

# Future of Europe debates II

## Parliament hosts Heads of State or Government

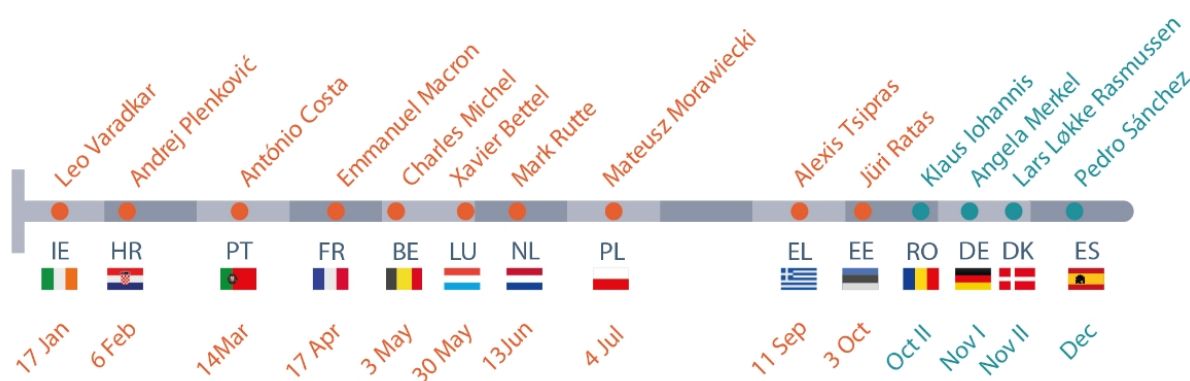
### SUMMARY

Against the background of the many challenges faced by the European Union (EU) in recent years, and with the May 2019 European Parliament elections approaching, the future of the European project has come back on the agenda of public discourse. At the [European Council](#) of October 2017, the President of the European Parliament, [Antonio Tajani](#), announced his intention to host a series of [Future of Europe debates](#) during plenary sessions, as a democratic and open forum in which the Heads of State or Government of EU Member States would be invited to express their vision of the future, starting in early 2018.<sup>1</sup>

Intended to run for the whole of 2018 and beyond, the 'Future of Europe' debates in the European Parliament have thus far featured the leaders of ten Member States. They have used the opportunity to set out their personal vision, highlighting priorities, pointing to areas for better development, and revisiting accomplishments so far. (See the timeline of speakers below.)

This is the second edition of a Briefing designed to provide an overview of the [Future of Europe debate](#) in a number of key policy areas. While the [first edition](#) covered the first six speakers, the present one focuses on the most recent four. It also contains insights on climate change and international trade, in addition to the areas of economic and monetary union (EMU), the EU social dimension, migration policy, security and defence, and the multiannual financial framework (MFF), covered in the first edition.

### Participants in Future of Europe debates in the European Parliament, 2018



NB: The schedule of future debates is, by definition, subject to change.

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## Background

In-depth reflection on the 'Future of Europe' has been under way for some time in a range of different fora and institutions. The debate became more focussed in the aftermath of the UK referendum of June 2016, when the other 27 [EU leaders](#) decided to start meeting informally in an EU-27 format, in parallel with formal European Council meetings (EU-28). The EU-27 started by exploring causes and consequences of Brexit with the [Bratislava Declaration and Roadmap](#) of 16 September 2016, leading to the [Rome Declaration](#) of 25 March 2017, on the occasion of the 60th anniversary of the Rome Treaties. In Rome, the EU-27 leaders gave a clear signal of 'unity and solidarity', envisaging the possibility of Member States integrating at different speeds and with different intensities, while still 'moving in the same direction'. After a first [resolution](#) in the immediate aftermath of the UK referendum, the Parliament gave a more substantial contribution to the reflection on the future of EU action. In its [resolution](#) of February 2017, the Parliament suggested ways to exploit the unused potential of the Lisbon Treaty. On the same day, it adopted a further [resolution](#) on developments requiring Treaty changes. A [fourth resolution](#), on budgetary capacity for the euro area, focussed on restoring trust in the euro area and on measures to strengthen economic governance. The Parliament also set out its overall [vision](#) for the future of Europe, in October 2017.

