Future of Europe debates IV
Parliament hosts Heads of State or Government

SUMMARY

As the 2019 European elections approach, the 'Future of Europe debates' are coming to their natural conclusion. This April II session is the last plenary session at which one of the Heads of State or Government will set out their vision of the future path that Europe should follow. This initiative has been meant to provide the occasion to reflect deeply on how to shape the future of the EU and its institutions, as a concrete contribution to the Sibiu Summit taking place on 9 May 2019.

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

Originally intended to run for the whole of 2018, the debates, which have to date featured the leaders of 19 Member States, continued into 2019, up to the 2019 European elections.

This is the fourth edition of a Briefing designed to provide an overview of the Future of Europe debates. As usual it takes stock of the views of the (four) most recent participating leaders (Juha Sipilä, Giuseppe Conte, Peter Pellegrini, Stefan Löfven) on a number of key policy areas such as economic and monetary union (EMU), the EU’s social dimension, migration policy, security and defence, the next multiannual financial framework (MFF), trade and climate change.

Participants in Future of Europe debates in the European Parliament

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See also the first Briefing in the series, covering the initial six leaders to speak; the second, with the subsequent four, and the third, with the following five.
Background

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

On 13 February 2019, the European Parliament adopted a report from the Constitutional Affairs (AFCO) Committee (rapporteur: Ramón Jáuregui Atondo, S&D, Spain) on the state of the debate on the Future of Europe. The various debates that have taken place in the Parliament’s plenary sessions will all feed into the European Council meeting in Sibiu (Romania) on 9 May 2019, at which perspectives on the Union’s course for the next five years should be drawn up.

Economic and monetary union

“The need for a genuinely shared solidarity between member states without dividing the EU into different geographic areas is reflected by the challenge to complete economic and monetary union.”

Giuseppe Conte

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

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

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

Parallel steps were taken at Member-State level, with French President Emmanuel Macron’s address at the Sorbonne and Germany’s then finance minister, Wolfgang Schäuble’s non-paper, both in 2017, followed by the position paper from the finance ministers of Denmark, Estonia, Ireland, Latvia, Lithuania, the Netherlands, Finland and Sweden in March 2018. This highlights the difficulty of the negotiations: while some Member States prioritise risk-sharing measures, others argue instead for further risk-reduction initiatives. After lengthy and intense negotiations in 2018, EU leaders agreed that the European Stability Mechanism (ESM) would provide a common backstop to the Single Resolution Fund (SRF); they announced their intention to introduce single-limb collective action clauses (CACs) for euro-area government bonds by 2022 and to include this commitment in...
the ESM Treaty; with regard to the European Deposit Insurance Scheme (EDIS), however, they noted that further technical work is necessary. The work is to be done by a high-level working group, which will report back by June 2019. In addition, while they did not agree on the need for a stabilisation function, they were more open with regard to proceeding on the design, implementation and timing of an instrument for convergence and competitiveness, which would be part of the EU budget (inspired by the Franco-German proposal of 16 November 2018).

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

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

Migration

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

Although most Heads of State or Government have stressed the need to make progress on the reform of the common European asylum system (CEAS) and on the issue of relocation, EU leaders at successive European Council meetings have failed to achieve a breakthrough on internal aspects of migration and asylum policy, showing remaining differences among Member States as regards, in particular, the reform of the Dublin Regulation. Instead, due to the domestic political situation and internal pressures in some Member States, the European Council conclusions of June, October and December 2018 prioritised strengthening the EU’s external borders and preventing migrants from reaching Europe in the first place, by stemming illegal migration on all existing and emerging routes, strengthening cooperation with countries of origin and transit, particularly in North Africa, and fighting people-smuggling networks.
Discussions in the Council to determine the Member State responsible for examining an asylum application (often referred to as the Dublin system) have been at the stage of consultations between Member States for almost three years. The most controversial issue involves the principles of solidarity and fair sharing of responsibility for asylum-seekers. This prompted the Commission to propose, though has not yet been able to implement, temporary arrangements for solidarity and responsibility for refugees and migrants rescued by search and rescue operations on their way to Europe, which would serve as a bridge until the new Dublin Regulation and the rest of the CEAS package become applicable.

