



# FUTURE OF EUROPE OBSERVER

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### Future of Europe Observer

accompanies the debate on governance and regulation in the European Union. Authors are ZEI Scholars, Master of European Studies Fellows and Alumni.

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## Not a pack of bureaucrats: the new European Commission

By Sally Brammer\*

The new President of the European Commission Jean-Claude Juncker sees himself differently, he sees his role differently, he sees his Commission as a ‘last chance Commission’ which will either succeed or fail. Juncker has laid out an ambitious political agenda for the political cycle of 2014-2019. He views this agenda as a form of political contract - a mandate - and he has implemented broad changes in order to realize it. In doing so he has raised expectations – whether they can or will be realized is another question.

The new European Commission officially began work on the 1st November 2014. For the first time there was a direct link between the outcome of the European Parliament elections and the appointment of the Commission President.

Juncker puts great worth in the fact that he views himself as elected, believing this gives him much greater demo-

cratic legitimacy. In his address to the European Parliament before they voted to accept the new Commission he stated “I have been elected President of the Commission on the basis of a programme that binds me to the European Parliament. I have a contract with you, Mr President, and with this House.” Despite evidence that the Spitzenkandidat system did not motivate people to vote (a Eurobarometer poll following the election found that only 5% of voters across the 28 member states were moti-



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vated to vote in order to influence the appointment of the next Commission president)<sup>1</sup> the Commission’s new website proudly states “the President was elected by the European Parliament on the basis of his Political Guidelines”. Juncker is making it clear that his ‘Agenda for Jobs, Growth, Fairness and Democratic

Change' has the support of the parliament, thereby improving the democratic legitimacy of European decision-making.

The bold statement of 10 priorities, within this agenda, raises expectations and also outlines objectives against which the Commission and its actions can be measured, further increasing the pressure for success. One can predict that Juncker will make use this pressure and the argument that



*Commission President Jean Claude Juncker  
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he was elected on the basis of these 10 priorities in order to pressure other EU actors such as the Council and the Parliament to support his agenda. Indeed he has already sent a letter to the European Parliament and the Italian Prime Minister, who held the rotating EU presidency, explaining the priorities and calling for the three institutions to work together to develop strategic objectives and deliverables. Therefore whilst increasing pressure on himself and his team he is also creating the opportunity for leverage during negotiations with the other EU actors.

Outlining 10 priorities has not been Juncker's only innovation, he has also shown a determination to fundamentally change the structure of the college with a centralization of power in a more cabinet type structure. Previously the position of Commission Vice President was symbolic and honorary in nature; however Juncker has delegated much of his own power to his Vice-Presidents. The appointment of 7 Vice-Presidents with real power and coordination responsibilities is meant to improve efficiency and ensure policy coherence. However, an important question is whether this more hierarchical system leads to more or less internal struggles amongst Commissioners, the majority of whom are used to powerful positions at home.

Commissioners have been grouped into 7 project teams and require the approval of their respective Vice President in order to push legislative proposals forward. It is expected that they work together as a college within a dynamic structure, as the composition of the project team changes according to the policy in question. This dynamic and more organic system has the potential to streamline coordination and increase efficiency; however it also could create confusion as Commissioners must sometimes report to more than one Vice President. For this new structure, which moves away from the idea that all Commissioners are equal, to be a success it requires that all Commissioners play nicely with each other and learn to share the management of portfolios, with other Commissioners and with respective Vice Presidents. Time will tell whether these change will indeed improve internal coordination and lead to better policy making, or whether it creates resentment and internal divisions.

Those who campaigned against Juncker's appointment argued that he is an old Brussels insider; however he has proven he is here to shake things up. He has used his experience and negotiating ability to cleverly appoint Vice-Presidents from smaller member states, whilst ensuring that larger states have all received important portfolios. To support his argument that the Commission is not just a troop of 'anonymous high officials' he has surrounded himself with a college of political heavyweights; with four former Prime Ministers and nineteen former Ministers who have the experience and leadership skills to take charge and not be overrun by director-generals.

2014 was a year of transition in the European Union and there is a sense of change in Brussels. Juncker has implemented significant changes in order to increase the efficiency and transparency of the Commission, something observers have long been calling for. Whether Juncker's bold decisions and sense of purpose can effect genuine change, which satisfies the high expectations so far generated, will become apparent over the next few months.