The European Commission has contributed to the debate with a [white paper](#), tabled in March 2017, setting out the main challenges facing the EU. Its *five scenarios* offer 'a series of glimpses into the potential state of the Union by 2025 depending on the choices we will jointly make'. In his [2017 State of the Union address](#), Jean-Claude Juncker, unveiled a [roadmap](#) for a more united, stronger and more democratic Union, setting the timeline for the Commission's key initiatives up until the 2019 European elections. In his [2018 State of the Union address](#), on 12 September 2018, he pointed to the need to strengthen the global role of the EU and its unity. He also highlighted a number of [priorities](#) on which visible progress should be reached before the European Council in Sibiu (Romania) on 9 May 2019, a meeting symbolically timed between the UK's withdrawal and the European elections. The Sibiu meeting is intended to give a perspective of the future of European action for the five years from 2019 to 2024.

## Economic and monetary union

*‘I want to see the Eurozone establish its own fiscal capacity in conjunction with the European Semester. This fiscal capacity would help to maintain stability when faced with external crises, but its main aim must be investment ...’*

António Costa

Launched in 1992, Europe's economic and monetary union (EMU) [comprises](#) the [single currency](#) and an [independent](#) monetary policy run by the European Central Bank (ECB), rules for the coordination and surveillance of Member States' economic policies, and, following the financial crisis, a single [rulebook](#) and single [supervision framework](#) for financial institutions within the euro area. The legal foundations of EMU are the relevant Treaty [provisions](#) and two Council [regulations](#). The financial and sovereign debt crises highlighted a number of weaknesses. The framework was therefore enhanced with eight new EU regulations and directives (known as the '[six-pack](#)' and '[two-pack](#)'), two intergovernmental treaties (the Treaty on Stability, Coordination and Governance ([TSCG](#)) and the [Euro Plus Pact](#)) and common [prudential rules](#) to prevent banking crises or [manage](#) them efficiently.

In parallel to strengthening the framework mentioned above, discussions<sup>2</sup> began in 2012 on how to further [integrate](#) frameworks for the financial sector, budgetary matters and economic policy, as well as adding greater democratic legitimacy and accountability to the process. After a 2012 Commission [communication](#), a first [report](#) by the European Council President, in collaboration with the Presidents of the European Commission, the Eurogroup and the ECB, and a second [report](#), in 2015, drafted by the Presidents of the four afore-mentioned institutions, together with the President of the European Parliament, on the occasion of the 60th anniversary of the Rome Treaties, in

March 2017, the European Commission published its [white paper](#) on the future of Europe, followed shortly thereafter by a [reflection paper](#) on deepening EMU. The latter contained some considerations regarding steps in three key [areas](#) – completing the financial union, achieving a more integrated economic and fiscal union, anchoring democratic accountability and strengthening euro-area institutions. In his 2017 [State of the Union](#) address, the Commission President announced further policy initiatives to strengthen EMU governance. In December 2017, the Commission put forward [a first set of](#) proposals and initiatives to complete EMU, and [two more proposals](#) in May 2018.

A number of the Heads of State or Government speaking in the debates have explicitly mentioned the banking union as a crucial objective, in order to protect citizens' savings on a pan-European basis and reduce the exposure of individual Member States to bad loans. They made a firm commitment to further work to reach that aim. The views on how to do that, however, diverge, especially with regard to efforts needed to clean bank balance sheets of non-performing loans before deposit guarantee and bank resolution can rely on a common European financial backstop, if at all.

*‘The failure of the neoliberal management of the crisis feeds the monster of chauvinism and right-wing populism.’*

Alexis Tsipras

At Member-State level: in September 2017, in an [address](#) at the Sorbonne, the French President, Emmanuel Macron, presented EMU reform as one of six dimensions of an initiative for Europe. A month later, Germany's then finance

minister, Wolfgang Schäuble, circulated to his Eurogroup colleagues a [non-paper](#). A third view was provided in March 2018 in a [position paper](#) issued by the finance ministers of Denmark, Estonia, Ireland, Latvia, Lithuania, the Netherlands, Finland and Sweden. Those positions highlight the difficulty of the negotiations: while some Member States prioritise [risk-sharing measures](#) (led by France), others argue instead for further [risk-reduction initiatives](#) (led by Germany). This absence of consensus has led to an absence of breakthroughs at European Council level: the 2018 [June European Council](#) only decided that the [European Stability Mechanism](#) (ESM) would provide the common backstop to the [Single Resolution Fund](#) and be reformed (however, further development of the ESM was pushed to December). Apart from this, leaders only agreed to start working on a roadmap for beginning political negotiations on the [European Deposit Insurance Scheme](#) and to come back to the rest of the issues in December.