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

The European Council conclusions of June, October and December 2018 prioritised strengthening the EU’s external borders, and preventing migrants from reaching Europe in the first place, by stemming illegal migration on all existing and emerging routes, strengthening cooperation with countries of origin and transit, particularly in North Africa, and fighting people-smuggling networks. Commission President Jean-Claude Juncker expressed similar views in his 2018 State of the Union address. The Commission would also endeavour to increase returns by improving the EU’s capacities and by concluding new, and better implementing the existing, re-admission agreements with countries of origin and transit.

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

In the context of the debate triggered by the Commission’s white paper on the Future of Europe, its reflection paper on the social dimension of the EU offered three scenarios: i) focusing exclusively on the free movement of workers; ii) developing what would essentially be a multispeed Europe; and iii) genuinely deepening EMU across the EU-27. The reflection paper on harnessing globalisation highlighted the strong links between economic and social policies. The Commission proposed a holistic reference framework, the European Pillar of Social Rights ("social pillar"), for the development of EU labour markets and welfare states. Its 20 principles and rights reach far beyond the strict confines of social policy, and address equal opportunities and access to the labour market, fair working conditions, social protection, and inclusion. The jointly proclaimed social pillar shows the commitment of the three institutions.
A majority of Heads of State or Government have expressed strong commitment to the principles contained in the European Pillar of Social Rights, and fully acknowledged that economic and social development go hand in hand. Some stressed that the very essence of the European Union lies in achieving a closer union, and thus, that the full equality of Member States and their citizens can only be achieved by implementing the relevant social acquis throughout the internal market.

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

A number of Heads of State or Government have highlighted the importance of the European social model, calling not only for its preservation but also for its improvement, with more recent interventions including proposals such as the creation of a European unemployment insurance and an EU minimum wage. Recent speakers have also emphasised the pervasive effect of increasing inequalities among generations but also among genders, in particular on the labour market. In this regard, the revision of the Posted Workers Directive and the establishment of the European Labour Authority were welcomed as a step forward by a number of speakers in the debate.

While acknowledging the impact of globalisation and digitalisation, including their ineluctable negative consequences, a number of EU leaders are calling for a renewal of the social contract, able to meet the needs of workers in a rapidly changing labour market. A majority of EU leaders have thus committed to the objectives in the European Pillar of Social Rights; however, the level of ambition and means to achieve them vary among them. Recent speakers have called for social solidarity, emphasising that the defence of democracy also means the defence of young people’s dreams, with nothing more dangerous than a society in which young people have stopped dreaming.
### Annex: Overview of topics addressed by each Head of State or Government

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<th>Main focus / specific proposals</th>
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<td>The European ideal and values, break internal market.</td>
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<td>Freedom of the press</td>
<td>Strengthen CSR, protection of external borders, reform of the CESB, completion of the single market and the single digital market.</td>
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<td>Development policy</td>
<td>Convergence, completion of EMU, provision of needed resources, specific proposal: A convergence mechanism to help countries improve their growth potential.</td>
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<td>Competitiveness</td>
<td>European democracy and European sovereignty. Specific proposal: citizens’ consultations on the future of Europe.</td>
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<td>Five scenarios</td>
<td>Prosperity, security and European values. Specific proposal: A peer review mechanism on the rule of law.</td>
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<td>Transport</td>
<td>Taxation, competitiveness, social policy.</td>
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<td>Defence</td>
<td>EU unity, multilateralism, less and more. EU needs to focus on core functions, proposals: 5% reduction in greenhouse gases by 2030.</td>
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<tr>
<td>Social Europe</td>
<td>Security, migration and the social economic dimension. Specific proposal: Rebalancing the relation between Member States’ and Union Institutions. Need for EU to be at the forefront of the technological, industrial, cultural and digital revolution.</td>
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<td>Food and health</td>
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### Amount of speaking time spent on topic

- **Most**
- **Least**

| Leo Varadkar | Andrea Renzi | Costa de Mouro | Antonio Costa | Emmanuel Macron | Frans Timmermans | Charles Michel | Philip May | Mario Draghi | Mark Rutte | Mark Rutte | Mark Rutte | Mark Rutte | Mark Rutte | Mark Rutte | Mark Rutte | Mark Rutte | Mark Rutte |
|-------------|-------------|----------------|-------------|----------------|----------------|-------------|---------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Ireland    | Italy       | Portugal       | Portugal    | France         | Belgium        | Luxembourg   | Belgium  | Germany     | Germany   | Germany   | Germany   | Germany   | Germany   | Germany   | Germany   | Germany   | Germany   |