*\*Sally Brammer is a Research Fellow at ZEI and Alumna "Class of 2012"*

1.For information: [http://www.europarl.europa.eu/pdf/eurobarometre/2014/post/post\\_2014\\_survey\\_analitical\\_overview\\_en.pdf](http://www.europarl.europa.eu/pdf/eurobarometre/2014/post/post_2014_survey_analitical_overview_en.pdf)

# Better Regulation, Inter-Institutional Relations, the Rule of Law and the Charter of Fundamental Rights: First Vice President Frans Timmermans

By Aliaksandra Liakh, Carolin Pütz and Maria Kapiniaris

Frans Timmermans is the new First Vice-President for Better Regulation, Inter-Institutional Relations, the Rule of Law and the Charter of Fundamental Rights. His main political objectives are focused on driving better regulation to 'cut red-tape', promoting better work with the European Parliament and bringing the European Union (EU) closer to its citizens by strengthening interactions between the Commission and national parliaments. He endeavours to enhance the transparency of the Commission's activities by creating a mandatory register for lobbyists with the overarching objective being to uphold the Rule of Law and Charter of Fundamental Rights in all of the Commission's activities, which includes the process of accession of the EU to the Convention for the Protection of Human Rights and Fundamental Freedoms of the Council of Europe.

Conflicting aims will arise in Timmerman's portfolio as he strives to achieve the priorities laid down in Juncker's political guidelines - to create a new boost for jobs and growth by promoting an positive environment for investment and entrepreneurship. European regulation plays in this respect a pivotal role.<sup>1</sup> The challenge is to keep regulation simple and not to go beyond what is necessary.<sup>2</sup> Thus, the EU has to find and translate into its legislation a proper balance between freedom for entrepreneurship, on the one hand, and safety for citizens on the other. Despite their improved relationship, the Commission has been reluctant to respond to EU Parliament legislative initiatives, leading to disappointment and a decrease in cooperation. The rule of law and respect for human rights are the backbone of any modern democracy.<sup>3</sup> 'Mutual trust among EU Member States and their respective legal systems is the foundation of the Union.'<sup>4</sup> Mistrust and conflict arise when Member States are no longer eager to respect the rule of law. The EU can only react by the sharp and so far never used instrument laid down in Art. 7 TEU. The EU's accession to the European Convention on Human Rights which would give the compe-

tence to its Court to review EU measures may pose a serious threat to the uniform interpretation and effective application of European Law.

Timmermans will face daily governance challenges as his responsibilities are central issues for the EU and have significant implications for the rest of the Commissioners. The EU's complex and diverse multi-governance structure results from the differing perspectives of the EU institutions, this is particularly clear during decision making. Furthermore, there are disparities amongst Member States, as each state claims its own interests and political aims, and importantly, their differing capabilities which will undoubtedly be debated and overlapped during the process of policy making. Factors which have shifted the political climate in



First Vice President Frans Timmermans,  
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Europe, as seen in the last elections of the European Parliament which indicated a rise in differing political ideologies. As his work entails linkages to virtually all actors, issues and processes in the EU, this may limit his resources and time to take action on necessary improvements. Urgent issues in foreign affairs could override internal reforms and deviate the direction of EU policy moving away from necessary action on Europe's internal problems, thus potentially leading to further loss of patience by voters.

The future of the European Commission in regards to this policy field appears overall po-

sitive despite its many conflicts of aims and governance challenges. A great deal of effort will be dedicated to lessening administrative burdens on SMEs, helping to pursue Juncker's agenda to create more jobs. The gradual strengthening of the Commission will bring even more independence to it, resulting in new changes in the traditional political triangle. Under Timmerman's careful guidance, the observance of fundamental rights will be one of the main priorities in the Commission's agenda

for 2019. This is a rather optimistic perspective, but it has been strengthened by the evident capacities and positive European advocacy demonstrated in the political history and personality of Timmermans.