*‘The basic promise of the euro was that it would bring us all greater prosperity - not a redistribution of prosperity. [...] The pleas now being made to establish a transfer union fly in the face of this promise.’*

Mark Rutte

In the Future of Europe debates, all intervening Heads of State or Government have shown support for the completion of EMU, including the Prime Minister of Croatia, a non-euro-area country. For all speakers, strengthening EMU would prevent further crises and support a more cohesive Union. With regard

*‘It is also necessary for us to cooperate very closely in the area of tax avoidance within the European Union, including in the area of digital tax and tax havens.’*

Mateusz Morawiecki

to tax policy, however, views diverge. Digital taxation, for example, remains a national instrument for some, whilst others favour it as an own resource for the EU. Conversely, all EU leaders who have spoken to date support common work to tackle harmful tax practices, in particular tax fraud and tax evasion, and a move towards a gradual harmonisation of the corporate tax base.

The debates have shown general convergence in the views of Heads of State or Government on completing EMU, notwithstanding differences with respect to a European deposit guarantee scheme and financing of bank resolution. This is in line with the European Council agenda and with its conclusions since 2016, as well as those of Euro Summits. A number of Heads of State or Government expressed support for completing EMU by the end of the current legislative term, with one suggestion being to adopt a roadmap to reach that aim. Some considered the banking union as a key objective, and firmly committed to working further on it to avert future financial crises. On taxation, views also appear to diverge, in particular on digital taxation.

## Migration

*‘We propose a European Development Fund for Africa. Poland wants to give the fishing rod rather than the fish to Africa and would be happy to contribute in a disproportionate high amount than compared to our GDP.’*

Mateusz Morawiecki

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

*‘We are now trying to find consensus when deciding on the core elements on how to manage migration. It is difficult, but we all realise that short-term measures will only bring short-term solutions.’*

Jüri Ratas

All Heads of State or Government intervening in the Parliament's Future of Europe debates were united in considering migration as one of the main challenges that the EU is facing, and agreed that this challenge can only be addressed at EU level.

In 2016, the European Commission launched a reform of the common European asylum system ([CEAS](#)) to make it more efficient and more resistant to migratory pressures. Almost two years on, the proposals have attained different stages of progress within the EU legislative process. The most controversial aspect involves reaching a compromise between the principles of solidarity and fair sharing of responsibility between Member States (relocation mechanism) in the Dublin system. Most Heads of State or Government have stressed the need to make progress on the reform of the CEAS and on the issue of relocation. Some of them stressed that their countries have made their contribution in relation to relocation and resettlement, but that other Member States were not shouldering their responsibilities. At the European Council of 28 June 2018, EU leaders failed to achieve a breakthrough on internal aspects of migration and the EU's asylum policy. Instead, due to the domestic political situation and internal pressures in some Member States, the European Council [conclusions](#) prioritise strengthening the EU's external borders and preventing migrants from reaching Europe in the first place by stemming illegal migration on all existing and emerging routes.

*‘We really must take steps now to make the European Asylum system fair and effective.’*

Mark Rutte

*‘The refugee crisis that followed simply came to confirm Europe's inability to move forward when a large part of its members did not share its founding values.’*

Alexis Tsipras

Similar views were expressed by the Commission President, Jean-Claude Juncker, in his [State of the Union](#) address in September 2018, in which he announced the strengthening of the [European Border and Coast Guard Agency](#). The Commission would also endeavour to increase [returns](#) by improving the EU's [own capacities](#) and by concluding [re-admission agreements](#) with countries of origin and transit.

In addition, on the basis of the European Council's June 2018 conclusions, the Commission presented an [assessment](#) of potential future [controlled centres](#) in the EU and [regional disembarkation options](#) for migrants rescued during search and rescue operations on their way to Europe. Member States have also been resettling refugees from third countries under the provisions of the EU [emergency resettlement scheme](#) and the Commission [recommendation](#) to resettle at least 50 000 vulnerable persons by the end of October 2019, focussing on the Middle East, North Africa and the Horn of Africa. These efforts are part of a wider policy to [enhance legal pathways](#) to Europe, including for economic purposes by addressing shortages of specific skills.

The Future of Europe debates in the European Parliament have highlighted that some Heads of State or Government support a general increase in funding, or a more ambitious and specific initiative, such as a 'Marshall Plan' for Africa. Most of them stressed the need to step up cooperation with countries of origin and transit of migrants. The few speakers who addressed the issue of legal migration noted the need to develop a system of legal and organised migration.



In the field of migration, Heads of State or Government have shown a high degree of convergence on several points, as a result of the European Council's efforts to find a common and comprehensive EU strategy since the outbreak of the migration crisis in 2015. All have acknowledged that migration is a significant challenge, which needs to be addressed jointly at EU level. Speakers have called for additional funding for EU migration policy. Responsibility and solidarity were also stressed by many as an important shared value, together with the need to reform the CEAS. However, Mateusz Morawiecki took a different view, calling for more flexibility for Member States in approaching the migration challenge.