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**EPRS | European Parliamentary Research Service**
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<th>Future of Europe debates IV</th>
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| Management of economic crisis, challenge of extreme right, populist currents, migration, populism, specific proposals, a new social contract for Europe. | Preserving unity within the EU, completion of the digital single market, enhance internal and external security. |
| Preserving EU cohesion and unity, defence, security, and EU's global role. | Preserving EU cohesion and unity, defence, security, and EU's global role. |
| Tolerance and solidarity, migration, defence. | Not abusing the right of free movement, migration, and climate change. |
| Renewal of Cyprus, MFF and Brexit. | Protecting EU citizens. |
| Efficient implementation, fight populism, climate. | Social policy, freedom of the press and rule of law: an attractive Union that citizens can trust. |
| Focus Europe close to its people. | Support for a fair power of general accountability vis-à-vis national and EU institutions. |
| Specific proposal: Sweden to join European Public Prosecutor’s Office. | Defend core EU values. |

| Alexis Tsipras, Greece | Vitali R 겪, Belarus | Vitalis Lionis, Romania | Angela Merkel, Germany | Lars Løkke Rasmussen, Denmark | Nicos Anastasiades, Cyprus | Pedro Sánchez, Spain | Ali Ka-Shukh, Tajikistan | Giuseppe Conte, Italy | Peter Pellegrini, Slovakia | Stefan Löfven, Sweden |
Trade

“We want to be an inclusive community, open for those who fulfil criteria ... At the same time, global means having significant economic power, backed by a strong currency and based on free but fair international trade. The EU has to remain the champion in this regard.”

Peter Pellegrini

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

Since then, the EU has pursued various (new or updated) FTAs with trade partners around the world (Canada, Japan, Singapore, Vietnam, Mexico, Chile, Australia and New Zealand). The EU was also preparing for a possible bilateral trade deal on industrial goods and conformity assessment with the US, in an effort to de-escalate trade tensions with the Trump administration.

The EU has also been actively engaged in the establishment of a multilateral investment court to address concerns about investor-state dispute settlement (ISDS) mechanisms. In addition, the EU is actively involved in the reform of the World Trade Organization (WTO), to resolve the looming deadlock on its dispute settlement system by the end of 2019, strengthen its monitoring role, and update international trade rules. EU leaders are also increasingly looking to have a trade policy that protects as well as opens up trade. In this context, a mechanism for the screening of foreign direct investment was adopted and calls were made for the adoption of the international procurement instrument before the end of 2019.

Several Heads of State or Government pointed out in the debates that, in international trade, EU Member States can achieve much more by working together than in isolation, and it is here that the EU brings added value. It is by being open to trade agreements with countries around the world that the EU can continue to ensure economic growth and prosperity for its citizens. Some have pointed out that, although certain partners and allies have chosen to disengage from the multilateral trading system and pursue other paths, the EU Member States stand united, and in doing so, will continue to protect the interests of workers and consumers.

Heads of State or Government have shown a high level of convergence in their determination to support free and fair trade, and a strong commitment to the rules-based multilateral trading system, with a central role for the WTO. Recent speakers acknowledge the benefits of a Union open to trade, in particular, as an engine for job creation, but also call for a Union able to defend its strategic interests, and a Union able to adapt to changing economic realities. Last but not least, they call for a Union able to assert itself as a relevant actor on the world stage, able to promote global standards while at the same time upholding high social and environmental standards.

“Sweden will promote more free trade agreements because we know how many jobs these agreements can create. But, all these agreements should also be favourable to people as well as to the market. The agreements must respect our environment, our health and the rights of workers.”

Stefan Löfven

“There are also many other challenges that we must address: for example, we must commit to promoting a form of world trade that is fairer and more capable of protecting consumers.”

Giuseppe Conti

“It is very harmful if the major players continue to build trade walls. We must do everything to prevent or tear down such walls. Especially from the view of smaller countries, the damage would be fatal. We must respect and obey the common rules on trade.”

