

The future of the EU: new perspectives



Foreword

Brexit has dominated the media and political landscape of the United Kingdom since the referendum of 2016. One interesting side effect of this has been the way the European Union – still the UK’s nearest and largest trading partner – has been discussed solely in terms of its role in the Brexit negotiations. Yet whatever the outcome of these discussions, what the European Union is and does will continue to affect not only its own citizens but also the UK itself.

This strikes me as an excellent moment to attempt to focus more directly on the EU itself and understand what is going on within it and how it might develop in the future. We find ourselves early in the EU’s new institutional cycle, with a new cast of EU leaders and a new set of policy priorities.

Despite the much-vaunted unity that the 27 have displayed during the Brexit process, conflicts and tensions between member states, as well as between some of them and the EU institutions, persist. There remain fundamental disagreements between member states and institutions on issues like migration and the euro zone, not to mention more existential questions about future integration and the rule of law. Underlying everything are difficult to resolve differences on the balance of burden sharing.

I’m delighted we’ve been able to bring together some of the best young writers and thinkers on the EU to offer their take on the future of the EU’s institutions, its member states and its policies. This report serves two purposes. First, it is essential reading for those interested in what is happening in the EU and where it is headed. Second, it is intended to serve as an introduction to a group of young observers of the EU who are perhaps not yet as well known as they should be, but who bring a fresh perspective to what are often vexed and long-standing debates.

I’d like to thank all contributors for their patience in dealing with what was a drawn out editorial process made still more tricky by the succession of Brexit deadlines they’ve had to deal with. I’m particularly grateful to Jill Rutter, who spent an inordinate amount of time editing the pieces and helping to turn the report into a coherent whole. Navjyot Lehl managed the design of the report with her customary professionalism and good humour.

I hope you find what follows both interesting and useful.

Professor Anand Menon, Director, The UK in a Changing Europe

Printed March 2020



The UK in a Changing Europe is an impartial and independent organisation created to make the findings of academic research easily available to the widest possible audience.

Contents

Introduction by Anand Menon	2
------------------------------------	---

Institutions

European Commission by Sophia Russack	4
European Parliament by Lukas Obholzer	6
European Council by Matt Bevington	8
Court of Justice of the EU by Julien Miéral	10

Member states

Germany by Johannes Greubel	12
France by Georgina Wright	14
Italy by Luigi Scazzieri	16
Spain by Paula Lamoso and Ilke Toygür	18
Poland by Natasza Styczyńska	20
Netherlands by Pepijn Bergsen	22
Ireland by Giada Laganá	24
Hungary by Zsuzsanna Vegh	26
Finland by Tuomas Iso-Markku	28

Policies

Eurozone by Hanno Degner	30
Trade by Julia Magntorn Garrett	32
Climate and environment by Brendan Moore	34
Migration by Katja Swider	36
Single market and regulation by Josephine Harmon	38
Defence by Armida van Rij	40
Foreign policy by Nele Marianne Ewers-Peters	42

Hyperlinks to cited material can be found online at www.ukandeu.ac.uk

Introduction by Anand Menon

Much energy has been expended – not least by the UK in a Changing Europe – in trying to figure out the implications of Brexit for the UK. Yet we, along with many others, have not devoted quite as much time as we should to what the future might hold for the EU. We asked contributors to look at their country, institution or policy area and give us their informed opinion of what is happening now and might in the future in the post-Brexit EU so that this yawning gap in knowledge is diminished to some degree. To be clear, I am not implying for a moment that its future will be decisively shaped by Brexit – in what follows, the contributors emphasise how relatively unimportant Brexit will be – but the EU faces an uncertain decade. Brexit may not have posed the existential threat to the European project that some feared it would, but the external pressures and internal tensions have reached a level not seen since the EU's inception.

High hopes inevitably buoy the start of a new institutional cycle, and the Commission president, Ursula von der Leyen, has laid out some ambitious objectives. Nevertheless, her position has been weakened from the off by the fact that, rather than being appointed via the Spitzenkandidaten process, she was nominated by the heads of state and government. Some have already labelled her the candidate of the member states.

Moreover, the absence of a stable majority will make the European Parliament a more difficult institutional partner for von der Leyen. The rejection of an unprecedented three Commissioners-delegate following their parliamentary hearings might be a sign of the troubles to come between MEPs and the Commission.

The Court of Justice, for its part, has capacity issues, not least with the increasing number of major decisions in digital, environment, migration and trade issues that it has faced of late. Nor is there evidence that the informal methods deployed to reasonable effect by the European Council in response to the eurozone and migration crises will prove sufficient for the hard choices ahead given the conflicting interests of member states.

Meanwhile, at the national level, unusually, it is Spain that is the most bullish about European integration. Strong public support reinforces the position of Pedro Sánchez as de facto leader of social democracy in Europe (with Iratxe García from his party leading the centre-left group in the European Parliament). With the appointment of Josep Borrell as High Representative for Foreign Affairs, Spain might, finally, be about to start punching its weight in European affairs in pursuit of a strongly pro-integration agenda.

Others are less clear about their direction of travel. Ireland has long dodged questions about its vision for the EU. However, with the UK gone, Dublin will have to take some important decisions about what kind of Union it wants – not least in a context in which the loss of the UK budget contribution means that Ireland, recently a net contributor, will need to shoulder more of the costs.

Meanwhile, President Macron has his own problems. In the Autumn of 2019, he was virtually isolated on the EU scene following his criticism of NATO and his decision to veto the opening of accession talks with Macedonia. Macron will need to address his inability so far to build stable coalitions that support his well-publicised ideas for EU reform, while thinking ahead to his own re-election and attempting to revive the flagging Franco-German relationship.

In other member states, the erosion of domestic consensus over European integration will have consequences. In Finland, the popularity of the Finns Party has politicised the EU to a degree not experienced previously. Equally, for Germany, the combination of a dwindling domestic consensus, which for so long has permitted the country to pursue a stable pro-European course, and the cooling

of the Franco-German relationship has led to its failure in leadership since the eurozone crisis. For both countries, rebuilding the Franco-German relationship will be key to ensuring that they continue to shape European integration. For the EU itself, history suggests that when this bilateral relationship functions well, things get done.

Then there are the potential troublemakers. Ten years ago, Italy was one of the most enthusiastic member states. Now it is amongst the most eurosceptic. Many Italians think the eurozone's rules are the cause of Italy's decade of economic stagnation, a view compounded by a perceived lack of European solidarity in dealing with migration.

Poland has followed a similar trajectory to Italy – from being 'top of the class' after the 2004 enlargement to something quite different after the victory of the Law and Justice (PiS) party in the 2015 parliamentary elections. The ongoing rule of law debate with the Commission has been crucial in hardening Polish attitudes, with Jarosław Kaczyński – the leader of the PiS – arguing that the EU requires profound reform and that the competences of the EU institutions should be limited. Attitudes are already hard when it comes to the confrontational Hungarian approach to the EU under Prime Minister Viktor Orbán. Budapest has proved itself to be willing to oppose proposals in a number of areas, notably on immigration and, less widely publicised, on some foreign policy issues such as China and Israel.

Competing institutions and restive member states are not likely to be an ideal combination given the challenges confronting the Union. Wherever one looks, these are pressing and significant. Economically, the outlook for the eurozone is far from rosy. In September 2019, the [OECD cut its growth projection](#) from 1.4% to 1%, mainly due to a slowdown in the German economy. The ongoing trade war between China and the US, tensions in the Middle East and uncertainties related to Brexit are cited as the main reasons for this cut. Coronavirus has led to a further downward revision in the numbers.

In terms of the EU's most successful individual achievement – the single market – a key test will be the ability to deal with technological developments, both in terms of the challenges posed by US and Chinese domination (the EU provided just [10%](#) of global digital services in 2019) – and to reconcile the twin aims of growth and data privacy.

A similar trade-off looms when it comes to climate and the environment. The Commission has outlined 22 'European Green Deal' [proposals](#), but backing for EU-level action is far from assured. Non-binding action plans may be easy to agree, as should a Just Transition Fund to provide cash for member states. However, the EU has also committed to a 40% [reduction](#) in greenhouse gas emissions by 2030. Previous [attempts](#) to raise the EU's target ambition have been stymied by resistance from central and eastern European member states in the European Council (especially Poland), where consensus voting gives national governments a veto. COP 26 – jointly hosted by the UK and Italy, with a vital EU–China summit beforehand – will be an early test of how well the UK and the EU can work together on an issue in which they have a powerful shared interest.

All this faces the EU in a context of intensifying global competition. By 2030, Asia could account for over [40% of world exports](#) which in itself will pose a challenge by reducing the EU's relative size and influence in global trade. In addition, the unresolved crisis in Ukraine, tensions with Russia, the US–China trade war, the dispute over Iran's nuclear programme, the transatlantic rift over defence and burden-sharing, as well as climate change and the ongoing migration and refugee crisis will all test Europe's diplomatic capacities and resolve and its ability to turn ambitious rhetoric on security cooperation into action.

There is much for the EU to do, even without the added complication of Brexit negotiations and high levels of Brexit-related uncertainty. Although the UK's withdrawal has not led to an exodus of member states that some feared, the Union's ability to address the numerous challenges it faces effectively will necessarily shape how its own citizens, as well as the rest of the world, view it in the years to come.



Despite diverging [opinions](#), the EU's institutional balance is widely considered to have shifted away from the Commission since the Maastricht Treaty as the intergovernmental elements of the EU's institutional machinery have been re-engineered. While the Commission is certainly not as weak as some commentators suggest, it faces a more competitive and complex institutional setting than in the early days of European integration.

The Commission is often portrayed as having been demoted in all of its core areas of responsibility as the executive, legislator and agenda-setter. In particular, supporters of the new intergovernmentalism regard the Commission's executive responsibilities as diminished because the European Council and Council have [delegated](#) them away from the Commission to new bodies and EU agencies. Its legislative role has been affected by a decline in the community method (a decision-making process involving the European Commission, the Council and the European Parliament as supranational institutions) and an increase in intergovernmental decision-making. This was apparent for instance during the eurozone and migration crises, during which established procedures were often circumvented as member states co-ordinated actions and solutions among themselves.

A key development in this regard was the establishment of the European Council as one of the formal EU institutions with the Treaty of Lisbon in 2009. Its increased prominence stems from the paradox that member states are willing to co-operate, but not to transfer further sovereignty to supranational institutions. This threatens the role of the Commission, as the European Council is sometimes seen as the conduit for member state preferences and its conclusions often informally prescribe the Commission's activities.

Furthermore, the Commission's position in the law-making triangle – in conjunction with the Council and European Parliament – has changed as the Parliament has gained in importance and as a result of demands for more EU democracy. The ties between the Commission and the Parliament have been tightened to ensure greater democratic control over the executive and to furnish it with democratic legitimacy. The Parliament [approves](#) the College of Commissioners. During the legislative term, it holds the Commission to account through oral and written questions. Furthermore, Commissioners are obliged to report regularly to the Parliament and appear before its committees. Ultimately, the Parliament has the power to issue a vote of [no confidence](#) in the Commission and force it to step down.

The nomination of Jean-Claude Juncker as Commission president in 2014 was emblematic of this drive for democratic legitimacy. Juncker was nominated according to the Spitzenkandidaten procedure, in which each of the Parliament's political groups nominates lead candidates for the Commission presidency. This process introduced an electoral logic similar to that of parliamentary democracies, in which elections determine the composition of the parliament and the majority party forms the government.

Juncker's labelling of his Commission as 'political' signalled the continuation of a gradual drive in the post-Maastricht era to make the Commission more democratic. In his attempts to strengthen the institution's profile and rebalance the Commission vis-à-vis the other institutions, he substantially revised the structure of the College to introduce a more team-orientated approach, upgrading the honorary roles of the vice-presidents to become co-ordinators of other Commissioners, working in project teams. He also structured the Commission's work around ten prioritised policy fields, following a 'big ticket' approach to focus the Commission on the most pressing issues facing the EU.

However, the vulnerability of this system was that it was susceptible to personnel issues. The empowered vice-presidents were designed to be team leaders rather than policy co-ordinators. As a result they did not have Directorates-General at their disposal nor de facto authority over other Commissioners. Tensions emerged within the College and successful co-operation between Commissioners and ‘their’ vice-presidents was dependent on the incumbent and their understanding of their role. In addition, this new way of working had a significant impact on the involvement of the College of Commissioners: policy issues were discussed and decided (‘pre-cooked’) before the meetings, making debate among all Commissioners a rarity and the College less collegial.