## Social dimension

*‘Only through the development of the Social Pillar ... will we be able to ensure growth and dignified employment, the only effective answer to the anxiety that the transition to digital and automation are creating about the future of work.’*

António Costa

In the context of the debate triggered by the Commission's [white paper](#) on the Future of Europe, its [reflection paper](#) on the social dimension of the EU offered three scenarios: i) focusing exclusively on the free movement of workers; ii) developing what would essentially be a multispeed Europe; and iii) genuinely deepening EMU across the EU-27. The reflection paper on [harnessing globalisation](#) highlighted the strong links between economic and social policies. The Commission proposed a holistic reference framework, the [European pillar of social rights](#) ('social pillar'), for the development of EU labour markets and welfare states. Its 20 principles and rights reach far beyond the strict

*‘The application of the principles of the European Pillar of Social Rights is before us. It is the basis for the establishment of a fair labour market, a fair social security system, as well care for our pensioners.’*

Andrej Plenković

Nearly all Heads of State or Government who have spoken in the Future of Europe debates have expressed strong commitment to the principles contained in the European Pillar of Social Rights, and fully acknowledged that economic and social development go hand in hand. Some stressed that the very essence of the European Union lies in achieving a closer union, and thus, that the full equality of Member States and their citizens can only be achieved by implementing the relevant social *acquis* throughout the internal market.

*‘What we need now in Europe is ... a new social contract for social cohesion and the prosperity of our peoples ... a legally binding European Pillar for Social Rights.’*

Alexis Tsipras

One [question](#) for the future remains how to strengthen the social dimension in practice, and how the social pillar will contribute to the further development of social policies across the EU, while mobilising the main [EU policy tools](#) to hand: legislation, guidance, governance and funding. Some first [evaluations](#) point to its potential to bring about a new policy dynamic. As for legislation and guidance, the European Parliament has called for [new measures](#) to modernise the world of work, social protection and access to education. The [European Council](#), at its December 2017 meeting, agreed that legislation and guidance should be taken forward with regard to [implementing](#) the

*‘You cannot talk about social development unless you deal with exclusion, poverty and inequality. It is important that we have an ambitious social policy to fight these inequalities.’*

Mateusz Morawiecki

social pillar at Union and Member State levels, including future initiatives announced in the 2018 Commission [work programme](#), as well as improving [social dialogue](#) at all levels. In his 2018 [Letter of intent](#), Commission President Juncker plans an initiative for early 2019 on identifying areas for enhanced qualified majority voting in the Council for more efficient law making in social policy. To strengthen the social aspects of governance in terms of its *content*, the country reports within the [2018 European Semester](#) exercise have made use of the social pillar, with particular emphasis on skills challenges and on national social safety nets. In 2017, the European Parliament reiterated the [idea](#) of introducing a 'social imbalances procedure' in the drawing up of country specific recommendations. Several issues around [strengthening the social](#)

[aspects](#) of the Semester *process* are still to be tackled, including the [importance of democratic control](#) while deepening EMU. Finally, [the future of EU finances](#) will greatly impact on the extent to which the social dimension of the EU can be supported. Forthcoming initiatives on completing [economic and monetary union](#) include the introduction of an EU budget line dedicated to supporting structural reform and to developing a convergence instrument for pre-accession assistance. The debate on the post-2020 Multiannual Financial Framework ([MFF](#)) will also be influential. The Parliament has made [several proposals](#) to secure [financial support](#) for new priorities. A 2017 [resolution](#) on the reflection paper on the future of EU finances emphasised the importance of 'genuine' own resources for the EU to gain some financial autonomy.

Nearly all Heads of State or Government participating in the Future of Europe debates have called for strengthened cooperation among Member States on social and employment aspects, including fair access to the labour market for all, a fair social security system and adequate pensions.

The speeches of Heads of State or Government have shown a high level of convergence in defending the values of the European social model, as well as the need to progressively bring Member States' social models closer together. The Social Pillar seeks to foster 'upward convergence' towards better working and living conditions in the EU. Although Member States have expressed their support for its objectives, they vary in their ambitions and means to achieve them.