1. European Commission, COM (2014) 368 (REFIT), 18 June 2014, p. 1

2. Ibid

3. Barroso, José Manuel Durão, European Commission 2004-2014, A new EU Framework to strengthen the Rule of Law, COM (2014) 158, p. 581

4. Ibid.

## Energy Union: Vice President Maroš Šefčovič

By Nikola Veselinovic, Matteo Scotto and Seydi Ababacar Diop

In the newly formed Commission of Jean-Claude Juncker, one of its Vice Presidents is Maroš Šefčovič, a Slovak politician with a rich political and EU background, who will lead the Energy Union team in this Commission's five year term. As Vice-President Maroš Šefčovič must steer and

coordinate work across the Energy Union project team, to focus on achieving the goals and objectives. The Vice President will also be in charge of the follow-up, implementation and communication of the Commission's priority policies across the Union and beyond.



Vice President Maroš Šefčovič  
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His main objective, apart from leading the aforementioned team, will be fulfilling the necessary objectives in addition to ensuring the high level of energy security within the Union. There are overall five main policy objectives: the reorganization of the European energy strategy; increasing investments in new and renewable technologies; decreasing the greenhouse gas emis-

sions; reaching the European energy 2020 and 2030 goals and an overall increase of European energy security.<sup>1</sup> These goals will manage and shape the reorganization of the energy policy of the EU, and thus should help the EU to become less dependent on fossil fuels.

Energy Policy in the European Union is an extremely wide policy area, which demands the close collaboration of different sectors; Foreign and Security Policy, Internal Market, Climate Change, Renewable Energy, Research and Innovation, these are only some of the areas that go hand by hand with Energy, especially in the light of the final objective President Juncker outlined to Vice President Maroš Šefčovič, namely Energy Union. Depending on the competencies involved, each target presents different conflict of aims, enhanced by the domestic and international crisis the EU is facing today. There is great diversity amongst Member States in terms of their energy consumption and energy dependency resulting in potentially conflicting energy needs which could come to a head in decision making in the European Council. A further issue is that overall the EU currently imports 53% of its energy and this amount is set to increase. According to the International Energy Agency the EU will be dependent for 80% of its energy needs by 2035 demonstrating that the importance of energy security and the need for energy diversification will further increase over time.

All the objectives that stand before Mr Šefčovič and his team are quite ambitious and the challenges are great, but they must be addressed

in order to improve the energy security of the EU and increase environmental standards within the Union. Slow and steady implementation of all the necessary measures will surely make the process after 2019 easier. That is why the following 5 years are important, during which important steps towards Energy Union are going to be made

determining the functioning of the policy area as a whole. Mr Šefčovič's task is to pursue concrete short-term goals, which do not conflict with long terms ones, but rather which are complementary to the fulfilment of greater ambitions.

1. [www.iea.org/newsroomandevents/speeches/130326FutureEnergyTrendsWEO2012NZrev.pdf](http://www.iea.org/newsroomandevents/speeches/130326FutureEnergyTrendsWEO2012NZrev.pdf)

## Budget and Human Resources: Vice President Kristalina Georgieva

By Hacer Merve Ayvaz, Federico Bowen, Sabine Klasen and Ekaterina Tumanyan

The Bulgarian Kristalina Georgieva is one of seven Vice Presidents, responsible for coordinating one of the most crucial and fundamental areas of EU duties: Budget and Human Resources. Within the overall objectives for the up-coming legislative period declared by Juncker as competitiveness, growth and the creation of jobs, Georgieva and the Commissioners will have to transparently manage and allocate the EU budget to its best effect in order to reach these goals. Financial and economic crises have made it a both challenging and important task to oversee all financial programs, their implementation and to negotiate the annual budget. The systemic underfinancing of the commitments for payments over recent years has brought forward the need to pay the EU's bills,

while countries hope the EU offers support to their economies. At the same time, Georgieva will have to prepare for the future by directing the 2016 review of the MFF 2014-2020 creating a proposal for the period after 2020. With the increasingly demanding tasks and responsibilities for the institution, the ideal allocation of staff remains both an imperative and a political priority. Georgieva is to coordinate the Commission's personnel and administrative policy while maintaining high recruiting standards, improving staff skills and mobility, and ensuring a safe working environment whilst at the same time the number of staff is to be reduced by 5% until 2017.<sup>1</sup>

In her policy area the Vice-President for Budget and Human Resources will inevitably face