As Lukas Obholzer discusses later in this report, Juncker’s successor, Ursula von der Leyen, was not appointed by the Spitzenkandidaten procedure. She was nominated by the European Council as a compromise candidate after the European Parliament failed to form a majority in support of any of the lead candidates. Von der Leyen has already been labelled an ‘intergovernmental’ candidate and has started off on a difficult footing with Parliament, which feels betrayed by her nomination. The ‘undemocratic’ procedure as well as the absence of a stable majority and the consequent three-party coalition for decision-making will make the European Parliament a more difficult institutional partner for von der Leyen.

The Commission President has structured her College in a similar way to Juncker, appointing vice-presidents in policy-co-ordination roles, who will lead teams of Commissioners with related portfolios, working towards the delivery of six predefined policy priorities. In a departure from Juncker’s system, however, von der Leyen has introduced an additional layer, as the three new executive vice-presidents under her have significantly more powers than other members of the College and vice-presidents, including having Directorates-General at their disposal. Von der Leyen has gone further than her predecessor by equipping the executive vice-presidents with administrative support. However, they remain ‘kings without territory’, lacking exclusive Directorates-General of their own.

How these changes, especially the empowerment of the executive vice-presidents, will affect the Commission’s inter-institutional relations remains to be seen. Juncker’s methods were fine in theory but not in practice for the reasons stated above. It will be interesting to observe how far von der Leyen succeeds in improving the system. Does a ‘whole government approach’ entail a stronger emphasis on collegial decision-making? Will the hierarchical structure create tensions between the members of College? Will she apply the same political top-down approach as Juncker? The answers to these questions will help determine the short-term future of this key EU institution.



When the European Parliament sat for the first plenary session of its new legislative term in July 2019, its members (MEPs) took stock of their six-week rollercoaster ride. On results night in May, the increase in voter turnout — the first in the 40-year history of direct elections to the Parliament — was an encouraging sign. A 51% turnout across the EU, up by eight points on 2014, boosted the legitimacy of the legislature overall but was driven by strong increases in some large member states such as France, Germany, Poland and Spain.

The boost quickly evaporated when party groups had to rally behind one of their Spitzenkandidaten (lead candidates) to become president of the European Commission. A repeat of the 2014 process, in which Martin Schulz—the Social Democrat candidate—conceded and endorsed Jean-Claude Juncker of the Christian Democrats as president, failed to materialise. The vague pledge that the Parliament would only approve a pick from among the lead candidates as Commission president ultimately failed when the European Council asserted its authority and the first plenary session of the new term saw the surprise election of Ursula von der Leyen.

The episode raises uncomfortable questions for MEPs: will this be a lasting setback to the power of the European Parliament? And is the Parliament relegated to playing second fiddle in day-to-day decision-making?

The choice of Commission president meant that the Parliament in effect yielded to the European Council, appearing to confirm a growing trend that started with the financial and eurozone crises, in which the heads of state assert themselves as the centre of EU power. The process has undeniably put von der Leyen in a weak position, strengthening the hand of the Parliament in its relations with the Commission. This was pointedly reinforced during the hearings of her Commissioners-designate, an unprecedented three of whom were rejected by MEPs.

It is also evidenced in two key policy concessions to party groups that were made to secure her own election. First, reports of the death of the Spitzenkandidaten system may be premature, and the lead candidates' legitimacy could in fact be strengthened in future. Von der Leyen has committed the Commission to supporting the idea of introducing transnational lists in the 2024 election. This way the candidates for the Commission presidency in future could be elected across all member states. While the Parliament rejected transnational lists in February 2018, this reform is possible without treaty change and could lead to a resurrection of an enhanced Spitzenkandidaten system. [Research](#) has also shown that knowledge of the candidates standing for Commission president increases voter participation and the effect of them standing across all member states could increase the domestic focus on European issues in election campaigns.

A second concession by von der Leyen, namely on Parliament's right to initiate legislation, might bear fruit early this term. A key weakness of the Parliament is its lack of legislative initiative, over which the Commission holds a monopoly. The Lisbon Treaty implemented a procedure under which Parliament can request the Commission to submit a proposal on a specific topic, as happened with the Whistleblower Protection Directive adopted in 2018. However, the Commission can also refuse to follow up on such a motion by MEPs. Von der Leyen has promised not to reject any such proposals adopted by the Parliament. This may be of consequence not only for policy output, as such informal conventions have often been formalised at later stages, potentially recalibrating the balance of power between institutions should any further treaty change be forthcoming.

Decision-making in the European Parliament has long been shaped by a grand coalition of the pro-European centre-right European People's Party (EPP) and centre-left Progressive Alliance of Socialists and Democrats (S&D) groups, with the pro-European liberal group (now Renew Europe) acting as 'kingmaker' on policy decisions that split the two grand coalition groups on left-right issues. In the previous legislative term, the EPP and S&D together controlled more than 50% of the legislature and, according to [VoteWatch Europe](#), voted together in more than 70% of cases. In the 2019 election, these groups lost their majority, and the liberal Alliance of Liberals and Democrats for Europe (ALDE) group teamed up with French president Emmanuel Macron's party to form Renew Europe. This makes it difficult to predict which coalitions will form on individual issues, whether a more stable coalition can be formed and how this might affect the work of the Parliament.

The first months of the legislative term suggest that we will continue to see different coalitions in different policy areas. A new dynamic is that Renew Europe, in contrast to ALDE, now has strong representation in the Council, leading to potentially better alignment across the two institutions and more bargaining power when negotiating Parliament's position. The group will play a key role in deciding whether centre-left or centre-right majorities win on issues splitting the pro-European groups.

However, the pro-European groups can also act in a coordinated fashion. For instance, they have maintained the cordon sanitaire on eurosceptic groups when it comes to leadership positions in the Parliament. While traditionally posts such as committee chairs were distributed to groups in proportion to their size, MEPs from hard eurosceptic parties have been excluded from these influential positions, as is the practice in many national parliaments where the majority party or coalition controls such positions. Nevertheless, it will be important to analyse the extent to which and how the different shades of euroscepticism engage constructively--such as through rapporteurships--with legislative work in the European Parliament.



At the European Council summit in June 2019, EU leaders finalised their [‘Strategic Agenda’](#) for 2019-24. It was the result of a near three-year process in which EU leaders, with input from the other institutions, reflected on how to make the EU more effective and build support for it among the public. The Agenda forms the blueprint for the Commission’s programme and focusses on four broad areas: protecting the freedoms of EU citizens, which encompasses borders, migration, crime and terrorism; developing the economy; making Europe climate neutral, focussing on a fair and green society; and promoting Europe on the global stage.

But what is perhaps more important for the European Council, is how the Agenda anticipates the EU achieving these objectives: it emphasises the need for each institution to revisit its working methods. EU leaders have stressed not just the ‘what’ of EU policymaking but also the ‘how’.

This new emphasis has been evident in recent months, with changes to [accession procedures](#) and the possible introduction of rule-of-law [conditionality](#) in the EU’s long-term budget. Reform of the EU’s procedures is of particular interest to the European Council, which has the final say on some of the most politically contentious issues – such as the long-term budget – but also has some of the least structured decision-making procedures of the main institutions.

The European Council’s modus operandi has evolved in recent years. It has become increasingly informal. The Strategic Agenda itself was agreed through a series of informal meetings (in Bratislava, Rome and Sibiu). Between 2015 and mid-2017, there were almost as many [informal meetings](#) of the heads of state as there were formal ones. Donald Tusk presided over 14 [informal meetings](#) in the five years between 2014 and 2019, compared to just eight under Herman Van Rompuy in 2009-14.

This increase might in part have been a response to the shortcomings of formal summits, which attract media attention and can amplify divisions between leaders, not least because these meetings aim to address contentious issues, such as the ‘top jobs’ summit in June 2019 and the meeting on the EU long-term budget (MFF) in February 2020.

Informal summits, in contrast, do not require formal conclusions, allowing for exploratory talks without the need for firm commitments. EU leaders may favour them as a return to the ‘fireside chats’, which preceded the formalisation of European Council meetings. They also have the advantage of engaging leaders in EU decision-making without the burdens of a formal summit.

The second notable change is in the development of various methods by which EU leaders reach agreement. The ‘grind them down’ approach, often employed during the eurozone crisis by Herman Van Rompuy, essentially involves locking leaders in a room until they reach agreement. At other times, leaders follow a lowest common denominator approach. This is often the case in deciding foreign affairs issues, when member states have divergent views on many global issues. Finally, there is a convergence approach in which, over a series of summits, EU leaders compromise on a common position. The incremental process of agreeing the commitment to carbon neutrality by 2050 is an example of convergence, although not all member states have committed to this goal yet.

The approach deployed is not apolitical and inevitably favours certain member states over others. At the top jobs summit, the necessity for a decision by any means favoured the bigger powers – who ultimately took the main positions in the negotiations – as they are less easily pressured than smaller states into accepting less favourable outcomes.

Longer term, reaching agreement through the convergence approach is likely to be the most sustainable. It allows space for measured political manoeuvring by member states over a period of time, as well as for detailed compromises to be worked out. Clearly, though, political circumstances are not always accommodating. During the EU's crises over the eurozone or refugees, for example, decisions could not be deferred and tough choices had to be made.

Finally, there is a question about the European Council's effectiveness as the decision-maker of last resort. It is tasked with resolving those contentious political issues that cannot be addressed in the other institutions. However, as Giles Merritt [wrote](#) recently, issues often land in the European Council's in-tray 'not because they're intractable but because they are politically toxic', which can lead to a multitude of issues reaching the top table.

Such escalation can be good for transparency and accountability: summits are the most publicly visible manifestation of the EU institutions at work. When these meetings produce clear decisions, it is evident where and when they were taken and by whom. Regardless of the fact that the meetings take place in private and EU leaders decide by general agreement without requiring or recording a vote.

But elevating issues to the European Council can, conversely, hinder decision-making. The more media scrutiny a decision receives, the greater the potential for a backlash against EU leaders at home, especially on issues that are of fundamental interests to their nation.

Leaders can also use summits to promote their defence of national interests to a domestic audience. They may be less inclined to agree difficult compromises under the full glare of public attention as opposed to behind the closed doors of a Council meeting. One challenge for the EU more widely is in resolving the inevitable trade-off between increased transparency and accountability, and reduced decision-making capacity as compromise becomes more difficult.

What this shows is that the European Council, by necessity, works in a piecemeal and ad hoc manner. This reflects the messy reality of conflicting member state interests, the need to reach consensus and an unpredictable geopolitical environment. And it is this environment that is likely to provide the greatest impetus for change in future.

However, there is a fundamental restraint on the European Council, namely the time that national leaders can commit to EU issues. It is hard to imagine their involvement expanding much beyond that required in [2017](#), when they attended 15 heads of state and government meetings (compared to just five in 2010). Circumstances at the time – the UK's exit – necessitated the increase as did the priorities of European Council president, Donald Tusk, through his Leaders' Agenda.

For this reason at least, it seems unlikely that the European Council is heading inexorably towards an even more hands-on role in EU decision-making. The trend of recent years may now, in fact, have peaked. The establishment of the European Council as an official EU institution in 2009 did lead to a new normal of relatively more intense involvement of national leaders, but this may now have hit a ceiling.



As the EU's judicial authority, the Court of Justice of the EU (CJEU) ensures that EU law is observed in the interpretation and application of the EU treaties. It consists of two courts: the Court of Justice and the General Court. The Court of Justice ensures, in light of the Treaties, that administrations and national courts apply EU law and protect the rights of EU citizens (direct application of EU law) and that any national provision which conflicts with EU law is disapplied (primacy of EU law over national law). The General Court generally deals with issues of lesser importance as well as with specific areas such as competition, intellectual property and litigation concerning EU civil servants.

Unlike the other EU institutions, the CJEU is not explicitly political. All of its judgments are decided on the basis of legal arguments alone, as provided for by Article 19 Treaty on EU. Its exclusive function is to 'ensure that in the interpretation and application of the Treaties the law is observed'.

As with many national supreme courts, the CJEU has experienced a continuous increase in activity. In 2018 the highest number of new cases was brought (1,683) and closed (1,769) in its history. A threefold increase on the number in 2008, and ten times more new cases than in the 1970s. In the long run, this intensification of activity can be attributed to successive EU enlargements (there are simply more member states), the broadening of both EU competences and the scope of EU policies, and the increasing development of dialogue between national courts and the CJEU through the preliminary reference procedure. The latter allows national courts to request a preliminary ruling from the CJEU to aid it in interpreting or checking the validity of EU law.