## Trade

*‘We have common interests also in open, free and fair global markets. [...] Europe’s geographical ties and our global interdependence as the world’s largest trader dictate that it is vital to have a world that functions.’*

Jüri Ratas

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

*‘We need to continue with the conclusion of trade agreements with third countries because such agreements are an investment into further economic growth and the prosperity of our citizens.’*

Andrej Plenković

In parallel, the EU has [pursued](#) various (new) FTAs with trade partners around the world. The EU-Canada Comprehensive Economic and Trade Agreement ([CETA](#)), for example, has been [applied on a provisional basis](#) since 21 September 2017. The EU also [signed](#) an [Economic Partnership Agreement](#) with [Japan](#) in July 2018, which is expected to enter into force before the end of the current Commission's mandate in 2019. Following an [opinion](#) of the Court of Justice of the EU in 2017, the EU has [split](#) its planned FTAs with [Singapore](#) and [Vietnam](#) into separate Trade Agreements (TAs) and Investment Protection Agreements. The EU is aiming for the [entry into force](#) of at least the Singapore TA by autumn 2019. In April 2018, the EU also reached an '[agreement in principle](#)' with [Mexico](#) on the modernisation of their current agreement, and in late-2017 it [launched](#) similar negotiations with [Chile](#). Moreover, talks on [new FTAs](#) with [Australia](#) and [New Zealand](#) were [launched](#) in 2018. The EU is currently engaged in preparatory talks with the [USA](#) about a possible new bilateral trade deal, following a July 2018 [meeting](#) between Commission President Jean-Claude Juncker and US President Donald Trump aimed at de-escalating [rising trade tensions](#). Plans for a Transatlantic Trade and Investment Partnership ([TTIP](#)) have been shelved, but two [agreements on regulatory cooperation](#) were reached with the Trump administration prior to the current talks.

Several Heads of State or Government have pointed out in the debates that in international trade, EU Member States can achieve much more by working together than in isolation, and it is here that the EU brings added value. It is by being open to trade agreements with countries around the world that the EU can continue to ensure economic growth and prosperity for its citizens. Some Heads of State or Government have pointed to freedom but also fairness in trade, and that the EU should

therefore engage with its partners on the basis of reciprocal commitments. The EU's role is to maintain a trade policy that protects our high social, environmental and food safety standards while at the same time addressing the potential harmful consequences of globalisation.

The EU has also been actively engaged in the [establishment](#) of a [multilateral investment court](#) to address concerns about investor-state dispute settlement (ISDS) mechanisms. A new [investment court system](#) has already been included in some of its new and planned FTAs, including [CETA](#). In addition, the EU is actively involved in the [reform](#) of the [World Trade Organization](#) (WTO) to resolve the looming deadlock on its dispute settlement system, strengthen its monitoring role, and update international trade rules.

*‘Only the EU can maintain a trade policy to help regulate global markets and protect the high social, environmental and food-safety standards that we want to retain, regulating globalisation that challenges the sustainability of the European social model.’*

António Costa

[foreign direct investment](#), [import of cultural goods](#) and [international procurement](#). Trade and [investment](#) policy are increasingly seen as ways to alleviate poverty. In relation to Africa, the Commission suggested [developing](#) the existing FTAs into a continent-to-continent FTA in the 2018 State of the Union speech.

*‘The US has unilaterally ... imposed import duties on steel and aluminium, triggering a debate we thought was obsolete. [...] So let us broadcast a strong message to the world: Europe’s belief in the power of multilateral cooperation and free trade is as firm as ever.’*

Mark Rutte

In the past year, the EU also updated its trade defence instruments through the adoption of legislation on a [new anti-dumping calculation methodology](#) and an overall [modernisation](#) of [EU trade defence instruments](#). Prior to that, the EU [adopted](#) new legislation on trade in conflict minerals, and [amended](#) legislation on export of goods that could be used for [capital punishment and torture](#). Legislative proposals that are currently awaiting adoption concern [screening of](#)

Heads of State or Government have shown a high level of convergence in their determination to support free and fair trade. Almost all have expressed a strong commitment to a rules-based multilateral trading system and emphasised the role of the EU as a leading force for peace, stability and development. Some have pointed out that, although certain partners and allies have chosen to disengage from this system and pursue other paths, the EU Member States stand united, and in doing so, will continue to protect the interests of workers and consumers.

## Climate change and energy

*‘Sovereignty also covers climate and energy sovereignty. This is key. We must quickly open the debate to increase the European Union’s contribution under the Paris Agreement.’*

Emmanuel Macron

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

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

Mark Rutte

Most of the Heads of State or Government speaking in the Future of Europe debates have mentioned climate change as a common challenge to be addressed. Some have reconfirmed their support for the full implementation of the Paris Agreement, whilst a number have deplored the fact that the US has unilaterally denounced the agreement. A

few have called to increase the commitments made in Paris, including by setting higher targets to achieve. One, [Mark Rutte](#), pointed out that the current target of reducing greenhouse gas emissions by 40 % by 2030 is insufficient to keep global warming below the 2-degree ceiling set in Paris, and proposed to 'raise the bar' to 55 %.