Juha Sipilä
Climate change and energy

“The EU will certainly have to undergo a major transformation towards a climate neutral economy, we need a transition which is socially just towards our citizens and fair towards our businesses.”

Peter Pellegrini

Three years after the Paris Agreement, the focus is now on its implementation. At international level, its ‘rulebook’ was adopted in December 2018 by the UN climate change conference (COP24) in Katowice, Poland. At national and EU level, implementation means enacting policies to achieve the targets set out in the nationally determined contributions (NDCs).

Most speakers have mentioned climate change as a common challenge. Some have reconfirmed their support for the full implementation of the Paris Agreement, a few calling to increase the Paris commitments. They also welcomed the Commission’s objective of achieving a climate-neutral economy by 2050.

The EU has a comprehensive set of energy and climate policies, including its emissions trading system. It is broadly on track to achieve its targets for 2020.

“We have a climate framework for our society, which will lead our efforts to cut emissions quickly and powerfully, and achieve net-zero emissions by 2045.”

Lars Løkke Rasmussen

These policies were reinforced in the 2015 energy union strategy. To move towards a low-carbon society and achieve its commitments (NDCs) under the Paris Agreement, the EU has significantly revised its legislation. The Commission proposed to raise climate-related spending in the 2021-2027 MFF to 25% of the EU budget. To set the path to a low-carbon economy, in November 2018, the European Commission adopted a strategy for a climate-neutral Europe by 2050.

A provisional agreement was also reached on a targeted revision of the 2009 Natural Gas Directive, which would ensure that EU energy law applies to gas pipelines entering the EU internal market, including the controversial Nord Stream II gas project.

Some of the earlier interventions have explicitly focused on energy security, and called for reducing dependency. The most recent contributions to the Future of Europe debate converged on supporting innovation and promoting new, more climate-friendly technologies. Such actions can contribute to achieving a climate-neutral economy in several decades while allowing the diversification of energy sources and reducing energy dependence.

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

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

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

Stefan Löfven

Recent years have seen considerable progress in EU security and defence. The 2016 EU Global Strategy (EUGS) led to an implementation plan on security and defence, the European defence action plan (EDAP) and proposals to strengthen EU-NATO cooperation following the Warsaw joint declaration. These actions provided the basis for the realisation of initiatives such as the European Defence Fund (EDF), the coordinated annual review on defence (CARD) and permanent structured cooperation (PESCO), to tackle inherent weaknesses of the European defence market and industry, and to enhance and optimise EU defence capabilities. In June 2017, the Commission presented a reflection paper on the future of European defence based on the EUGS.

“A Common European Defence is not only not antithetical to NATO membership, but can be a useful complement to it.”

Giuseppe Conte

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

The EDF aims to support collaborative research in innovative defence technologies, and the development of defence products jointly agreed by the Member States. In July 2018, the EU adopted a regulation for a European defence industrial development programme (EDIDP) to finance the EDF until the end of the current budget period. The aim is to improve the EU defence industry's competitiveness and innovative capacity, by supporting cooperation between Member States. Under the new MFF, the fund is due to receive increased financing, through a regulation on which a partial political agreement was reached in February 2019.

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

In June 2018, the Commission presented a proposal for a European Peace Facility (EPF), an off-budget instrument alongside the next MFF. Overall, the proposed MFF will mark a significant increase in EU funding for security and defence. In November 2018, the Council and the Member States adopted a new Civilian (CSDP) Compact, agreeing to increase contributions to such missions and to strengthen EU capacity to deploy civilian crisis-management missions.

“We must take action and unify our forces and increase capacity building in defence. Therefore, Slovakia strongly supports Permanent Structured Cooperation on security and defence (PESCO) while ensuring complementarity between the EU and NATO.”

Peter Pellegrini

The establishment of the European Defence Fund and PESCO are also steps in the right direction. We should now concentrate on implementation and reaching results.”

Juha Sipilä

The most recent four contributors to the Future of Europe debate stressed the importance of strengthening cooperation with strategic partners, in particular NATO. Most of them considered that it was time to implement recently launched initiatives, including the EDF and PESCO. One of them, Stefan Löfven, underlined that current defence cooperation efforts should lead to better implementation of civilian and military crisis-management operations.
Looking to the future of EU security and defence, in his 2018 State of the Union address, Commission President Juncker proposed broadening the scope of QMV in certain areas of CFSP, including sanctions regimes and decisions on civilian (CSDP) missions. The European Parliament has been a strong supporter of developments in security and defence, lately in a March 2019 resolution.