The CJEU's activities mainly concern the EU's internal affairs, maintaining the integrity of the EU constitutional system as provided for by the EU treaties. However, it also has an outward-looking role. In order to ensure the good functioning of this external dimension, the CJEU sees itself as the ultimate protector of the EU's legal autonomy in an international context. Consequently, it has acted to prevent any threat to its autonomy, for instance when it refused to allow the EU to accede to the European Convention on Human Rights in 2014. Accession would have given the European Court of Human Rights the power to review EU law, undermining the CJEU's independence. This decision was largely criticised by the analysts who saw it as an isolationist move with respect to international law, in particular international human rights law.

The recent evolution of the CJEU's case law has been characterised by the increasing number of major decisions directly related to current and upcoming political challenges facing the EU. Most of these are also now at the top of the political agenda of the three other major EU institutions. A growing number of major decisions on digital (notably in light of GDPR, the EU's data protection legislation), environment, migration and trade issues can be attributed to substantial development of legislation in these areas. Consequently, there are still gaps in the interpretation of recent EU directives and regulations, which the CJEU has to fill. It is also required to delineate the implementation of exclusive competences that have recently been assigned to the EU, such as foreign direct investment in the realm of EU trade policy. This contrasts with the more traditional decisions that the CJEU has in areas such as competition, inter-institutional affairs and citizenship, whose legal framework has been progressively established over recent decades.

Some of the major decisions that have recently been made by the CJEU in highly politicised areas relate to Brexit (Wightman and Others), the migration crisis (Judgment in F), tensions between member

states on the observance of the rule of law (Commission v Hungary), data privacy (Schrems), the monetary policy of the European Central Bank and public debt (Gauweiler), trade policy (CETA) and intra-EU investment protection (Achmea). All of these decisions are directly or indirectly linked to the multifaceted crises with which the EU has had to contend. They are also characterised by their long-term impact on future EU policies in particularly sensitive areas.

In legislative terms, the CJEU is likely to remain active on digital, environment, migration and trade issues as they continue to develop. These issues are ‘border free’ in that they concern the EU as a whole and are not confined to any specific EU member state. The CJEU’s increasing role in these areas reinforces its position as a shaper of global standards, as the EU promotes the standards set by the CJEU to its global partners (e.g. through bilateral trade agreements).

The extension of the CJEU’s external role is best exemplified by the current EU position in the negotiations for a future UK–EU trade deal. In the event of a dispute arising between the UK and the EU in competition (especially state aid), taxation, labour and social protection, environment, health and climate change, the EU considers the CJEU competent to rule on the implementation of current (EU) standards in the UK. This would go beyond any non-internal market relationship that the EU has with any other country.

Consequently, although the CJEU is not formally driven by political actors, the fact remains that it plays an increasing role in shaping EU’s internal and external policies. Its remit and activities have extended inexorably, especially in areas of EU global affairs. For the EU, the CJEU has become a major institutional player in external policies and relations, on which the other EU institutions have been relying. However, its role in the expansion of EU norms abroad is being met with resistance. Particularly from some EU trade partners (such as the UK and Switzerland), as they are reluctant to be subject to the CJEU’s jurisdiction without having a say in the EU’s decision-making process.



Germany's place and role in Europe is at the heart of European integration. Initiated by France to contain post-war Germany, the European project enabled Germany not only to become a legitimate partner but also a driving force in the integration process.

All West German and post-unification governments have followed a remarkably stable and persistent pro-European course, based on a broad cross-party consensus in the German Bundestag in favour of multilateralism and integration into the western partnership, buttressed by support for the European project among German citizens. Consequently, successive governments have been free from domestic pressure to act at the European level.

Able to set aside short-term national interests in favour of long-term ideals and guiding principles, Germany has been a staunch supporter of deeper integration. Traditionally advocating for supranational elements within the European political system, Germany has sought to maintain a fair balance among the intergovernmental components supported by other member states. It has supported the strengthening of the European Commission and the European Parliament, and an increase in majority voting in the Council.

A close Franco-German partnership has been essential for the European integration process. Nearly all major steps in integration can be traced back to compromises between Paris and Berlin (and earlier Bonn).

The biggest member state by population, Germany has also become the EU's economic powerhouse with by far the biggest economy and the second-lowest unemployment rate. Its position as an export nation makes it the most important [trading partner](#) for the majority of EU member states, though this comes at the expense of persistent, large trade deficits on behalf of its partners.

Politically, Germany's position reflects its geographic centrality in Europe. Berlin has close diplomatic ties with all member states. It is both the most [contacted](#) and the most responsive EU partner. Germany maintains a complex web of relationships, which give it a central role in European politics.

Whereas the main pillars of German European policy – support for deeper integration and close Franco-German cooperation – have remained fairly stable, in recent years there have been two changes which have influenced its implementation: first, domestic politicisation of European issues and, second, a changing relationship with France. These changes have led to Germany being characterised as a 'reluctant hegemon' in certain policy areas.

During the EU's ['poly-crisis'](#) over the past decade, Germany's pro-European position came into question domestically for the first time. German financial contributions to the EU and its role in the migration crisis led to dissent among parts of the population. Although the permissive consensus has been weakening since the 1990s, this became more visible during this period.

In 2017 a eurosceptic party, Alternative für Deutschland (AfD), won a considerable number of seats in the German Bundestag—unprecedented in the history of the Federal Republic. Germany's role in the EU has been politicised in parliament ever since, removing German EU policies from their previously unchallenged environment.

French economic and political weakness during the course of the eurozone crisis also led to the Franco-German tandem becoming increasingly unbalanced. With Germany way ahead as the EU's foremost economic power, its relations with France and its role in the EU began to change.

Germany's rigid approach to the eurozone crisis was based on a strong domestic preference for austerity. Its economic power enabled it to set the terms for how the crisis was managed, especially in the later stages when the imbalance with France became most evident. Merkel was able to impose austerity policies on the member states worst hit by the crisis.

The crisis in the eurozone precipitated important changes in German EU policy. First, Germany coerced its partners into following its preferred solutions, contrary to its traditional reticence in using power politics. Second, instead of seeking resolution through EU institutions, Merkel increasingly resorted to intergovernmental methods to manage the crisis directly.

Yet, German dominance is far from universal. On migration, it has not been able to dictate policy and a sustainable compromise has yet to be reached. On foreign and security matters, the country continues to be reluctant to engage more substantially.

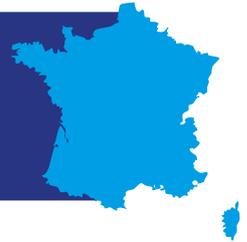
But the imbalance between Germany and France extends beyond the crisis period. The election of Emmanuel Macron, a passionate pro-European, was expected to open a window of opportunity to reform the EU. However, President Macron's ambitious reform speech at Sorbonne in 2017 remained largely unanswered by his German counterpart.

This absence of a meaningful response fits with the general impression of Merkel's chancellorship: her approach has been to take individual actions in specific policy areas or in response to external developments. It has been a policy of 'muddling through', without a comprehensive German vision for European integration. As a result, the EU reform debate lost traction.

With Ursula von der Leyen—a close ally of Merkel—at the helm of the European Commission, this German reluctance could change. An early indication of progress can be observed in the context of the 'Conference on the Future of Europe', proposed by von der Leyen, with Germany and France being first to publish their positions on the proposal. Berlin is playing a proactive role and appears willing to be a driving force behind the process. Germany is also due to take up the presidency of the Council in the second half of 2020, which will give it both the platform and opportunity to act.

In advance of Merkel's final term, in 2021, she will want to make a success of the many policy issues in the forthcoming presidency. These include the start of the Conference on the Future of Europe, the ongoing negotiations on a new long-term EU budget, negotiations with the United Kingdom and a number of the country's own policy priorities.

The future development of the EU will depend largely on whether Berlin is willing to assume leadership and work closely with Paris. At this stage, it will most likely be up to a new chancellor to renew the partnership with France. With the recent resignation of Merkel's anointed successor, Annegret Kramp-Karrenbauer, as head of the centre-right Christian Democratic Union, the race to replace Merkel is gaining speed and the direction of Germany's EU policy remains uncertain.



Emmanuel Macron won the presidential election in 2017 on a strongly pro-EU platform. His message was clear: France, but also the world, needed a strong, prosperous and secure EU. However, the Union was in need of reform. Once in office, he set out to convince EU countries to support his cause. He made more trips to Brussels and other EU capitals in his first year in office than his predecessor had made in two and a half years previously.

The substance of Macron's EU policy reflects France's customary approach to the EU and his own convictions that EU countries are stronger when they act collectively.

France's European policy rests on two pillars. The first is deeper integration: EU countries are bound by strong economic ties, but also need political ones – with the EU institutions, and in particular the Council (the grouping of EU governments) playing a key role in driving that reform. The French veto of opening accession talks with North Macedonia was faithful to the view that the EU first needs to get its house in order before welcoming new members.

The second pillar is the belief that Europe must stand on its own two feet. For France, this means that the EU needs independent defence capabilities. It also requires funding for research and development. Macron also wants the EU to become more competitive globally and a hub for digital innovation that benefits citizens, not just big companies. He believes the EU must have the power to make its own rules without undue influence from the outside. A position that France has long championed.

But France's EU policy also reflects Macron's personal convictions about the EU. With an emboldened Russia and a US administration on the brink of a trade war, EU countries have no choice but to work together to defend their values and interests. More than a market, Macron considers the EU to be the glue that can preserve the sovereignty – cultural, economic, military – of its members in the face of global power rivalry. He also wants a more accountable EU, that puts citizens rather than business at its heart, as the only way to 're-sell Europe' electorally.

Macron's ideas range broadly. He has called for the creation of a European agency for the protection of democracy to provide advice to EU governments on how to protect elections from outside manipulation. He has suggested ways to strengthen border controls and promote a common asylum policy. He also thinks the EU should explore flexible coalitions: if the EU cannot come to a common position, that should not prevent some EU countries from taking a project forward. These coalitions could also include the participation of non-EU countries such as the UK. In 2017, he proposed the European Intervention Initiative, a joint military project between 14 European countries, to explore joint defence initiatives, for example. This project includes two non-EU countries: Norway and the UK.

But EU leaders have been slow to offer their support. For Berlin, Macron's failure is not his ideas, but his inability to build stable coalitions in support of them. Germany does not share his plans for revamping the eurozone, and those EU countries outside the euro worry that a deepening of monetary union could reduce their influence. Some EU leaders have complained of Macron's unilateral approach and his inability, as they see it, to compromise. In the Autumn of 2019, Macron was virtually isolated on the EU scene: in an interview with *The Economist* he accused NATO of being 'brain dead', and his veto of the opening of accession talks with Macedonia did little to secure their goodwill. It is not so much his ideas but his approach that have angered some EU capitals.

But the mood, at least in Brussels, is changing. At the Munich Security Conference in 2020, Macron hinted that France would now support the EU opening talks with North Macedonia and Albania (after winning concessions on how the enlargement process should be changed). He also reiterated the need for EU countries to come together – implicitly recognising that France, alone, could not set the EU's tone. There is a lot of work to be done. Germany's elections in 2021 could provide new impetus to the Franco-German relationship, which has been flagging in recent years. He will also need to regain the trust of central and eastern Europe. They are worried that France's policy of outreach to Moscow poses a serious security risk.

Where does this leave the UK? Macron knows that it is in everyone's interest for the EU to have a good relationship with the UK – but the Brexit negotiations are not France's top EU priority. It is focused on finalising the EU budget, tariff talks with the US and kick-starting a new digital agenda. But it is an important year for Franco-British relations, with a summit planned in the Autumn to celebrate the signing of the Lancaster House Treaty ten years ago. France is hoping this occasion will provide some clarity on role UK hopes to play on global stage.

Generally, France's view has been that a strong Europe makes for a strong France – particularly if France is leading in Brussels. To achieve this, Macron will need to demonstrate that he can get the EU, and member states, to work with him. With Merkel facing her own political pressures at home, and the UK consumed by Brexit, this may just be Macron's moment and give him just enough momentum to win a second term in 2022.



The current trajectory of Italian politics is likely to impact considerably on the EU's future. Ten years ago, Italy was one of the most enthusiastic supporters of European integration. Now it is amongst the most eurosceptic member states. Together with Atlanticism, European integration was a key element of Italy's post-war foreign policy. Elites saw deeper European integration as a way to promote institutional and economic reform in Italy itself. Opinion polls consistently affirmed the extent to which Italians trusted European institutions more than their own national ones. The past few years have seen a dramatic shift in attitudes. A recent survey by the European Parliament revealed that only 49% of Italians—the lowest proportion in the EU—consider EU membership to have benefited Italy, while only 49% said they would vote to stay in the EU in a referendum.