The EU has a comprehensive set of [energy and climate policies](#), including its [emissions trading system](#). It is on track to achieve its climate and energy [targets](#) for 2020: a 20 % reduction of greenhouse gas emissions, a 20 % share of renewable energy and a 20 % improvement in energy efficiency. Moreover, at least 20 % of the EU budget for the 2014-2020 period is dedicated to climate action. These policies have been reinforced in the 2015 [energy union strategy](#), which aims at decarbonisation while keeping energy affordable for industry and households and ensuring the security of energy supply. To achieve the latter objective, a decision on energy-related [intergovernmental agreements](#) and a regulation on the [security of gas supply](#) were adopted in 2017, and rules for [risk-preparedness in the electricity sector](#) are being negotiated by Parliament and Council.

Several Heads of States or Government have stressed that energy transformation is key for the EU in the current geopolitical context. A few have underlined the importance of reducing energy dependence by investing in innovation, including clean-tech energy, by relying on

*‘Another strategic goal is the European energy transformation, which means linking competitiveness on price with geopolitical realism.’*

Mateusz Morawiecki

different types of energy, compatible with the EU’s low-carbon economy objective, and by diversifying supply sources. Some of them spoke of the importance of energy prices. They outlined that a fine balance needs to be kept between affordable energy prices and policies aimed at reducing energy supply dependency. One, [Mateusz Morawiecki](#), called into question the North Stream 2 project, underlining its high dependence risk on Russia.

*‘We need to continue building the European Energy Union and ensuring our citizens’ access to sustainable, secure and affordable energy.’*

Andrej Plenković

To move towards a low-carbon society and achieve its international commitment ([NDC](#)) under the Paris Agreement, the EU has revised the legislation regarding [emissions trading](#), [effort sharing](#) and [energy performance of buildings](#) and introduced a new regulation regarding [land use](#). Legislative proposals regarding [energy efficiency](#), [renewable energies](#), CO<sub>2</sub> emissions of [cars, vans](#) and [heavy-duty vehicles](#) and the electricity market (a [regulation](#) and a [directive](#)) are being negotiated by the European Parliament and Council, with a view to adopting them before the end of the current parliamentary term. The Commission proposed to raise climate-related spending in the next multiannual financial framework (2021-2027) to 25 % of the budget. To set the path to a future low-carbon economy, the European Commission intends to adopt a [strategy](#) for long-term EU greenhouse gas emissions reduction by December 2018. The global environment has become more challenging: besides the US [withdrawal](#) from the Paris Agreement, a number of other [countries](#) have enacted only weak climate change policies. Public and private-sector investment in climate-friendly technologies such as renewable energies is [falling](#) globally, while studies such as the United Nations Environment Programme (UNEP) emissions gap [report](#) and the Intergovernmental Panel on Climate Change (IPCC) special [report](#) on global warming of 1.5°C indicate that efforts should be increased beyond the current NDCs to achieve the temperature targets of the Paris Agreement. As regards developing countries, many of their commitments are conditional upon the availability of climate finance, but achieving the amount set out in the Paris Agreement – US\$100 billion annually by 2020 – will prove difficult, even more so after the US stopped its payments to the UN Green Climate Fund. The EU remains committed to providing assistance to developing countries in the form of [finance](#) and expertise, and takes an active role in international [climate diplomacy](#).

There is a broad convergence of views among Heads of State or Government on the urgent need to act on climate and energy. Furthermore, most of the Heads of States or Government considered that the EU can play a leading role internationally in the implementation of the Paris Agreement. They have referred to the current geopolitical context, especially on energy transformation and security.



## Security and defence

*‘As regards internal and external security and defence, we have made a lot of progress over the last few months and I would like to commend the work which your assembly is currently doing on the European Defence Fund.’*

Emmanuel Macron

Recent years have seen considerable progress in EU security and defence initiatives. In 2016, the High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the European Commission (HR/VP), Federica Mogherini, presented the EU global strategy on foreign and security policy, a strategic document guiding the EU's external action. The [global strategy](#) was subsequently implemented through a series of actions. These consisted of, first, an [implementation plan](#) on security and defence; second, the European defence action plan ([EDAP](#)); and, third, proposals to strengthen EU-NATO cooperation within the framework of the [Warsaw joint declaration](#). These actions provided the basis for the realisation of initiatives such as the European Defence Fund (EDF), the Coordinated Annual Review on Defence (CARD) and Permanent Structured Cooperation (PESCO), which aim to tackle inherent weaknesses of the European defence market and the EU defence industry, and to enhance and optimise EU defence capabilities. In June 2017, the Commission presented a [reflection paper](#) on the future of European defence, on the basis of the global strategy.