### The Authors: ZEI Class of 2015

*In this edition of the Future of Europe Observer the ZEI Class of 2015 give an overview of the new Commission Vice Presidents and their portfolios. The Class of 2015 is comprised of 23 students from 15 different countries taking part in the Master of European Studies; Governance and Regulation.*

numerous conflicting policy objectives which occur when, in attempting to achieve one objective, she has to sacrifice another. In this case she has to take responsibility for the priorities in her poli-



*Vice President Kristalina Georgieva,  
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cy area. There are numerous potential policy conflicts, including budget cuts and economic growth, reduction of youth unemployment and EU budget constraints, insufficient levels of financial resources and large outstanding commitments from 2007-2013 programs, the unusually fast pick up in implementation in the first year of the new programming period and the main objective of the EU budget to stimulating investment, growth and jobs in the EU.

The EU Commission has insisted on the need for additional contributions to the EU budget, which is not often accepted by national parliaments, as some Member States claim to require the additional funds for stabilizing their economy

while other Member States feel they contribute more to the EU budget than they receive from it. At the same time, the EU needs more funds to support its common policies, especially in terms of stimulating investments, growth and jobs in Europe and to react to unforeseen circumstances.

The European economic integration process has been full of successful achievements in terms of economic governance. There are certain governance challenges regarding budgetary matters that need to be addressed by Vice President Kristalina Georgieva. A solution to the absence of a single fiscal policy exceeds the Vice President's competence and requires collaboration with all the EU institutions and the Member States as a whole. However, she should still address this issue as one of the most important figures of the EU institutions. All the proposals and adjustments that will carry the Commissioner for Budget and Human Resources up to the period of 2019, although optimistic, do not make for a fully positive prognosis. The contradicting nature of the plan in certain areas and the very far reaching objectives that have been prioritized make it a plan most likely to confront constant contempt and opposition. The many different factors that circulate within the EU and competing needs could really put a strain on the objectives and on the mechanisms that are there to ensure the success of the Commissioner for Budget and Human Resources.

1. Management Plan 2014 Human Resources and Security, Ref. Ares(2014)223530 – 2014. Accessed November 17, 2014 [http://ec.europa.eu/atwork/synthesis/amp/doc/hr\\_mp\\_en.pdf](http://ec.europa.eu/atwork/synthesis/amp/doc/hr_mp_en.pdf)

## EU Foreign and Security Policy: High Representative and Vice President Federica Mogherini

By Christina Bonhoff, Liudmila Fisciu and Julija Vitanova

Over the course of 2014, the EU's main concern became the unprecedented degree of external instability arising following the Ukraine crisis and the escalation of conflict in the Middle East. This shift in the international landscape coincides with the arrival of the EU's new leadership following the European Parliament elections, and the appointment of the new High Representative for

Foreign Affairs and Security Policy (HR/VP), Federica Mogherini. The urgency posed by new external threats, along with the improved institutional set-up encourage greater unification of EU actions, leaving the EU's Common Foreign and Security Policy (CFSP) at a crossroads: Either CFSP maintains its fragmented character and continues to limit itself to single area issues on an intergovern-

mental level, or it turns towards greater coherence and further integration. Mogherini's ambition "to think big" and "shape a real common policy" in order to make the EU a strategic global actor gives reason for hope. Her highly value based vision projects a future EU that takes important responsibilities in the field of worldwide human rights promotion and improving living standards. To reach the goal of the EU being a credible global actor, Federica Mogherini commits herself to following the agreed "comprehensive approach to external conflict and crises" entailing the elimination of incoherence in the EU's CFSP:

- in between all policies which have an external dimension and the respective EU institutions involved;
- between the EU level and the different foreign and security policies of the Member States;
- between the EU and external partners. Ensuring coherence confronts the new HR/VP with a range of potential conflicts and governance challenges:

Although the centralization of power in the double-hatted role provides the HR/VP with the potential to form a managing centre from



*High Representative and Vice President Federica Mogherini  
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which to coordinate all foreign and security policy matters that are institutionally dispersed between the Council and the External Action portfolios of the Commission, tension remains. An example of this is the insufficient connection between the Commission led development aid policy and the Council's security concepts in terms of a common approach to the Middle East and Africa. Another institutional challenge facing the HR/VP is the streamlining of the European External Action Ser-

vice (EEAS) resulting in an efficient information flow between delegations and the EEAS headquarters, in order to ensure the design and cohesive implementation of CFSP.