This reversal in public opinion towards the EU became apparent with the strong performance of the populist Five Star Movement and the nationalist League in the March 2018 general election. These parties joined forces in an uneasy coalition government that clashed with Brussels and other member states over a range of issues, from public finances to migration and foreign policy. The relationship was further undermined by the fact that the government in Rome was not seen as a serious partner by other member states, which hindered much needed reforms to the eurozone.

Italy's eurosceptic drift is due, above all, to the eurozone crisis. Many Italians think the euro and the eurozone's rules have been a major reason for Italy's economic stagnation over the past decade – forcing Rome to cut spending when the economy needed fiscal stimulus. Many Italians began to see the EU not as a modernising and positive force but as an enforcer of damaging austerity policies. The consequences of the eurozone crisis were compounded by a perceived lack of European solidarity in dealing with migration. Italy took in 650,000 migrants between 2014 and 2018. Efforts by the EU to share the financial burden more broadly were largely symbolic, with a mechanism to share asylum seekers between member states failing to make a significant impact.

In combination, these crises proved a powerful political cocktail, and one that was ruthlessly exploited by the Five Star Movement and particularly by the League. Within the context of a pre-existing erosion of trust in the established parties, the eurozone and migration crises made it easier for shrewd eurosceptic politicians, such as League leader Matteo Salvini, to make their case. The rise of eurosceptic sentiment was facilitated by the growing perception that the EU was dominated by France and Germany to serve their needs, leaving Italy without a voice. Visible examples of these countries flaunting the rules – such as breaking the eurozone's deficit limits – fuelled the perception that they were doing the same in other areas behind the scenes.

The decision by the Five Star Movement and the centre-left Democratic Party to form an alliance after the collapse of the League-Five Star coalition in the summer of 2019 means that Italy and the EU have, for now, avoided the risk of a vocal eurosceptic League-led government. Under the new government, relations between Rome and Brussels have become less fraught. But the alliance between the Five Star Movement and the Democratic Party has been uneasy, and popular support for the Five Star Movement has collapsed as a result of the party's transition from a protest movement into a party of government. The governing coalition may hold together until the 2023 election out of sheer necessity but it will continue to lose support if the economy continues to perform badly, or if there is an increase in the number of migrants arriving in Italy. Salvini will be quick to capitalise on any perceived EU unwillingness to help Italy in the face of the economic fallout from the coronavirus, or renewed migration pressure.

At some point in the next few years, it is very possible that Italy will have a League-led government, probably in coalition with the nationalist Brothers of Italy. A League government would increase the risk of Italy leaving the euro, although withdrawal would remain unlikely, not least as the threat of exit would be preceded by great economic turbulence. Although a League government would be unlikely to contribute to efforts to make the EU a more 'geopolitical' actor, its foreign policy is unlikely to drastically change. For example, the League is unlikely to veto EU sanctions on Russia as long as the US remains in favour of them.

The biggest threat to the EU of a League government would probably be the manner in which it would try to reassert national sovereignty, for example refusing to implement EU rules or demanding a rebate from the EU budget. In every policy area, the League would want to extract tangible benefits for Italy, making cooperation increasingly difficult and the relationship more transactional. This would make it even harder for member states to reform the eurozone and tackle the challenges facing the EU, from stabilising its neighbourhood to fighting climate change, regulating new technology, and formulating a coherent policy towards China.

If the EU is unable to provide effective solutions to common challenges, more member states risk following Italy's path, prompting further erosion in European solidarity and making governance of the Union ever more challenging. Member states might increasingly be feel impelled to cooperate outside the EU framework to address joint challenges. While such a scenario may not seem likely for now, it will become more likely if the EU does not manage to defuse eurosceptic sentiment in Italy and elsewhere.



Since Spain joined the European Communities in 1986, public opinion has strongly supported the process of integration. Looking at the latest figures of Eurobarometer from October 2019, some 67% of Spaniards feel that being a part of the EU is a good thing- 8 points above the EU average. The country has always regarded European integration as a source of peace, stability and prosperity.

Having said that, despite being among the largest member states in terms of economy and population, the country has never been particularly influential in EU decision making, especially since former socialist Prime Minister Felipe González's term came to an end in 1996. With the exception of González and his conservative successor José María Aznar, foreign policy in general and impact in the EU decision making in particular have not been priorities for Spanish prime ministers. However, the new institutional cycle represents an opportunity for Spain to expand its influence.

Since the European Parliament elections in May 2019, Pedro Sánchez—prime minister of the first coalition Spanish government—is in a privileged position, as his party leads the Progressive Alliance of Socialists and Democrats (S&D) in the Parliament. In addition, he has been at the forefront of the negotiations over the allocation of the EU's top jobs. Sánchez is strongly committed to integration and believes that Spain's influence in the EU should match its relative size. He has been using his political capital to advance common goals of European socialists. The key test will be avoiding the budget cuts for the cohesion funds and common agricultural policy, while negotiations of multiannual financial framework (MFF) advance.

With the UK's departure, the inevitable reshuffling of power in the EU presents Spain with an [opportunity](#) to step up to the plate. This will inevitably depend on fruitful co-operation with France and Germany. But political alliances beyond the two usual suspects will be valuable as well. Germany has been supportive of Spain's involvement at the EU top table, with a view to reducing its dependence on France as a partner. Meanwhile, French president Emmanuel Macron has been a powerful ally for Sánchez in the European Council. Sánchez—whose party leads the centre-left group in the European Parliament—and Macron, whose party leads the liberal group, represent a strong social-liberal, southern member state alliance united in overturning the austerity measures that have characterised EU policies in recent years.

Due to her experience working in multilateral institutions such as the UN and World Trade Organisation, the recently appointed Minister of Foreign Affairs, Arancha González Laya, is very much aware of the power politics at play. She has a [vision](#) that implies that the Spanish government should seek broader cooperation, working with different countries depending on the issue and the interests of the country.

Spain's standing in the EU has also been augmented by the installation of Josep Borrell in Brussels (Sanchez's former Minister of Foreign Affairs) as High Representative of the Union for Foreign Affairs and Security Policy, the EU's chief diplomat. This is the first top job for a Spaniard since Javier Solana was appointed High Representative in 2004 and Borrell was the President of the European Parliament in 2004-07.

Borrell is a well-known political figure both inside and outside the EU, which may improve the internal coherence in EU external action. The biggest challenge is to reinforce his role as High Representative (of the Council) and, particularly, as Vice President (of the Commission). Borrell's real [power](#) will be his influence in defining the future of the EU's foreign policy since the world has been changing drastically.

Naturally, he does not represent Spanish interests inside the Commission, although it is understandable that Commissioners are more sensitive to the interests of their country of origin. However, if he can be successful, it will reflect well on Spain's position.

Looking at the big picture, the new institutional cycle is also a fresh opportunity to rethink the integration project. Spain's priority in this period is to work for an EU that protects its citizens both by reforming and by reinforcing the social pillar. Spain wants to combat inequality by creating a European unemployment insurance fund that complements national systems, and also by pushing forward a [youth guarantee](#) commitment. In addition, key priorities include completing the Economic and Monetary Union, particularly regarding the European Stability Mechanism and the deposit guarantee fund. Spain is also keen to start the conversation about an EU fiscal union.

The country's other core priorities are climate change, a European strategy for equality, a new immigration policy and reform of the decision-making process, namely by expanding qualified majority voting. However, Spain will oppose EU budget cuts, particularly any reduction of cohesion funds or funding for the common agricultural policy. The country is one of the most vocal members of the 'Friends of Cohesion' group, an alliance of southern and eastern member states generally in favour of maintaining the EU's existing programmes and expanding the budget for new priorities.

Undoubtedly, the forthcoming legislative period presents an opportunity for Spain to play a more influential role in the EU: Sánchez is at the forefront of social democrats in the European Council; Iratxe García leads the centre-left group in the European Parliament; and Borrell again holds a high-profile role. Spain is well positioned to achieve this influence. It is also probable that Spain will become a net contributor to EU's budget in the near future. This in itself will give the country a more prominent role. It will also require some further reflection on Spain's role within the Union.



In the first decade after the ‘big bang’ enlargement, Poland was seen as ‘top of the class’ among the new member states, successfully undergoing the process of Europeanisation and being actively engaged in EU policy making. However, the situation changed with the 2015 election victory of the right-wing Law and Justice (PiS) party and its subsequent dispute with the European Commission over the rule of law. Later parliamentary elections resulted not only in the re-election of PiS but an increase in seats for radical right-wing nationalists (Konfederacja). This is set to be a long-term trend rather than a temporary episode in Poland’s turbulent political history.

According to recent [opinion polls](#), Poland is one of the most pro-European countries in the EU: 91% of the population is positive about EU membership and only 5% think Poland should leave. On the other hand, this pro-European stance is shallow and based on pragmatic assessments of the material benefits of EU membership, rather than an appreciation of the value of a common Europe. Neither European politics nor the future of the EU is widely discussed in public, although they are highly politicised topics that are often used by political parties to differentiate themselves.

The Polish debate about Europe is inseparable from its disputes with the Commission over the rule of law and discussions over the role of EU institutions. The ruling coalition—led by PiS—considers EU involvement in its internal affairs as a breach of sovereignty. The Commission is viewed as an excessively powerful institution imposing liberal values rather than preserving the sovereignty of member states and the (Christian) roots of European civilisation. According to the leader of the PiS, Jarosław Kaczyński, the EU is in need of profound reform. It should be less focussed on the political integration of member states, and the competences of the EU institutions should be limited. This would, of course, involve a strengthening of the role of national parliaments, for which the current Polish government proposes a ‘red card’ mechanism to block legislative initiatives of the Commission.

Criticism of the power of the EU institutions and the dominance of large member states (particularly Germany) was widespread during the refugee crisis and the subsequent Commission proposal of relocation quotas to spread responsibility between member states. Poland’s reluctance to accept asylum seekers from the Middle East and Africa is based on a long-standing fear of the ‘other’ and the rhetoric of the Polish Catholic Church, which deploys the narrative of Poland as a last frontier and defender of European Christianity. Poland has demanded the strengthening of the EU’s external borders without sacrificing the advantages of the Schengen zone and free movement of EU citizens.

When it comes to the future of European defence and security policy, Poland—like the Baltic states—has concerns over the security threat posed by Russia. Consequently, Brexit is seen as unfavourable to Polish interests. London is a key ally in the fight against Russian geopolitical influence. Britain is considerably more cautious and mistrustful of Russia than other large member states, such as Italy and France, which is best exemplified in the debate over sanctions against Russia, which the UK sought to retain.

Although Polish political parties have not paid much heed to the actual Brexit negotiations, the UK’s departure has a symbolic meaning and is deployed and interpreted through a domestic political lens. In the media and in public discourse, the negotiations have been overshadowed by domestic issues, such as a deep political polarisation, local elections and Poland’s ongoing dispute with the Commission. The rights of over a million Polish citizens living in the UK are however of great concern. For the PiS, Brexit symbolises an ineffective EU. For opposition parties, Brexit is a warning of the dangers of nationalist and populist trends.

There are broadly two narratives on Europe in Poland: nativist and internationalist. In neither of them, however, is the vision of a united Europe at the forefront. The EU's importance, as well as its future development, is not widely discussed. Some centrist and left-wing parties back deeper political cooperation among members states and others criticise it. The ruling PiS party has called for 'EU reforms' but without any in-depth reflection on the subject nor any practical proposals that could be presented at the EU level.

Polish political parties continue to treat the EU as a donor rather than a partner. Public and political awareness of being a fully-fledged member of the community has formed more slowly than Poland's pragmatic integration in common law and the economy. The conflict with the European Commission adds to this disengagement, making Brussels seem like a distant entity over which Poles have no influence or understanding.



The Netherlands was among the six founding members of the European Economic Community but has generally been hesitant towards deep political integration. In The Hague, the EU is regarded as an economic project, with the single market and the trade benefits this brings being its focus. The Netherlands rarely considers the EU from a wider political perspective. Prime Minister Mark Rutte has recycled Helmut Schmidt's famous comment that "if you're searching for vision you should go see an eye doctor".