*‘In the last few years we have seen a lot of geopolitical threats: terrorism, Russian hybrid war in Ukraine and elsewhere ...’*

Mateusz Morawiecki

Most of the Heads of State or Government intervening in the Future of Europe debates have agreed that the deteriorating global security environment requires a common response from the EU and its Member States. They stressed that the on-going efforts to strengthen the internal/external security nexus will help to counter the threats that the EU faces, and ensure the security of its citizens. Some of them have also spoken of the EU's commitment to multilateralism, one of the pillars of the EU's Global Strategy.

*‘The EU is the most successful example in world history of how multilateralism and the willingness to compromise can bring about unprecedented security, stability and prosperity.’*

Mark Rutte

The EDAP, unveiled by the Commission in November 2016, enabled the creation of the European Defence Fund (EDF) – [launched](#) in June 2017 – to support collaborative research in innovative defence technologies and the development of defence products jointly agreed by the Member States. In July 2018, the EU adopted a [regulation](#) for a European defence industrial development programme (EDIDP) to finance the EDF until the end of the current budget period. The [aim](#) of the regulation is to improve the competitiveness and innovative capacity of the EU defence industry, by supporting cooperation between Member States. Under the new MFF, the fund will receive increased financing, through a [regulation](#) currently being negotiated by the Parliament and Council.

*‘An increased defence cooperation among the EU Member States is very welcome. This will lead to increased defence spending and to a larger number of commonly usable capabilities.’*

Jüri Ratas

[PESCO](#) was launched in December 2017, with the participation of 25 Member States. It operates on the basis of concrete projects and commitments, several of which are geared towards the strengthening of the EU defence sector. PESCO members commit to increasing national defence budgets and invest more in defence research. As part of its efforts to step up security and defence, the EU is also aiming to improve [military mobility](#), including through PESCO and through cooperation with NATO, as expressed in the 2018 [Joint Declaration](#) on EU-NATO cooperation. In December 2017, Federica Mogherini presented further [proposals](#) regarding the future of EU security and defence, including such actions as activating the [EU Battlegroups](#), launching a [European Peace Facility](#) and working towards a common strategic culture within the EU. The proposal for the [European Peace Facility](#) (EPF) was unveiled in June 2018. Looking to the future of EU security and defence, in his [2018 State of the Union](#) address, Commission President Juncker proposed that leaders agree, at the summit in Sibiu on 9 May 2019, to broaden the scope of qualified majority voting in certain areas of CFSP, including sanctions regimes and decisions on civilian Common Security and Defence Policy (CSDP) missions.

Most of the Heads of State or Government whose countries are also members of NATO have stressed in the debates that current efforts to advance European defence cooperation are being made in full complementarity and cooperation with NATO. Some of them [stressed](#) the importance of the 'transatlantic bond'. A number wished to reaffirm their country's support of Permanent Structured Cooperation, in full compliance, as is the case for Ireland, with their neutrality.

The contributions of Heads of State or Government in the Future of Europe debate have shown a high degree of convergence of views on security and defence. For example, most of them have spoken of the common threats that the EU and the Member States are facing, primarily referring to the 'arc of instability' present in the EU's neighbourhood, terrorism and cyber-attacks. A number have highlighted that the EU and Member States need to elaborate a common response to threats that balances and preserves the EU's interests internationally.

## Multiannual Financial Framework

*‘I hope for [an] ambitious multiannual financial framework that reflects the challenges [of global population growth, migration, European defence, climate change and digital transformation].’*

Jüri Ratas

Each year, the EU's budget is negotiated within the limits set out in the seven-year multiannual financial framework (MFF). The MFF, besides being a financial plan, gives a vision of the EU's long-term priorities. With the current MFF for the 2014-2020 period entering its final phase, the EU has started preparing the post-2020 plan. This preparation should take into account not only the financial coverage of the engagements of the [Bratislava](#) and [Rome](#) declarations, but also the current debate on the future of Europe and the loss of a major contributor due to the UK's withdrawal. The financial aspects of the future relationship with the latter are still to be defined.