The biggest obstacle for obtaining more coherence is the strong disparity between Member States' foreign and security policies, which is demonstrated when it comes to handling both Russia and Palestine: besides the controversial discussion about sanctions against Russia, the EU is sharply divided on the question of unilateral recognition of Palestinian statehood. As most decisions are taken by unanimity in the Foreign Affairs Council, this heterogeneity restricts the HR/VP's room for maneuver in shaping effective long term strategies: the price of consensus is the weakening of the agreed position. Furthermore, due to budget constraints – the CFSP-budget will only slightly exceed 0,22% of the EU budget under the 2014-2020 MMF – the EU relies on Member States' voluntary contributions to military operations and civilian missions. In view of the reluctance of several Member States to supply staff and equipment – e.g. the Scandinavian countries, the HR/VP is still far away from acting as a crisis manager, able to deploy flexible and quick action, and her challenge will be to continuously lobby the Member States for greater commitments.

The EU's External Action can only be effective if it is embedded in strategic partnerships. The most important one still remains the cooperation with NATO. Mogherini's challenge will be to coordinate operations, avoiding that the military strengthening of CSDP does not duplicate and undermine the position of NATO, while consolidating the EU's role as a credible security provider without staying in the shade of NATO.

Federica Mogherini intends to follow a new course towards coherent and strategic CFSP in agreement with all the EU stakeholders involved, especially the European Parliament, and civil society. If she manages to raise awareness for the vital importance of further integration in CFSP, transforming her visions into reality through broad ownership, the mentioned obstacles will not prevent the EU from moving towards a stronger and more unified CFSP. The road to global leadership might be long and steep, but the potential is there.

# Jobs, Growth, Investment and Competitiveness: Vice President Jyrki Katainen

By Marina Bulatovic, Balázs Kubinszky and Guillermo Sulub

The expectations of Commissioner President Juncker from Jyrki Katainen as his Vice President for Jobs, Growth, Investment and Competitiveness reflect the importance and high priority of this policy area: “[the] objective is to help support economic recovery, to strengthen job creation, to enhance Europe’s competitiveness and to stimulate investment in the real economy.”<sup>1</sup> The Commission’s main role in achieving these objectives is to create the most suitable framework for all actors and through this enabling them to maximize their potential in their respective fields of action. This implies regulating and deregulating acts, or in other words – as the Commissioner and



*Vice President Jyrki Katainen,  
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President Juncker have stated –to be “bigger and more ambitious on big things, and smaller and more modest on small things”.<sup>2</sup>

The core parts of Katainen’s program are (i) the setting up of an enormous investment package of 300bn euros stemming from both public and private sources, (ii) the creation of a Capital Markets Union to complement reduced loaning activities of banks, (iii) focusing on global markets and last but not least (iv) the promotion of human capital. The main conflict of aims will most likely result from conflicting interest of the Member States. Public expenditure management, for example, varies very much among different countries, making it difficult to develop a common strategy for encouraging investment measures. Mr.

Katainen has eight Commissioners in his project team and is responsible for one of the broadest portfolios in the Commission. Both internal and external governance challenges are almost certain to arise from this configuration. Internally, the overlapping work areas of Commissioners and their different ideological backgrounds seem to embody governance challenges for the future. At the same time the balancing of national and supranational interests, due to shared competences between Member States and the EU in most of the areas affected, can trigger external difficulties and is certainly going to slow down processes. Whether the treaties provide the sufficient legal basis to reach the intended goals also remains a question and will depend on the specific measures chosen. The fragmentation of the EU along different fault lines, such as participation in the Eurozone, could also threaten the achievement of the Commissioner’s goals.

The most important governance challenge consists in the proper involvement of the European Parliament in order to enjoy its support throughout the term of the Commission. Mr. Katainen brings extensive experience in compromise-based leadership, gained during his years as Prime Minister of a very broad, six-party coalition in Finland which he himself described at times as “the worst times of the more recent crisis”.<sup>3</sup> These valuable experiences are clearly going to be an advantage in solving potentially emerging governance challenges and may have been a decisive criterion for Commission President Juncker when choosing Katainen for this position.