Politically, the Netherlands has experienced one of the strongest surges of populism in western Europe in recent decades. Both on the right and the left, Dutch populists have used euroscepticism as a key component of their platforms, particularly tapping into public concerns over migration and the eurozone crisis. Dutch voters, however, are wary of the likely negative economic impact of leaving the EU. So while there is vocal criticism of the EU, this does not translate into a desire to emulate the UK. Indeed, the difficulties that the UK has encountered in implementing Brexit have probably contributed to a recent uptick in support for EU membership. Nevertheless, as the 2019 European Parliament elections demonstrated—Dutch eurosceptic parties' total share of the vote decreased but they still remain close to 20%—a vocal eurosceptic contingent will remain in Dutch politics, operating as a check on the Dutch appetite for further integration.

Support for EU membership is underpinned by the realisation that the Netherlands is likely too small to go it alone in the world. EU membership bestows global influence and furthers the interests of the trade-dependent Dutch economy. Their approach to the euro mirrors this position. In contrast to Germany, Eurobarometer polls in the 1990s showed a majority in favour of a single European currency in the Netherlands. The Dutch Guilder had been effectively pegged to the German Mark since the 1970s, highlighting the economy's reliance on that of its larger neighbour.

Nevertheless, like Germany, the Netherlands has always been, and is almost certain to continue as, a vocal opponent of completing the European Monetary Union through further risk-sharing. During the eurozone crisis, the Dutch were ardently against bail-outs and continue to emphasise the need for member states to comply with the fiscal criteria set out in the Stability and Growth Pact.

Despite often punching above its weight in terms of influence within the EU—it is the eighth-largest country by population, the sixth-largest economy and often manages to get its own way—the Netherlands is generally only effective at building coalitions to create blocking minorities, rather than for constructive purposes. It is seen by other member states as being singularly self-interested and unwilling to put talk of solidarity into practice.

Brexit, however, has forced the Dutch government to adopt a slightly different approach. It has often relied on the UK as a staunch ally in pushing for a deepening of the single market and averting further political integration. With the loss of this ally, the Dutch will have to assume more of the burden themselves. The formation of the New Hanseatic League of like-minded northern member states is a good example of this. Originally formed under the watchful eye of Germany to oppose French plans for further eurozone integration, the League survives for now but is at risk of disintegrating once it has to do more than function as an opposition force.

Such examples highlight the new effort that the Dutch have started to put into their EU engagement. In early 2019, Mark Rutte set out his vision for the future of the EU. It focused mainly on deepening the single market and the need to complete the single market for services and the capital markets union.

He also emphasised that the EU should be more assertive on the world stage, in line with the ambition expressed by Ursula von der Leyen to lead a 'geopolitical Commission'. There is also a clear Dutch appetite for defence co-operation, something they already actively engage in with their neighbours.

Although Brexit seems to have shifted the Dutch position towards collective action through the EU, it should not be seen as propelling them towards becoming advocates of significant further political integration. The sovereignty of member states remains a guiding principle for a large majority of Dutch political leaders. Beyond the Commission policing member state adherence to the rules, fiscal or otherwise, the Netherlands prefers that as much power as possible resides with the member states through the Council. Nevertheless, it has always attempted to use rules and structures to protect the interests of smaller member states. While the risk of a 'Nexit' is negligible, and while the Netherlands will attempt to play a more prominent role in the EU in the coming years, it will continue to do so to direct further integration to those areas that it deems economically beneficial.



Brexit poses unprecedented political, economic and diplomatic challenges for the island of Ireland. However, Ireland's diplomatic success in ensuring that the EU27 held out for a solution that avoided a customs and regulatory border between Northern Ireland and the Republic reaffirmed the government's decision to emphasise its status as a loyal EU member. It has also bolstered public [support](#) for EU membership, with more than 90% saying Ireland should remain part of the EU.

Since 1973, membership of the EU has underpinned a dramatic transformation of Ireland into a modern, outward-looking and progressive nation. Irish and UK membership of the EU enabled the border between Northern Ireland and the Republic to fade to the point of invisibility, permitting unrestrained trade and travel across the island. Structural Funds have improved its infrastructure. The single market has opened new opportunities for Irish businesses and citizens to trade, study, travel and work across the EU. The Common Agricultural Policy (CAP) has been economically important, in parallel with Irish industrial policy, tailored to attract foreign investments into the country. As a result, Ireland has become a case study in the economic benefits of European integration, especially during the 'Celtic Tiger' period of rapid economic expansion from the mid-1990s.

The EU was also important in fostering peace and reconciliation in Northern Ireland. While the actors in the conflict themselves, alongside the Dublin and London governments, with the assistance of the US administration, were central to the peace process, the EU also played an important role in guiding the negotiations on arrangements for North-South cooperation on the island. It made available structural and cohesion funds to develop the border regions' depressed economy, and, through the PEACE programmes and similar initiatives, the EU helped to develop socio-economic policies, underpinned by working with community groups and cross-border private networks.

These conditions have been maintained in the UK withdrawal agreement. Nevertheless, the Brexit process has heightened political tensions along a unionist–nationalist cleavage, fuelling hostility and even having a polarising effect between North and South. Northern Ireland's history makes the outcome uncertain, however. All of this is more evident to Irish people than any other EU country, bound up, as they are, with the UK and Northern Ireland through commercial, cultural, familial and historical ties.

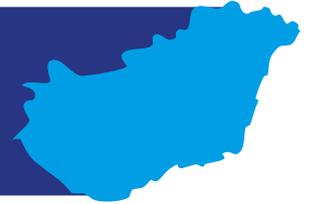
The loss of UK contributions to the EU budget will also affect Ireland. Since joining the EEC in 1973, Ireland has been a significant net financial beneficiary, to the tune of approximately €42 billion. The bulk of Ireland's receipts relate to the CAP, but Structural Funds were also important in modernising the country's economy in the 1990s. Given its strong and growing economy, Ireland has now become a net contributor: in 2015, it made a net contribution of approximately €33 million. It is expected that Irish contributions to the EU budget will increase in the coming years. The EU budget gap will necessarily result in increased contributions from the remaining member states and in reductions in EU spending.

There are some fundamental questions that the new Irish coalition government will need to address: how much more integration will it support in the future? Will it support a multispeed EU? Would Ireland be part of the core group? In some areas, Ireland is clearly resistant to further integration. Efforts to crack down on tax avoidance by multinational firms, such as Apple, have been seen as a threat to the Irish government. Ireland aligns itself more with the northern countries, such as the Netherlands, who are keen to maintain open global trade than those such as France, which have traditionally been more protectionist.

These northern countries, including Finland and Germany, have adopted the strongest positions against measures such as a eurozone budget and a successful eurozone is very much in Ireland's interests. Because EU economies have generally been doing reasonably well recently, political pressure to improve eurozone structures has eased. However, this complacency may be misplaced. A collapse of the eurozone would cause much greater damage to Ireland than being a net contributor to a small eurozone budget, which could be used to flatten out economic cycles.

For a long time, Ireland has been able to dodge questions about its preferred depth of integration. With the UK gone and the eurozone facing key decisions, Ireland will have to take important decisions in the coming years. The country is certainly committed to the EU, but it needs to think seriously about what kind of Union it wants to be in. Ireland and Irish people have so far been willing to go along with the current European political model and a more integrated eurozone. Even nationalists Sinn Féin agree with this position, while pledging to 'critically engaging' with European matters.

Irish authorities recognise the need for smart politics and bargaining to achieve influence as a small prosperous state no longer reconciled to peripheral status. Consequently, with the Brexit process being now a reality, Dublin's relationships with its continental partners will be of far greater importance. The UK's departure has and will force Ireland to decide whether to place itself on the European fringe or to reorient itself at the heart of the European project.



As a new political cycle of the EU begins, Hungary appears set to continue with the policies and strategy it has gradually adopted over the past decade. From being a europhile trailblazer of democratic transition and a co-operative policy-taker in its early post-accession years, the country has developed into a permanent headache for the EU.

Following successful domestic and European parliamentary elections in 2018 and 2019 respectively, the government under the leadership of Prime Minister Viktor Orbán continues to make its often confrontational and eurosceptic positions heard, emphasising the primacy of the nation states' interests in EU-level decision making. It has not budged over domestic developments that led to the first ever Article 7 procedure being launched by the European Parliament. This was a formal response to concerns about the violation of the rule of law in an EU member state, including the constitutional and electoral system, independence of the judiciary and corruption, among many others. With no effective checks on its actions, the Hungarian government will continue to challenge the EU throughout this new political cycle.

What were previously shifts in Hungary's EU policy have now settled into standard practice. Criticism of 'Brussels', as if the Union were an external force, is a staple feature of Hungarian government rhetoric, and Prime Minister Orbán often warns of the looming threat of an empire-like EU. Instead, he argues for an EU of nation states, in which national differences, by which he means national governments' positions and practices, are respected without scrutiny. This position has informed Hungary's actions in the EU and its engagements with EU institutions in recent years.

Hungary's eurosceptic position under the Orbán governments does not mean a desire to completely abandon common EU policies. However, it does not exclude support for a rollback of EU competences, if that served the government better in any given policy area—positions would be taken on a case-by-case basis. With [support for the Union above the EU average](#) (53% in autumn 2019, as opposed to the 42% average), and Hungary being the second-biggest per capita recipient of EU structural funds, the government is not seeking a 'Huxit'. However, it aggressively and uncompromisingly pursues what it argues to be Hungary's interests or 'the will of the Hungarian people'.

Since 2015, the most obvious example of such a pursuit has been the government's position on immigration and asylum. The government has opposed the Commission's proposals regarding asylum policy and has promoted a restrictive approach to immigration, treating migrants and refugees as a security threat. The government has not shied away from conflict and non-compliance, notably with the EU's refugee relocation scheme.

Hungary also increasingly challenges common EU positions on [foreign affairs](#). Although it observes some limits—it has not vetoed sanctions against Russia, for instance—Hungary has become bold enough to prevent, even singlehandedly, the adoption of common EU positions. It blocked a [joint EU statement](#) at the UN Security Council in May 2019 criticising Israel's conduct against the Palestinians. It initially blocked and then delayed an [EU declaration](#) condemning Turkish military intervention in Syria in October 2019. Earlier, Hungary blocked EU statements criticising China's human rights record and [watered down](#)—together with Greece and Croatia—a statement intended to call on China to respect court rulings on the South China Sea. In the past, Hungary would not have blocked common positions and joint decisions, but this has become the norm since Péter Szijjártó took over as foreign minister in

2014. Unsurprisingly, the government strongly opposes the introduction of qualified majority voting in EU foreign policy.

Hungary used the Syrian refugee crisis to try to construct a new alliance in support of national sovereignty. An endeavor that resulted in an attempt to rebrand the Visegrad Group from being a pro-EU group of regional co-operation into a sovereigntist project, much to the eventual distaste of Slovakia and the Czech Republic, who gradually distanced themselves from the tone and style of Hungary. The government has also clashed with traditional partners such as Germany. While remaining Hungary's most important trade and investment partner, Germany is no longer a point of orientation for the Hungarian government. By and large, Budapest's confrontational approach and lack of positive agenda has damaged its reputation in the Union, resulting in it being rated by partners as the '[most disappointing member state](#)'.

There is no sign of this changing any time soon. Hungary has started the new political cycle with its unresolved dispute over the state of democracy and rule of law, and Prime Minister Orbán self-professedly seeks to turn Hungary into an 'illiberal state' as declared in [his infamous speech](#) in 2014. After years of criticism from democracy watchdogs and concerned partners alike, the European Parliament voted to trigger the Article 7 procedure against Hungary in September 2018 over a clear risk of a serious breach to the EU's fundamental values and principles, as evidenced in the [Sargentini Report](#). The procedure, which—as a final resort—could lead to the suspension of a member state's voting rights in the EU, is currently before the Council where Hungary can respond to the criticism put forward in the Sargentini Report and where it can receive further recommendations to remedy the situation.

The government has faced two hearings so far, under the Finnish presidency in 2019, but defended its position and demonstrated no willingness to reverse any of its actions. Rather, it argued that there is no clear yardstick to measure the quality of democracy and the rule of law, and that national differences should be respected. The government has used similar reasoning to oppose the introduction of rule-of-law conditionality into the EU's long-term budget, which it has said it is prepared to veto if such a conditionality were to threaten the country's access to funds.

Although it might seem like a bilateral legal dispute between Hungary and the EU institutions, the issue is of fundamental importance for the EU as a whole and for its future as a political community. The case is a test for whether member states can get away with breaching EU values and principles or whether they should expect sanctions. Fundamentally, it will show whether the EU can finally find a way to uphold the Copenhagen criteria—the political, economic and legal requirements to join the EU itself.