*‘At present, agriculture and structural funds swallow up seventy per cent of the budget. Spending less in these areas will make room for new priorities.’*

Mark Rutte

All Heads of State or Government who have spoken outlined which policy priorities, in their opinion, deserve funding in the next MFF. Some stressed the need to develop new policies (such as security, innovation and the digital economy), others highlighted the contribution of the 'traditional' areas (the common agricultural policy – CAP – and cohesion policy), and some stressed the need for a balance between the two. Most Heads of State or Government have expressed their readiness to contribute more to the EU budget. Only Mark Rutte called for the EU budget to shrink after Brexit. Many of the others, however, stressed the need to provide the EU with a budget that matches its needs and ambitions.

On 2 May 2018, the Commission adopted a package of legislative [proposals](#) on the 2021-2027 MFF, on own resources to finance the EU budget, and on linking the EU budget with the rule of law. Within the new structure of the MFF headings and simplified architecture of programmes, the Commission presented, in its own words, 'a modern budget for a Union that protects, empowers and defends'.

Overall, the next MFF amounts to €1 135 billion (in commitments, 2018 prices), i.e. [1.11 %](#) of EU-27 gross national income (GNI). The proposal emphasises the new priorities by giving more funding for research and innovation and the

*‘What we need today in Europe is ... a multiannual financial framework to support social cohesion and convergence.’*

Alexis Tsipras

digital economy, security and defence, migration and border management, external action, climate, and programmes supporting young people. At the same time, the Commission's proposal would reduce the allocations for cohesion policy and the CAP (in real terms by 10 % and 15 % respectively, according to [calculations](#) by the Secretariat of the European Parliament's Committee on Budgets). The Commission also proposed new instruments to strengthen the link between the EU budget and the European Semester. Changes were also envisaged on the revenue side, including modernisation of the current own-resources system, a basket of new resources, and gradual elimination of rebates. This reform, according to the [Commission](#), could be an opportunity to depart from the obsolete concept of Member States' net balances or 'fair return'.

*‘Poland supports the idea that the European Union should have sufficient own resources.’*

Mateusz Morawiecki

Around half of the Heads of State or Government addressed the creation of new own resources for the EU. Some stressed the need to avoid additional taxes for EU citizens. Only one, Emmanuel Macron, called for the end of all rebates after Brexit.

On 14 March 2018, the European Parliament set out its expectations on the [post-2020 MFF](#) and the [reform of own resources](#). These were confirmed in a resolution of [30 May 2018](#) and are due to be further detailed in an [interim report on the MFF package](#) scheduled for a vote in plenary in November 2018. The Parliament supports programmes on research and innovation, youth, small and medium-sized enterprises (SMEs) and financial support for pressing challenges in the areas of security, migration and external border protection. It insists that financing of the CAP and cohesion policy (in real terms) should remain unchanged, and estimates that, in order to finance new priorities, the MFF ceiling should increase from the current 1.0 %, to 1.3 % of EU GNI. Both Parliament and the Commission have signalled that they are ready to make an effort to reach agreement on the package before the May 2019 European elections. Meeting this deadline would help allow the new programmes to start on 1 January 2021, and avoid the delays that hindered the implementation of previous financial frameworks. However, so far, neither the European Council nor Council have made any explicit statement regarding the prospects of reaching agreement before the elections.

There has been no clear convergence of views among the speakers to date on the next MFF, which the Heads of State or Government have so far only discussed once collectively, at the February informal European Council. Opposing views persist as to funding of the CAP and cohesion policy. Some Heads of State or Government strongly reject any cuts, while others call for their consolidation and modernisation. Nevertheless, many of them agree that more initiatives should be funded in the areas of external relations, security and defence, and migration. While most have not wanted to commit to the timing of an agreement on the next MFF, one – António Costa – has stressed the importance of finding an agreement during this legislative term. Many have expressed willingness to contribute more to the EU budget, with some calling for additional own resources for the EU.

## ENDNOTES

<sup>1</sup> The quotations presented in this briefing, taken from the speeches as published by the leaders' offices, represent a limited selection illustrating the six topics addressed in this text. For the full speeches, and the subsequent discussions with Members of the European Parliament, the verbatim record and video recording of each debate can be found on the plenary section of Parliament's website: [Leo Varadkar](#); [Andrej Plenković](#); [António Costa](#); [Emmanuel Macron](#); [Charles Michel](#); [Xavier Bettel](#), [Mark Rutte](#), [Mateusz Morawiecki](#), [Alexis Tsipras](#) and [Jüri Ratas](#).

More information is available on the European Parliament homepage on [Future of Europe](#).

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

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# Annex: Overview of topics addressed by each Head of State or Government