Whether the ambitious goals of the newly inaugurated Commission will be reached during its term, and to what extent this occurs, remains to be seen. If kick-starting growth with the investment package or other measures does not deliver the expected results and unemployment can not be tamed in the next years, the overall competitiveness of the EU will be gravely affected. But with the right measures put in place, the competitiveness of the European Union is likely



to be strengthened by a number of factors, all contributing to its successful repositioning on the global level.

1 Mission Letter to Jyrki Katainen, 10 Sep 2014 [http://ec.europa.eu/about/juncker-commission/docs/katainen\\_en.pdf](http://ec.europa.eu/about/juncker-commission/docs/katainen_en.pdf) (03.11.2014.)

2. [http://ec.europa.eu/about/juncker-commission/docs/2014-ep-hearings-reply-katainen\\_en.pdf](http://ec.europa.eu/about/juncker-commission/docs/2014-ep-hearings-reply-katainen_en.pdf) (2014.11.04.)

3 Hearing by the European Parliament, 7 Oct 2014 [http://ec.europa.eu/about/juncker-commission/docs/2014-ephearings-statement-katainen\\_en.pdf](http://ec.europa.eu/about/juncker-commission/docs/2014-ephearings-statement-katainen_en.pdf) (03.11.2014.)

## Digital Single Market: Vice President Andrus Ansip

By Dennis Flück, Hanna Radzko and Caleb Fagade

A connected Digital Single Market would serve to remove national trade barriers regarding online transactions. Based on the idea of European common market, it would contribute to enhancing economic prosperity and lay down the foundation for an ever closer Union of the people of Europe. Andrus Ansip one of the new Vice Presidents of the EU Commission is responsible for the Digital Single Market. Preceding financial crises have revealed structural weaknesses of the European economy. The completion of the Digital Single Market is crucial to overcoming the current difficult geo-political situation, revitalizing economic growth, fostering innovation and creating new jobs for EU citizens.

Concerted efforts will be required to achieve the completion of the Digital Single Market within the European Union in order to derive benefit from the untapped potential EU-wide harmonization would offer. Making Europe the future global leader in ICT has been declared as the ultimate objective. Breaking down national silos in telecoms regulation, coordinating and speeding up essential legislative steps towards a connected Digital Single Market, setting up framework conditions to allow EU citizens to benefit from the digital economy, addressing the issue of cyber-crime and supporting research and innovation will all be required to achieve this ambitious goal.

In the policy area Digital Single Market, two potential types of conflicts could arise. Firstly, due to the polarization of interests inside the European Commission, conflicts among commissioners could potentially emerge. The second conflict could arise between the European Commission and market participants such as private companies. One issue which may produce conflict concerns the EU budget. Taking measures

towards the completion of the Digital Single Market requires increased expenses, which will come at the cost of other priorities in the EU budget. A second potential conflict consists in the objective of increasing the use of eGovernment to facilitate public administration processes and the



*Vice President Andrus Ansip  
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objective to prevent cyber-crime and guaranteeing online security. Nowadays, EU citizens are highly concerned about data protection, notably with regard to transactions involving sensitive data. If the European Commission aims to increase the use of eGovernment systems, profound measures will have to be taken to win EU citizens' trust. Lastly, the European Commission intends to target and abolish roaming costs and to improve broadband coverage. To accomplish this objective, it will be essential to provide incentives to private companies providing broadband technologies.

The main governance challenge in the years to come will include the harmonization of Member States' legislation and policies. The EU is confronted with a wide divergence of individual Member States regulations. Hence, a strong collaboration among EU institutions and Member State governments will be essential.

Another challenge consists of taking measures to convince companies to invest in research and development by underlining the positive effects for the entire economy. Regarding the issue of digital security, Andrus Ansip and his project team will need to develop new and monitor existing regulations across the EU. The focus will be put on the harmonization of regulations across all Member States.