Finland's relationship with, and role in, the EU over the past ten years could be described in terms of both significant change and notable continuity. Under the new government of Prime Minister Sanna Marin, the country's traditionally integration-friendly approach is likely to prevail. However, the political dynamics within the EU could pose some difficult questions for Finland in the coming years. Moreover, the eurosceptic Finns Party remains a factor to be reckoned with in its national politics.

Until the late 2000s, EU affairs were seldom subject to extensive party-political disagreement in Finland—with the exception of the country's entry into the eurozone. A broad domestic consensus on the central tenets of Finnish EU policy prevailed: wide-ranging integration, strong rules and powerful institutions are beneficial for small member states, and constructive participation in EU decision-making was the best way to achieve Finland's goals and protect its interests.

The rapid rise of the Finns Party in the early 2010s strained this state of affairs, coinciding with the eurozone crisis. As a result, Finland occasionally gave way to more nationalistic thinking. Most notably, Finland [insisted](#) on separate collateral deals in exchange for its participation in the second Greek bailout and in the bailout programme for Spanish banks. Finland [delayed](#) agreement on the establishment of the European Stability Mechanism for constitutional reasons, forcing the fund's decision-making rules to be amended. In addition to eurozone matters, Finland, [together](#) with the Netherlands, blocked the entry of Bulgaria and Romania into the Schengen zone, although the Finnish government later [shifted](#) its position.

Despite this, several factors have limited the domestic eurosceptic challenge to Finnish EU policy. First, the party system is highly fragmented and broad coalitions are needed to form governments. Moreover, the national system of co-ordinating EU affairs aims at generating broad support for Finnish positions among government representatives, parliamentarians and interest groups, facilitating [consensus and continuity](#). In 2015-19 the Finns Party—and its subsequent splinter party Blue Reform—formed part of the government together with two centre-right parties. Finland's EU policy in those years was arguably characterised by a lack of [initiative and vision](#), with the government identifying few concrete priorities and setting out several red lines. However, overall the government did not break radically with the past or seek to alter Finland's role profoundly within the EU.

Secondly, the Finns Party's emergence has not been a reflection of, nor has it led to, a higher level of euroscepticism among Finnish voters. Rather, it seems to have provided an outlet for, and capitalised on, eurosceptic sentiments that were latent in some parts of the electorate. On average, Finns' attitude to EU membership has been more positive since 2011 than before, reaching an all-time high in [2019](#). It is possible that the Finns Party's rise might have provoked pro-EU Finns to be more vocal as well.

However, this rise in public support for EU membership, which reflects similar [trends](#) elsewhere in Europe, could also be the result of broader developments within the EU and in the international environment. The war in Ukraine, the tumultuous Brexit process and President Trump's 'America first' policy all challenge the EU in different ways. However, they have also served as powerful reminders for Finnish policy makers and voters of why Finland joined the EU in the first place: membership offers small states protection against the uncertainties of international politics.

Finland's current governing coalition, formed in June 2019 and led by Prime Minister Marin since December 2019, consists of five parties: Marin's Social Democrats, two centre-right parties, the greens and Finland's most left-wing party. Although the coalition spans the political spectrum, EU policy has

yet to cause any notable friction. All government parties recognise the significance of the EU for Finland and consider membership as a source of opportunities and benefits.

Finland's [programme](#) for its Council presidency in the second half of 2019 sought to bolster the EU both internally and externally. Internally, Finland's main objective was to strengthen respect for the EU's common values and the rule of law, which Finland considers essential for the functioning and credibility of the EU. Enhancing both the competitiveness and the social inclusiveness of the European economy was also a key priority.

In line with its own ambitious national climate policy goals, Finland pushed the EU towards a carbon-neutral future and global climate policy leadership. It also focussed on building the EU's capacity as an international actor and as a security provider, protecting citizens from internal and external threats alike. The presidency programme meshed with the European Council's strategic agenda for 2019-24 and the priorities of the new European Commission, underlining Finland's willingness to advance common interests of the EU.

However, with fault lines deepening between groups of member states, the presidency struggled to make headway. Both the rule-of-law agenda and climate policy goals were met with suspicion or open resistance from some central and eastern member states. Finland was unable to advance the complicated negotiations on the EU's next long-term budget, despite its attempts to avoid [positioning](#) itself on either side in the row between the budget's givers and takers.

Current discord and fragmentation within the EU is a source of growing frustration for Finland, for whom European unity has been so important. It has warned against the emergence of permanent divisions and sought to work with diverse partners. If current divisions harden, potentially unleashing differentiated integration or emphasising the role of fixed groupings or coalitions of the willing, Finland may be forced to rethink the parameters of its EU policy.

Finland frequently aligned itself with the so called New Hanseatic League on eurozone issues during the previous government's term of office. However, the new government may be more [hesitant](#) to be associated with this fiscally conservative group, even though many of its members will remain key partners for Finland. In defence and security, Finland now works in several different frameworks both inside and outside the EU. Finally, even though the domestic eurosceptic challenge has subsided of late, the continued popularity of the Finns Party, which currently tops all national polls, could begin to have an impact on EU policy. Recent elections saw a further splintering of Finland's political landscape, and there is a possibility that the Finns Party could emerge as Finland's largest party in future elections. While the implications of this would be hard to predict, the factors that have so far limited the Finns Party's influence on Finnish EU policy would still apply.



The eurozone is the quintessential flagship project of European integration. Its development will be determined by three main factors: the performance of the major eurozone economies and the eurozone as a whole; the eurozone's newly appointed political leadership; and its institutional development. Beyond that, the exit of the UK from the EU will have both short- and long-term repercussions for the eurozone, not all of which are necessarily negative.

According to all major forecasts, the economic outlook for the eurozone is rather grim. A downturn is looming. In September 2019, the [OECD cut its growth projection](#) for the eurozone from 1.4% to 1%, mainly due to a slowdown in the German economy, which plunged into a technical recession in late 2019. The OECD, like [the IMF](#), [the European Commission](#) and [others](#), has highlighted the ongoing trade war between China and the US, growing tensions in the Middle East and their potential impact on oil prices, and uncertainties related to Brexit as the main reasons for sluggish growth. Major eurozone economies such as Italy and France face domestic problems that call for structural reforms of their labour markets, pension systems and (especially in the case of Italy) banking sectors. None of these problems appears likely to be resolved anytime soon, and they are likely to be exacerbated by the impact of coronavirus on the world economy.

Second, the decisions of the leaders of the main supranational institutions of the eurozone—Christine Lagard (president of the European Central Bank) and Ursula von der Leyen (president of the European Commission)—will be key. Many expect the ECB to continue the path of loose monetary policy pursued by Mario Draghi since 2011. But monetary policy is less likely to play a dominant role in the next decade. The ECB's interest rate has been in negative territory for years and is soon expected to approach its limit (the '[reversal interest rate](#)', where further cuts would hurt rather than stimulate the economy). The same is true for its bond-buying schemes (quantitative easing) which is already suffering from a shortage of eligible government and corporate bonds on the markets.

Fiscal policy responses to any downturn will be crucial. Some member states, notably Germany and the Netherlands, which have traditionally been proponents of balanced budgets and debt reduction targets, have already indicated their [willingness to spend more](#) to cushion the potential adverse effects of the low-growth, low-inflation environment. Von der Leyen has also [made clear](#) that she 'will make full use of the flexibility allowed within the Stability and Growth Pact' to facilitate spending efforts in other member states as well.

Third, despite profound reforms of the eurozone's institutional architecture in response to the eurozone crisis—including a major revision of the EU's fiscal governance rules (the Stability and Growth Pact), the introduction of the European Stability Mechanism as a fiscal emergency system, the creation of the Banking Union and the adoption of enhanced financial market supervision laws—key elements of its post-crisis institutional architecture are still incomplete. Von der Leyen has outlined her determination to 'prioritise the further deepening of the Economic and Monetary Union' and particularly committed herself to the completion of several legislative measures. These mainly concern the Banking Union, including the introduction of a common backstop for the Single Resolution Fund (which finances the restructuring of failing credit institutions in the eurozone); the adoption of a European Deposit Insurance Scheme, to guarantee deposits below €100,000 in all banks in the banking union; and further legislative measures 'for a robust bank resolution and insolvency framework'. Von der Leyen's support for the European Deposit Insurance Scheme might provide new momentum for a policy currently blocked by

longstanding German opposition. The adoption of a small eurozone budget as part of the new long-term EU budget for 2021-17 also appears likely. Beyond that, the eurozone's institutional framework is unlikely to change much, owing to political divisions within and between eurozone member states, as well as the lack of crisis pressure.

Finally, there is the issue of Brexit. We have entered a transition period during which the UK continues to operate according to EU rules, although it no longer takes part in its decision-making bodies. The transition period cushions the immediate negative short-term impact of Brexit for the eurozone. The size of the long-term hit to economic growth that the disentanglement of the UK from the EU will almost certainly cause now depends on the scope and depth of the new partnership between the two parties.

Positive long-term effects for the eurozone are also possible as the UK—the biggest non-eurozone member—leaves the EU. The combined economies of the eight remaining member states outside the eurozone has shrunk to 14% of the overall EU economy, compared to 27% with the UK. This will most likely increase the political and economic pressure on the member states still outside the eurozone to reconsider membership in order to shape the eurozone's institutional development. For instance, Denmark and Sweden publicly announced in July 2017—one year after the UK's Brexit referendum—that they would consider joining the Banking Union. In February 2020, the Finance Ministers of both countries presented technical reports on their possible participation in the Eurogroup. Croatia, for its part, plans to adopt the euro by the mid-2020s and is currently completing the measures needed to join the Exchange Rate Mechanism II, a preliminary stage before full eurozone membership. It is therefore likely that by the end of the 2020s, the eurozone will have more member states, not fewer.



The new European Commissioner for Trade, Phil Hogan, has entered office at a tumultuous time. Uncertainty in the global trading system has surged in recent years through growing protectionism, rising tensions between global trading powers and the increasing politicisation of trade, manifested by both Brexit and the US–China trade war. This climate makes it difficult to predict what the next decade of EU trade will bring, but it is still possible to identify some broad trends that will shape EU trade policy.

The first is the rise of Asia. It is [estimated](#) that by 2030 China will be the largest economy in the world, with India at number three. While China’s increasing focus on [domestic activities](#) means that there is some uncertainty as to the extent to which its GDP growth will translate into rising trade volumes, it is still likely that future global trade growth will be driven by Asia. Indeed, by 2030, Asia could account for over [40% of world exports](#).

This has two important strategic implications for the EU: first, close trade relations with Asian countries will become increasingly important; and, second, the EU’s relative status as a leading global trading power will likely diminish. This will affect the power balance in future bilateral and multilateral negotiations, and also potentially limit the EU’s ability to take a tough line against China over foreign and security policy matters.

The second trend is the growing importance of services and digitalisation, particularly through advances in artificial intelligence (AI), e-commerce, robotics and 3D printing. Digitalisation could fundamentally change how and what we trade, by enabling firms to reach more cross-border markets at higher speed and lower cost, and blurring the distinction between goods and services (for example, 3D printing involves the transfer of a design service, but results in the consumption of a physical good). Indeed, estimates show that global GDP could be up to [14% higher in 2030 because of AI alone](#). With digital trade on the rise, pressure will grow to tackle barriers to cross-border services trade and data flows.

Third, environmental concerns will be increasingly important. European Commission president, Ursula von der Leyen, has made it clear that tackling climate change is at the forefront of the new Commission’s agenda. EU trade agreements will therefore likely be subject to greater scrutiny over their environmental impact, and trade policy may be used more explicitly as a tool for attaining reform on environmental issues in partner countries.

The fourth trend is the increasing pressure on the multilateral trading system. In recent years, anti-globalisation sentiment and protectionism has been growing. Trade-restrictive measures have increased globally, with a particularly [sharp rise](#) over the last two years. Growing tension among members of the World Trade Organization (WTO) has made it increasingly difficult to make progress at a multilateral level. Furthermore, with the US administration blocking the appointment of new judges, the WTO Appellate Body ceased functioning in December 2019. The future of the WTO therefore looks increasingly uncertain.

What are the implications for the EU’s trade agenda?

Perhaps the greatest challenge facing Hogan is how the EU, together with other members, can reform the WTO to ensure the survival of the rules-based trading system. Reform is needed in several areas, from dispute settlement to issues concerning state-owned enterprises and subsidy programmes. The EU has an important role to play in keeping both the US and China at the negotiating table. However, if progress at the multilateral level proves difficult, the EU could pursue plurilateral agreements—deals

with like-minded countries—such as the [interim arrangement](#) proposed by the EU and 16 other WTO members to replace the collapsed appellate body. However, plurilateral agreements that do not include all of the major global economies may not be sustainable in the long run. If the EU, China and the US fail to agree a way forward, the next decade could instead witness the emergence of a more unstable trading system.

