades.
- The current global mood reflects a high measure of geopolitical insecurity and gives the impression of an overwhelming range of conflicts and challenges. The European Security Strategy adopted and revised by the Council of Ministers in recent years needs to be adjusted to changing needs and given greater democratic legitimacy and underpinning. A new, clearly structured debate could help focus 'European minds' on a targeted number of attainable priorities. In the process of defining strategic interests and key priorities upon which the EU can focus its comprehensive, even if limited, resources, the shortcomings of the present situation will need to be analysed.
- The European Parliament - in conjunction with national parliaments - has the potential to become the key "public space" for the debate about strategy and through which broader public legitimacy is built for responding to the global challenges. This may help achieve a greater unity of purpose and public legitimacy for the EU's role in responding to geopolitical trends.

**- 53 - Developing the EU's crisis management capacities**

- As European security needs evolve, new approaches, with a stronger accent on developing civil-military concepts and civilian crisis management capabilities, have been developed to respond to today's global challenges.
- Even if a lively debate will continue about whether and how far the EU is complementary or competitive to NATO, it is clear that no Member State can address today's global challenges alone and that Member States need to work together and increasingly pool their military and civilian capabilities. Whilst the UN, NATO, and the EU will each be the preferred frameworks for certain situations, increasingly all three will be used simultaneously as the biggest international challenges - e.g. Kosovo and Afghanistan - require a mix of different capabilities and policies. The challenge up to 2019 will be to ensure coherence and unity in the actors' approach and action.



- To ensure that it is fully involved in this process, options for the European Parliament include establishing a regular European Security Strategy Review, closer scrutiny of the ESDP, and/or using more intensively the power of the purse.

#### **- 54 - Increasing EU policy coherence in external relations**

- The European Parliament is uniquely placed to use its scrutiny and budgetary instruments to support European institutions and Member States in their declared objective to be more coherent actors in external relations.
- The European Parliament will need to aim to ensure greater coherence in the area of external relations between its political priorities and across financial instruments, in particular with respect to the:
  - Common Foreign and Security Policy (CFSP),
  - Instrument for Stability,
  - Development Cooperation Instrument,
  - European Neighbourhood and Partnership Instrument, and the
  - European Instrument for Democracy and Human Rights.
- In addition, the Parliament could develop tools - notably in the framework of the future Multiannual Financial Framework ('Financial Perspective') - for a stricter assessment of the coherence between CFSP/ESDP actions and the Union's various geographic and thematic instruments.
- If the Lisbon Treaty comes into effect, the Parliament will also wish to closely monitor the important development of the new European External Action Service and seek to influence how it will be shaped. It will also wish to keep a close eye on the budgetary implications of, for example, the start-up fund under CFSP, and ensure greater transparency in reporting of ESDP military crisis management operations and capability development processes in the framework of the EDA.

### **TRADE AND DEVELOPMENT POLICY**

#### **- 55 - Ensuring greater coherence in EU development policy responses**

- In a similar vein, the EU's development policy needs to be brought into more effective combination with CFSP objectives. The European Parliament could seek to ensure resources and mechanisms for stricter assessment of coherence between development actions and other geographic and thematic instruments, for example:
  - the financial framework 2007-2013 review,
  - the stability review instrument on promotion of human rights,
  - the Cotonu agreement and post-framework Cotonu,
  - Africa-EU global strategy.
- The European Parliament might seek new ways to strengthen coordination with international actors (e.g. with Council of Europe and various UN bodies) and the impact and coherence of the wide range of human rights and democracy related activities.



- The establishment of the Sakharov Network to connect the work of the Parliament more closely with the winners of the Sakharov Prize could become a useful vehicle for the EP to promote human rights.

#### **- 56 - Mainstreaming human rights policy within EU external policy**

- The European Union's democracy and human rights promotion policies are likely to require increased resourcing. At the same time, the political will and determination to realise the European Union's strong commitment to human rights and democracy will be tested under the pressure of other competing policy objectives and interests.
- In recent years, the EU has strengthened its commitment to mainstreaming human rights across all policy areas. If the Lisbon Treaty enters into force, the European Parliament's agreement to EU's all external agreements will offer an important opening for exerting influence to ensure that human rights and democracy objectives in EU' external relations are given genuine priority.