The contributions of Heads of State or Government in the Future of Europe debate have shown a high degree of convergence of opinions on security and defence. Most of them have spoken of the common threats that the EU and the Member States face, referring among others to terrorism and cyber-attacks. A number have highlighted that the EU and Member States need to formulate a common response to threats, that balances and preserves the EU’s interests internationally. Most of them have stressed the importance of preserving the transatlantic link whilst continuing to further develop and strengthen European defence cooperation.

Multiannual Financial Framework

“I don’t think that it is a right approach that first we see which kind of budget we have and then we decide what we can pay out of this budget. I think we should do it otherwise. First we have to see where we would like to be in next 5, 7, 10, 15 years, which are our priorities and then to decide how big and which kind of budget for our priorities we need.”

Peter Pellegrini

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

The proposal for the EU’s next multiannual budget takes into account the financial coverage of the engagements of the Bratislava and Rome declarations, the challenges identified during the debate on the future of Europe as well as the loss of a major contributor due to the UK’s expected withdrawal.

All Heads of State or Government who have spoken on this issue outlined which policy priorities, in their opinion, deserve funding in the next MFF. Some stressed the need to develop new policies (such as security, innovation and the digital economy), others highlighted the contribution of the ‘traditional’ areas (the common agricultural policy – CAP – and cohesion policy), and some stressed the need for a balance between the two.

Many Heads of State or Government have expressed their readiness to contribute more to the EU budget. Only Mark Rutte called for the EU budget to shrink after Brexit. Many of the others, by contrast, stressed the need to provide the EU with a budget that matches its needs and ambitions. Around one third addressed the creation of new own resources. Some stressed the need to avoid additional taxes for EU citizens. Only Emmanuel Macron called for the end of all rebates after Brexit.

“‘We do not propose a larger budget, but rather the stronger prioritisation of innovation and new jobs, and the digital, educational and physical infrastructure required to make them possible.’”

Stefan Löfven

“‘It’s decisive that we have a proper balance between the new priorities such as migration, growth and investment and security, and traditional policies such as cohesion and the Common Agricultural Policy.’”

Giuseppe Conte

Overall, the proposed MFF totals €1 134 583 million (in commitments, 2018 prices) over the 2021-2027 period. It is equivalent to 1.11 % of EU-27 gross national income (GNI), and represents a slight decrease in comparison with the current MFF’s 1.16 % share of EU-27 GNI (i.e. Brexit-adjusted). On the revenue side, the Commission proposed to modernise the current own-resources system, introduce a basket of new resources, and gradually eliminate rebates. This reform,
according to the Commission, could be an opportunity to depart from the obsolete concept of Member States' net balances or 'fair return'.

The European Parliament considers the Commission's proposal insufficient, given all existing commitments, challenges and new priorities and estimates, that the MFF ceiling should be set at 1.3% of EU-27 GNI. As for the proposed changes in the system of own resources, the Parliament considers them an important step towards a more ambitious reform, but expects an even more ambitious approach.

In order to avoid the possible negative impact of a late adoption of the MFF on the start of the implementation of the spending programmes, the Commission and the Parliament had called for an agreement ahead of the May 2019 elections. However, in December 2018 the Member States decided to continue work on the MFF at the level of the Council, with a view to achieving an agreement in autumn 2019.

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

ENDNOTES

1 The quotations presented in this briefing, taken from the speeches as published by the leaders' offices, represent a limited selection illustrating the six topics addressed in this text. For the full speeches, and the subsequent discussions with Members of the European Parliament, the verbatim record and video recording of each debate can be found on the plenary section of Parliament's website: Leo Varadkar; Andrej Plenković; António Costa; Emmanuel Macron; Charles Michel; Xavier Bettel, Mark Rutte, Mateusz Morawiecki, Alexis Tsipras, Jüri Ratas, Klaus Iohannis, Angela Merkel, Lars Løkke Rasmussen, Nicos Anastasiades, Pedro Sánchez, Juha Sipilä, Giuseppe Conte, Peter Pellegrini, and Stefan Löfven. More information is available on the European Parliament homepage on Future of Europe.

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

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