With difficulties at the multilateral level, the EU's agenda of concluding bilateral trade deals looks set to continue. An immediate challenge for Hogan is to fend off further tariff escalation by the US. Since the US and China reached their 'phase one' deal, and with the approval of the new US deal with Canada and Mexico, there is a risk that President Trump's attention will now turn to the EU. Indeed, although Trump's threat of imposing tariffs on European cars has not yet materialised, it still looms over the industry unless an EU-US trade deal makes progress.

Furthermore, Hogan has [committed](#) to concluding negotiations with China on a comprehensive investment agreement before the end of 2020. He also has the completion of ongoing negotiations with Australia, New Zealand and Indonesia on his plate, as well as ratification of the recently signed EU-Mercosur agreement—a challenging agenda by any measure. Not to mention, of course, UK–EU trade negotiations, in which Hogan, together with Michel Barnier, will play a central role.

On environmental issues, the EU's trade policy will have to go further than in the past, for example by tying market access to the Paris Climate Agreement, potentially introducing a carbon border tax and taking a tougher stance on enforcement of the sustainability provisions in existing agreements. In autumn 2019, Brazil's handling of wildfires in the Amazon rainforest resulted in several EU member states speaking out against the ratification of the EU-Mercosur trade deal. In the coming decade we may see the EU increasingly use market access as a lever to induce reform on sustainability in partner countries.

Finally, as digital trade becomes increasingly important, there will doubtless be a growing focus on modernising rules in this area. This involves reform both within the EU, through improvements to the digital single market and the single market for services, and outside the EU, by including more ambitious provisions on data transfer and e-commerce in trade agreements and advancing the e-commerce negotiations at the WTO.

While the international trading system faces severe uncertainties, at least one thing seems certain—the EU trade commissioner is in for an eventful term.



Environmental issues are set to become a key feature of Ursula von der Leyen's Commission. Her political guidelines referenced 22 'European Green Deal' [proposals](#) on topics including a European Climate Law, a 2030 biodiversity action plan, a cross-cutting zero pollution strategy, new funding for the EU budget from a [charge](#) on non-recycled plastic, and new targets for microplastic waste (see Table 1 below). A number of these have now been included in the Commission's 2020 legislative [priorities](#).

In addition, von der Leyen has made [changes](#) to the structure of the College of Commissioners, keeping the Environment and Oceans portfolios under one commissioner and 'upgrading' DG Climate Action to be overseen by Frans Timmermans, the executive vice-president for the Green New Deal (whereas under the Juncker Commission DG CLIMA and DG Energy shared a commissioner).

European Green Deal proposals

Category	Proposals	Example
Climate	13	Climate-neutral continent
Multiple environmental issues	5	Zero-pollution goal
Waste	2	New Circular Economy Action Plan
Biodiversity	1	2030 Biodiversity Strategy
Agriculture	1	Sustainable Food Strategy

As the table above shows, nearly half of the European Green Deal proposals relate to climate change. The prominence of climate policy in EU legislative activity on the environment is not new. Previous research has suggested that environmental policy, other than climate change, has suffered from a reduction in political attention and a drop in policy [proposals](#) since 2009 (although the same pattern is seen in many policy areas).

But as with all EU policy making, support for EU-level action ultimately depends on what is at stake in individual issue areas. For example, non-binding action plans on biodiversity and waste, which only lightly constrain national governments, may be easier to agree.

However, other more visible proposals are more likely to face challenges overcoming deep political fault lines in EU environmental politics, especially in relation to climate policy. The EU has, for example, committed to a 40% [reduction](#) in greenhouse gas emissions by 2030, a relatively ambitious target compared to many developed nations but far from the level [needed](#) to meet the 2015 Paris Agreement's [goal](#) of keeping global temperature rise below 2°C and close to 1.5°C. In December 2019, the European Council [endorsed](#) a net-zero emissions target for 2050, although Poland in particular has been given some leeway on this.

Von der Leyen has proposed a two-step process to increase the EU's 2030 target to 50% and to work towards 55%. Previous [attempts](#) to raise the EU's target ambition have been stymied by resistance from central and eastern European member states in the European Council (especially Poland), where consensus voting effectively gives national governments a veto on policies.

The European Parliament is less likely to weaken or veto environmental legislation, given its [reputation](#) as the ‘green champion’ among the EU institutions. For example, it called for increased climate spending [proposals](#) from the new Commission. However, concerns about industrial competitiveness (especially within the centre-right European People’s Party—EPP) have at times weakened the Parliament’s green reputation when compared with the Council. For example, the Council’s shared [position](#) during the most recent emissions trading reform was seen by some as more ambitious than the report put forward by the Parliament.

The most recent European Parliament elections will also affect environmental policy. The success of eurosceptic parties in the 2014 elections reduced the size of the biggest party groups, but also led to increased cooperation on environmental legislation. A similar dynamic could play out in the wake of the 2019 elections, which led to a more [fragmented](#) but not necessarily more eurosceptic Parliament. A ‘green wave’ strengthened the hand of [the Greens](#) in parallel with a surge in support for the generally pro-environment Renew Europe.

These new dynamics could also be affected by Brexit. In the Council, the UK government has generally been a strong [supporter](#) of more stringent emissions reductions and a higher carbon price in the EU Emissions Trading System. However, it also opposed greater stringency related to EU renewable energy and energy efficiency targets, preferring a ‘one-target approach’ centered on greenhouse gas reductions and the Emissions Trading System. The UK’s withdrawal will also impact the EU’s [capacity](#) for effective international climate diplomacy and require the remaining member states to take on additional emission reductions under EU effort sharing requirements.

Brexit is less of a factor in the European Parliament. In 2014–19, strong party cohesion often led to a [fragmented](#) UK delegation on environmental issues. Post-Brexit seat redistributions have seen mainstream and pro-environmental party groups generally maintain their numbers.

Beyond the next Commission and Parliament, environmental policy development is more difficult to predict. EU climate policy will continue to be deeply embedded in international negotiations under the UN Framework Convention on Climate Change and the Paris Agreement, under which a first [‘stocktake’](#) of global action is scheduled for 2023. EU legislative activity is likely to increase in preparation for that process. In addition, policy making related to the EU’s 2040 climate and energy targets is likely to begin before the middle of the decade (the 2030 targets were proposed seven years before they came into effect). The development of other environmental policy areas is less certain. Generally, EU environmental policy has been relatively [stable](#) and difficult to dismantle, meaning that the focus may be on updating existing legislation, as well as developing policy in some new areas (such as microplastics).

In summary, the environment is enjoying new-found prominence in EU policy making. However, the increased urgency of many environmental issues, most prominently climate change, suggests that crafting effective policy responses will become increasingly challenging. It remains to be seen whether the EU can rise to these challenges in the decade ahead.



EU migration policy is divided into two sharply distinct areas according to where migrants come from: one regulates EU citizens moving between member states, and the other third-country nationals entering the EU. These two aspects of EU migration, while both concerned with the movement of people, are worlds apart in terms of the EU's priorities, goals, and political agendas.

The migration of EU citizens between member states lies at the heart of the EU integration project. It is protected as a fundamental right of EU citizenship, and any direct or indirect barriers to internal movement are considered a threat to the EU itself. The right of free movement and the Schengen Area are [perceived](#) by EU citizens to be at the core of the EU's main achievements.

However, migration into the EU from other countries is tightly controlled and often actively discouraged. Whereas immigration from outside the EU is still largely decided by member states, some types of external migration, notably asylum, is regulated at the EU level. EU asylum policy has been characterised by systematic failures, and a crisis narrative that has turned into migration [fatigue](#). The Dublin asylum [system](#), designed to determine which member state is responsible for an individual's asylum application to the EU, has been failing for a number of [structural](#) reasons. Attempts at its reform have repeatedly ended in [deadlock](#).

The different approaches to internal and external migrants are mirrored in policies on the EU's borders: internal borders are generally disappearing, while external borders are being fortified and heavily policed.

Anxiety towards external migration is driving numerous political choices of member states. For example, the unauthorised movement of external migrants across internal borders—in particular the 'secondary' movement of asylum seekers—has led to the re-emergence of some [internal borders](#) within the EU, hindering the movement of EU citizens as well. A further example is in policy responses to EU demographic challenges. The fact that migration has affected the [demographic](#) balance in the EU more than natural net population growth has prompted discussions about how to increase natural net population growth and whether to increase the retirement age. For example, in the past decade Poland and Hungary offered generous financial incentives for families to have more than two children. Germany has invested in making childcare more accessible and improving parental leave policies. Much less has been done to [open](#) EU societies and economies to the [contribution](#) of external migrants.

Over the past decade, the EU has gradually been losing the fight for control over the movement of people across its external borders. The costs of its attempt at control have become [shockingly apparent](#). Men, women and children have [died](#) while trying to cross into the EU and evade border controls. Those who survive the journey face the prospect of human rights violations on their arrival: the Council of Europe Anti-Torture Committee continues to [criticise](#) the reception conditions for asylum seekers in Greece. Once within Europe, harsh restrictions over access to the EU labour market has led to the social and economic [exclusion](#) of migrants, with some waiting over a decade for their status to be determined.

In her [vision](#) for Europe, European Commission President Ursula von der Leyen declared that 'We need a fresh start' on migration. However, her narrative on migration is dominated by the familiar rhetoric of '[us and them](#)', the superiority of European values, and the [fight](#) against 'others'. Von der Leyen's [political guidelines](#) put migration and terrorism together in the chapter on 'Protecting our European way of life'. The title of this chapter was also the originally proposed title for the Commissioner responsible for migration—[Margaritis Schinas](#). After pointed [criticism](#) from MEPs and [other stakeholders](#) he became Commissioner for 'Promoting Our European way of life', migration still notably missing from the title.

One new migration item in the [guidelines](#) is the promise of a ‘New Pact on Migration and Asylum’. This promise needs to be seen in light of recent developments at the UN, where two Global Pacts on [migration](#) and on [refugees](#) were adopted in 2018. These pacts attempt to identify common ground and shared principles on contemporary global migration through non-binding international declarations. The presumably non-binding EU ‘pact on migration’ stands out given that the majority of EU migration policies are currently regulated through binding EU legislation. It might be a wise move to take a step back from dysfunctional compulsory regulation and identify common ground on which to build solutions.

Otherwise, the new Commission’s political agenda makes little mention of migration. It is not raised in the context of Commission’s extensive climate ambitions, despite the Intergovernmental Panel on Climate Change finding that ‘the gravest effects of climate change may be those on [human migration](#)’.

EU migration policies so far have echoed the fears of some of its citizens towards external immigrants. When regulating the internal movement of its citizens, the EU has managed, despite the populist challenge—which is as much about keeping insiders in as outsiders out—to shape and maintain a positive narrative of free movement, one of opportunity and prosperity.

The burgeoning sentiment that the EU is integrating too quickly and too far may explain the new Commission’s approach to migration. To the extent that it addresses migration at all, it is largely from a negative standpoint. Brexit marks the first departure of a member state from the Union, a decision that was fuelled by immigration [anxieties](#)—in this case, however, mostly towards the migration of EU citizens. Consequently, [prioritising](#) migration might be perceived by EU politicians as an unrewarding political investment.

Yet the EU is home to over [17 million](#) settled internal migrants and [22 million](#) non-EU citizens, the latter accounting for more than 4% of the EU’s population. Both types of migration are an inalienable part of the EU’s reality – the former by design, and the latter as a consequence of persistent global inequalities. The new Commission has chosen to focus on ‘promoting our European way of life’, deepening the divide between external migrants and the migrating and settled insiders. This may not be the fresh start that the majority of Europe’s migrants are hoping for.

Single market and regulation

by Josephine Harmon



The single market is the second half of the European project to remove internal barriers to trade. The customs union, which was part of the original agreement between the six founding members, removed internal tariffs, and, by setting a common external tariff, removed the need for goods to prove their origin as they crossed internal boundaries. But the customs union did nothing to remove non-tariff barriers which stood in the way of the circulation of goods and services. The removal of those barriers, through a combination of harmonisation of rules, and mutual recognition, has been the aim of the single market over the past 35 years.

The single market encompasses not just EU member states but also the three EEA members: Norway, Iceland and Liechtenstein. Switzerland rejected EEA membership, but for practical purposes stays aligned with most EU regulations.