#### **- 57 - Focussing on good governance and institution-building**

- Institution-building forms an important part of good governance: it is essential not only to the successful pursuit of human rights and the fight against corruption, but to developing sustainable governing structures in developing countries. Such thinking has become increasingly important in shaping EU development policy in recent years.
- Major donors and international financial institutions are increasingly likely to base their aid and loan decisions on the condition that reforms that ensure good governance are properly undertaken.
- The European Parliament will need to devote increased attention to the shaping of good governance policies as part of the EU's development strategy.

### **INTERNATIONAL ECONOMICS AND TRADE POLICY**

#### **- 58 - Reforming international organisations**

- The recent global financial and economic crises have shown the limitations of existing global fora, notably the IMF, WTO and G8. There is a growing awareness about including rising powers such as China, India and Brazil in global governance fora may be necessary to encourage them to participate actively and responsibly in setting internationally-agreed 'rules of the game.'
- The speed and scale of the recent crisis has accelerated this trend with a shift away from the G8 to the G20 and the prospect of an overdue reform of the global international financial institutions (IFIs) and the WTO. These trends are likely to continue and become more pronounced throughout the period to 2019.
- Henceforth, the European Parliament may wish to contribute more positively to monitoring and shaping these important trends, by taking a leadership position on the reform of international institutions - including the development of a more active parliamentary component and dialogue to some of them.



**- 59 - Assessing the EU's vulnerability to external shocks and systematic failures in the world economy**

- The accelerating integration of the global economy greatly increases international economic interdependence and thereby the possibility of shocks, systemic crises and failures. As one of the world's great trading blocs, committed to an open world economy, the EU is vulnerable to such developments. Specifically, as the largest importer of raw materials and energy, must be prepared for serious power struggles over access to energy, water and raw materials, which may have destabilising consequences.
- The European institutions will need to assess the potential implications of such developments and identify the appropriate action on them, in order to safeguard its position in a way consistent with open markets and free trade.

**- 60 - Defining the balance between multilateralism and bilateralism in trade policy**

- Following the repeated failure of the negotiations in the Doha Development Round of the WTO, the EU has become increasingly inclined to undertake, notably since 2006, the negotiation of bilateral agreements with individual trading partners or regional groupings.
- The increasingly complex 'spaghetti bowl' of Free Trade Agreements (FTAs) in particular carries the risk of undermining trade liberalisation at a multilateral level and creating a fragmented trading landscape with significant trade diversion effects and unnecessarily complex regulatory diversity.
- It is important that, in the coming decade, the right balance is struck between multilateralism and bilateralism in international trade relations. The extension of co-decision to the Commercial Policy by the Lisbon Treaty would offer the European Parliament a chance to play a central role in that process.

**- 61 - Adjusting to potentially increased politicisation of EU trade policy**

- The European Parliament's powers in the area of external trade would grow substantially under the Lisbon Treaty. Codecision will apply to all trade policy legislation and the assent procedure (or codecision) to all international agreements.
- The Parliament's real power in trade policy means that, like the US Congress, it could become subject to intense lobbying in this field, opening up decision-making to a much wider range of interests and pressures.
- Equally 'democratic' pressures on trade policy continue to arise in third countries. The cosy world of trade policy being settled by national civil servants from a few major players is coming to an end. An important step could be the creation of a fully fledged WTO Parliamentary Assembly, upgrading the current parliamentary conference.



## ENLARGEMENT AND NEIGHBOURHOOD POLICY

### - 62 - Making the EU enlargement policy more coherent and defining 'integration capacity' more clearly

- The European Union institutions will probably need to devote increasing effort to defining the principles which underpin enlargement, including the so-called "integration capacity" more clearly.
- The European Parliament may have to, if necessary, convince or alert EU citizens of the benefits or the disadvantages of further EU enlargements.
- There will be a more intensive debate on the desirability of new arrangements for those potential candidate countries which may need longer periods for making effective reforms, including specific multilateral frameworks as an intermediate step, until they have made sufficient progress to qualify for candidate status.
- The Parliament could have the opportunity to develop and to propose, in particular to the eastern European neighbours, for the medium and longer term, a new form of specific regional cooperation frameworks of policies developed together. Furthermore, it may wish to propose the consolidation of EU cooperation in specific agreements, such as the Eastern Partnership or the Black Sea Cooperation Agreement.

### - 63 - Promoting Stabilisation and Reform in the Balkans

- The prospect of EU membership will continue to be the driving-force for the reform process and the overall stability in all the countries of the Western Balkans. The populations of the Western Balkans wish their countries to join the European Union. However, the difficult post-conflict transition and the consolidation of the most recent enlargement is making this a complex and time-consuming process.
- To maintain stability in the region, it will be desirable for the European Parliament to monitor the effective use of the 'leverage' available to the EU. This includes a more coherent and strategic application of all available Community instruments, particularly in the most vulnerable countries of Bosnia and Herzegovina and Kosovo.