Harmonisation has moved beyond product standards into areas of policy designed to ensure fair competition between member states – the so-called level playing field issues which feature in the Brexit negotiations. In these areas the EU tends to set minimum standards, to put a floor which member states can exceed. Where there is no EU regulation, mutual recognition of national rules applies. With the single market in goods largely complete, the emphasis in recent years has been on making progress in services.

Although the single market in services is far from complete, it has gone much further than any conventional free trade agreement. The 2017 Services Directive sets out to reduce regulatory burdens in services sectors, in particular promoting cross-border services provision. Reducing regulation in this area is crucial given 70% of the EU economy is in services.

A feature of both the EU and the EEA is the presence of standing surveillance bodies—the Commission and the EFTA Supervisory Authority—and supranational courts, the Court of Justice of the EU (as Julien Miéral discusses elsewhere in this report) and the EFTA Court to ensure members meet their obligations.

In future, the single market will develop in two main areas. There will be a focus on digital technology and climate policy.

In an increasingly global digital economy, the EU is lagging behind the US and China in hi-tech innovation and trade. Commission President Ursula von der Leyen made making ‘Europe fit for the digital age’ one of her priorities for the new Commission. In particular, she is keen that the EU achieves what she calls ‘technological sovereignty’ and defines the standards that will apply for new technologies such as blockchain, algorithms and quantum computing. This suggests that the EU is concerned that, in the absence of a European approach, the US and China will dictate the rules. One challenge of regulating digital technology may be the trade-off between promoting growth by facilitating data collection by companies and EU citizens’ rights to data privacy. The GDPR – which the EU has successfully exported to other countries wanting to transfer data to or from the EU suggests that the EU prioritises protecting citizens.

The Commission also wants the EU to develop a joined-up industrial policy on digital technology, a particular priority of the French President Emmanuel Macron, as Georgina Wright discusses elsewhere in this report. The EU provided just [10%](#) of global digital services in 2019. The European [champions](#) initiative – allowing state aid to be used in support of projects that are seen to benefit the Union as a

whole – is an attempt to step into the fray, as Commissioner for Foresight Maroš Šefčovič outlined in his European Parliament hearing in October 2019.

There is second leg to this as well: the Commission has suggested implementing a digital services tax to level the playing field between digital and non-digital companies. It remains to be seen whether these policies will hold in the face of potential US opposition.

The Commission also has big ambitions on climate change. The [European Green Deal](#) proposes that the EU will be climate neutral in 2050. The question is how prescriptive member states will allow the Commission to be on how to achieve the goal of net zero, assuming they accept it, and what the offer will be to member states who will find the transition hardest. One [suggestion](#) has been that the Commission could raise climate goals every five years from 2030 in order to achieve neutrality, however this is likely to face resistance from some member states.

Developing the single market has been one of the areas where the EU has continued to make progress in recent years and found it easiest to reach agreement on a common way forward. Both digital and climate policies present their own challenges. Not least this is because new digital policies impinge on horizontal issues such as competition rules and there is far from an established consensus on how best to support EU digital industry and ensure fair competition at the same time. Climate measures, too, cut across a range of issues such as trade and energy policy. The eventual policy outcomes in both fields will go a long way in shaping the single market of the future.



European Commission President Ursula von der Leyen has [vowed](#) to run a ‘geopolitical Commission’. The challenge, she argued, is clear: Europe is being squeezed on the global stage by powers such as the US, China and Russia. Defence, and more specifically a coherent EU defence policy, could play a key role in tackling the challenge and fulfilling von der Leyen’s ambition for the EU to play a bigger role on the world stage.

The security environment is changing rapidly. The UK, Europe’s largest defence spender by value and percentage of GDP, has left the EU. The instability and conflicts in the Middle East and North Africa, which precipitated a major influx of refugees seeking safety in Europe during the summer of 2015, are far from resolved. A number of EU member states have been subjected to Islamist-inspired and far-right terrorist attacks. Across the Atlantic, US President Trump has signalled that America may no longer come to the defence of European countries in the way it has in the past. On the other side of the globe, China is increasingly gaining political influence in European capitals through its exercise of economic power, and concerns over corporate espionage networks and its role in developing crucial telecommunications networks pose sophisticated security threats. In addition to which, Europe has been targeted by major cyber-attacks, cyber interference operations as well as mis- and disinformation campaigns by other states.

In this context, rapid developments in EU defence policy took place in 2016 and 2017. While the 2009 Lisbon Treaty set out the foundation for better co-ordination on EU defence policy, it was the [2016 Global Strategy](#) that provided the guiding framework. Within 18 months, a fund to support defence research and development (the European Defence Fund) was established. Some 25 member states signed up to a political framework to improve co-operation between defence industries and address defence capability shortfalls (PESCO), which enables member states to plan, develop and invest in defence capability projects together, and the Coordinated Annual Review on Defence (CARD) launched its pilot in 2017. In parallel to these efforts, the European Defence Industrial Development Programme (EDIDP) was established, as well as a revised capability development plan.

The aim of this plethora of defence initiatives was to increase Europe’s military capabilities by reducing duplication, improving co-ordination of and co-operation on defence procurement, and encouraging member states to increase their defence spending. The ultimate objective was to achieve ‘strategic autonomy’—the ability to make decisions and act on matters of defence independently of other powers.

However, challenges remain. To date, 47 (PESCO) projects have been launched with the participating member states and approved by the Council of the EU. Yet their progress is mixed. Projects focusing on developing capabilities are progressing, such as the ‘Eurodrone’ [project](#), which is developing a medium altitude, long-endurance, remotely piloted drone. Other projects face potential funding issues: the majority expect to receive European Defence Fund funding, which will likely surpass the total funds currently available. Depending on the outcome of the EU long-term budget negotiations, it is also possible that less funding than expected may be allocated to defence.

More broadly, progress on more co-ordinated defence investment has traditionally been stymied by the inability of member states to achieve consensus on foreign and security policy priorities. The proposal by von der Leyen that the EU should move towards qualified majority voting rather than unanimity on matters of foreign policy may ultimately not be implemented. Even if it is, it may only alleviate rather than remove bottlenecks in these areas. Equally, there are few successful examples to date of

member states fully integrating elements of their armed forces. Few have been able to replicate what the German and Dutch forces achieved with their 1 (German/Netherlands) Corps, which is a joint corps. In addition, some member states, such as France, view the safeguarding of domestic defence industries as a security objective in its own right. These interests mean that it has, at times, proved challenging to develop joint equipment projects, particularly when these might interfere with the national defence export market – in such cases, joint development projects can be perceived to be threatening to continued existence of the national defence industry. This has made it challenging to create a joint industrial base on a bilateral level, let alone at a [European level](#).

The Coordinated Annual Review on Defence seeks to synchronise defence planning between members where possible, through a yearly review conducted by the European Defence Agency. The aim is to nudge member states towards aligning their security threat assessments, defence spending priorities and procurement cycles. However, this remains an onerous, if not near-impossible, task in the short to medium term, while countries remain focussed on their national security priorities, as these in turn dictate how much countries are willing to spend on defence. Ultimately, this will determine the EU's ability to close its capability gap and move towards strategic autonomy.

Three key areas stand out as worthy of attention. The first is institutional. The fact that the European Commission now boasts a Directorate-General (DG) on [Defence Industry and Space](#) bears testimony to von der Leyen's priorities. However, the challenges will not vanish overnight. Its first key test will be whether it can begin to move member states towards common procurement across the EU. A second is whether it will garner genuine commitment from member states to build a European Defence Technological and Industrial Base (EDTIB).

Second, President Trump has undermined faith in the transatlantic relationship. He has yet to act on his most ominous threats to leave NATO or pull US troops out of Germany. However, US Secretary of State for Defence Mark Esper has suggested that the US would [end](#) co-funding for defence projects in Europe. It is no longer certain that EU states can rely on the US security umbrella. Better co-ordinated investment in capability development will allow member states potentially to act more independently of the US.

Finally, the next frontier in EU defence policy will be the use (and possible abuse by adversaries) of new technologies, and artificial intelligence (AI) in particular. This is [particularly true](#) in detection (surveillance and intelligence), preparation (logistics and decision-making) and protection (through the use of autonomous and semi-autonomous defence systems). The new DG Defence will also focus on AI, as well as other high-tech issues. Particularly in the context of improving procurement and capabilities across EU members states, [AI](#) should not be missed in the spectrum of technologies and enablers available to EU policymakers.

It is clear, then, that the EU faces challenges as it moves towards achieving strategic autonomy and becoming a stronger geopolitical actor. This should not be a deterrent from seeking to improve EU defence co-operation and to close capability gaps, for which there is an urgent need.



EU foreign policy has repeatedly evolved since it was brought within the purview of the EU in the Maastricht Treaty. It encompasses not just diplomacy, crisis management and multilateral engagement, but many cross-cutting issues such as the management of the European neighbourhood, migration, international development and aid, global trade, and enlargement.

However, since the introduction of the High Representative of the EU and European External Action Service, the EU has made little progress in reaching common positions on foreign policy. The EU has always struggled to speak with a single voice, in part because member states hold widely divergent views on issues of foreign affairs. This, coupled with the fact that the EU foreign policy decisions have to be unanimous, means it often resorts to lowest common denominator positions.

Yet, the EU is not just a diplomatic actor, it is an economic one too. Indeed, its relative power lies in its international trade, an important foreign policy tool. Through trade the EU can influence the policy preferences of its trade partners across a range of areas, including human rights and climate policy, enabling the EU to export its values as well as goods.

In recent years, however, the EU has been preoccupied by its own internal crises, notably those of the eurozone and migration, reducing the attention it has paid to major global issues. The EU's weak responses to the situations in Venezuela and Libya are clear examples of this international disengagement.

Yet, the international matters on the EU's to-do list appear endless: the unresolved crisis in Ukraine; tensions with Russia; the US–China trade war; the dispute over Iran's nuclear programme; the transatlantic rift over NATO; climate change; the continuing migration and refugee crisis; and now the coronavirus outbreak.

While EU member states have many other forums in which to pursue foreign policy objectives, the EU itself is nonetheless an important vehicle for their influence. It is the only forum to combine civilian and military approaches through its 'Comprehensive Approach' that connects its economic power with its diplomatic skillset.

The UK's departure is a substantial loss for the EU in foreign policy terms. With a future treaty on foreign policy already ruled out by the UK government, the EU will no longer be able to utilise Britain's expertise, diplomatic network, military personnel—including its nuclear capability—permanent membership of the UN Security Council or its transatlantic connection with the US, which is fundamental to the EU's foreign, security and defence policy.

Nevertheless, the EU has begun to adapt to the changing circumstances with important developments in defence in particular. As Armida van Rij points out in the section on defence, the introduction of the European Defence Fund (EDF) and Permanent Structured Cooperation (PESCO) reflect rapid developments in this field during 2016-17. PESCO in particular exemplifies the progress that can be made when willing member states can opt into projects and initiatives without being held back by others. Such 'minilateral' approaches could be important in foreign policy decision-making if decisive progress is to be made.

Josep Borrell, the EU's High Representative for Foreign Affairs, has mooted a long-debated shift to qualified majority voting (QMV) on foreign affairs to make the EU more effective. French president Emmanuel Macron also emphasised the need for the EU to reform its internal decision-making procedures. However, as Zsuzsanna Vegh points out in the section on Hungary, QMV may be unrealistic

in the short-term while member states, such as Hungary, retain a veto over such moves. It is somewhat ironic that some of the EU's biggest foreign policy challenges, including its decision-making processes, are actually domestic.

However, the changes the EU needs to make are not just structural, it needs to clarify its ambitions. The geopolitical agenda of the new European Commission sounds impressive, but what matters most is credibility. In other words, ambitious rhetoric has to be followed with concrete action. The EU faces a global environment that appears increasingly hostile to its fundamental interests and values: namely, multilateralism and democracy. It needs to use its strengths in building coalitions of like-minded states, being a credible mediator and promoting—not least by example—the benefits of multilateralism.

After decades of relatively limited progress in co-operation on foreign policy, it is perhaps unrealistic to expect a sudden breakthrough in the next few years, especially given the seemingly intractable internal and external challenges that the EU faces. But progress can be made. The loss of the UK and the increasingly turbulent external environment should at least provide sufficient incentives for EU member states to act together on foreign policy.



The **UK** in a
Changing Europe

The UK in a Changing Europe promotes rigorous, high-quality and independent research into the complex and ever changing relationship between the UK and the EU. It is funded by the Economic and Social Research Council and based at King's College London.

020 7848 2630 | ukandeu@kcl.ac.uk | www.UKandEU.ac.uk |  @UKandEU