### - 64 - Resolving the question of Turkish membership

- The question of Turkey's membership of, or privileged partnership with, the European Union is likely to be resolved one way or the other during the coming decade.
- In this context, the European Parliament could stress the importance to Turkey, if it wishes negotiations for membership to succeed, of accelerating the reform process in several key aspects of society (notably human rights, democratic accountability, fundamental rights and freedoms), to restore and to improve its relations with Armenia, and to resolve the Kurdish minority question and the Cyprus issue.



- The European Parliament wish to play an active role in assessing progress, given that it has a right of veto over the outcome of negotiations.

#### **- 65 - Deepening the Eastern Partnership without alienating Russia**

- The Eastern Partnership region should not be used as an arena for geopolitical competition. The EU in its relations with Armenia, Azerbaijan, Georgia, Ukraine, Moldavia and Belarus will need to strike a difficult but critical balance. Dealing with Russia's claims and policies and reducing the risk of further Russian use of force in the region will be a future challenge for the European Union.
- It will be a major challenge to stimulate the transformation of Russia's perception of the region in the long term and preventing destabilisation. By promoting the development of common security arrangements, the EU will need to ensure the respect of Russia's and other actors' legitimate security interests and genuine security concerns - without compromising the 'OSCE acquis'.
- Eastern Partnership countries face enormous challenges with respect to exploitation of their energy resources and the reduction of their energy consumption (and their carbon emissions). The European Parliament could give greater support to the Eastern Partnership countries in the area of energy security - as well as to encourage them to conduct effective and well-balanced minority and cohesion policies, to decrease destabilisation risks.

#### **- 66 - Promoting Parliamentary Dimension to the Middle East Peace**

- The Middle East will continue to be an area of the utmost importance to EU external policy, and the Mediterranean Basin as a whole is likely to become increasingly so.
- The Israel-Palestine issue question is likely to remain the focal point in relation to the Arab-Islamic world. The Parliament can contribute to relieve tensions by the promotion of a parliamentary dimension to the Middle East Peace Process, building on successes in the EMPA process. It can also help promote parliamentary processes generally, conscious that there may sometimes be a tension democracy-promotion and stability.
- Significant opportunities also exist to promote economic reform and interdependence through energy policy, environmental policy and liberalised trade.

### **BILATERAL RELATIONS AND PARTNERSHIPS**

#### **- 67 - Seizing the 'Obama moment' to deepen Transatlantic relations**

- The election of Barack Obama as President of the United States offers a very significant opportunity for the European Union and US to consolidate their relations, with both partners better placed to act together in facing common challenges.



- The prospect of a genuine Transatlantic Single Market could continue to develop as the cornerstone for closer economic relations, with greater regulatory convergence and increasing interdependence in many sectors.
- For the European Parliament, deeper cooperation would mean further enhancing its Transatlantic Legislators' Dialogue with the US Congress at all levels, including the creation of a Transatlantic Legislative Assembly and closer committee-to-committee linkages.

#### **- 68 - Strengthening Europe's meaning and relevance to Asia**

- The rise of Asia as a new global player is now a given and, in the next decade, that continent will continue and transform the geopolitical landscape. Any failure to understand or accept this reality would risk limiting the EU's position within the emerging economic and political system. The rise of Asia, therefore, constitutes a test case for the EU's ability to be and act as a major power.
- The challenge for the EU is to quickly define its economic and security interests in Asia in a way that dovetails effectively with the values it seeks to promote. The European Parliament should aim to play an active part in this process.

#### **- 69 - Deepening the EU-Latin American partnership**

- Over the next decade, it is likely that Latin America will continue to see democratic consolidation and economic growth, even if its poverty levels will only decrease modestly and its economic competitiveness will continue to lag behind that of Asia. Brazil and Mexico will become leading regional powers, but their efforts to promote Latin American integration might be realized only in part.
- The European Union and Latin America - linked by history and cultural values - have the potential to make significant progress towards the bi-regional strategic association initiated 20 years before at the Rio Summit. The European Parliament, the EuroLat Assembly and the regional and sub-regional Latin America parliamentary fora can all strengthen the democratic legitimacy of the strategic association and help to find political solutions to the problems of both partners.
- The European Union could also strengthen the association agreements that are in place and conclude those that have not yet been adopted.