Assumptions and expectations for the future have mainly been based on statistical data provided by Eurostat and the European Commission. It has been revealed that there are selected fields of work in which the new Commission is likely to make progress; such as the reduction of roaming charges, the frequent use

of Internet at reasonable prices and enhancing the share of EU citizens obtaining digital skills and increase of ITC specialists as long-term projects. Areas to focus more effort on comprise the European broadband coverage, notably in rural areas, e-commerce as future distribution channel and fostering innovation. Eventually, it has been concluded that unlocking the ICT-enabled growth potential will be the key to restoring growth and fostering innovation in the years to come. However, the achievement of the targets set in the Digital Agenda will be highly dependent on the speed at which the European Union can accomplish the completion of the internal market and global economic developments as an external influence.

## **ZEI** INSIGHTS



ZEI Insights is a new online series providing commentary and critical analysis on governance and regulation issues related to the priorities of the Juncker Commission and its interplay with the European Parliament and the European Council. Authors are ZEI Scholars, Master of European Studies Fellows and Alumni.

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by Sally Brammer

# Euro and Social Dialogue: Vice President Valdis Dombrovskis

By Carla Manzanaz Parra, Lamin Dampha and Saša Mešter

Within the context of the Political Guidelines for the new European Commission, Vice-President Valdis Dombrovskis has been delegated with a number of policy objectives for the next five years, ranging from structural reforms and financial consolidation to strengthening social dialogue with relevant social partners. Reviewing existing initiatives to build on their success and strengthen their weakness, in order to return economies to a path of sustainable growth, whilst ensuring that reforms are socially legitimate.



*Vice President Valdis Dombrovskis  
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With his long standing experience, Valdis Dombrovskis could contribute to the development of social, economic and monetary policies important for further EU integration. He has committed to bringing together these two policy areas (Social and Economics) as essential pillars of a strong European social market economy.

A more detailed look at the content of the portfolio suggests some imbalances concerning the issues to be tackled. Euro matters include pretty clear and concrete goals, as well as steps to achieve them. Social Dialogue, on the contrary, lacks clearly stated objectives and the prominence that the former has. The social impact assessment is one of the few concrete aims to be found in the portfolio concerning the social dimension, which focuses on analysing, monitoring and managing the intended and unintended social consequences of a given measure or project. This assessment

mechanism could conflict with its fiscal counterpart, designed to analyse the fiscal sustainability of the plans. Another struggle could appear when deregulating the market in order to promote investment and new businesses. The Vice President insisted during the hearings at the European Parliament on creating and maintaining an inclusive market, which appears to clash with the idea of deregulation and liberalization. The Euro as well as the Social matters will have to be implemented taking into account Member States in the Eurozone, but also the rest. The goals in the portfolio will have to be addressed not only to the countries using the same currency, but also considering both the needs and consequences for the entire EU.

The governance challenges in the respective policy areas are complex and multi-layered. The success of addressing them is dependent on the proper assessment of diverse interests and efficient coordination between European, national and subnational levels (group and individual). As the Commission's cooperation with the other EU institutions is crucially important, the Vice President has to strive to promote enhanced communication and cooperation, especially, with the European Parliament, the Council of the EU and the European Council. The Vice President's dual mandate requires addressing other supranational and intergovernmental assemblies, (e.g. Euro summit or the Euro Group) and non-institutional bodies (e.g. the Tripartite Social Summit), outside of EU institutions, further stressing the complexity of the posed challenges. Certainly, the main challenge on the national level relates to the implementation process. One way of ensuring effective implementation in the respective portfolio would be to cultivate permanent dialogue and understanding with national governments and parliaments. At the same time, providing Member States with significant enhancement of ownership of the EU economic governance process would improve efficiency in national decision-making and administrative bodies. When the Euro was created it was presented as a big technocratic achievement

of European integration but did not seek the support of European citizens. Now, support from EU citizens is essential for deepening economic reforms and ensuring, the never more needed, democratic legitimacy. The question about the existence of ‘capability-expectations’ gap remains: is the Vice President Dombrovskis delegated with the capacity to properly respond to the challenges that will arise and is he able to successfully ‘operate’ the portfolio towards achieving defined objectives?

According to the Commission’s Autumn forecast 2014, economic recovery will be slow, accompanied by very low inflation. The Eurozone’s reawakening appears particularly weak compared to other advanced economies. The social dialogue will also

have to strengthen its links at several levels: national and European, cross-industry and sectorial level and especially redefine its role in policy and decision-making processes. A deeper and fairer EMU cannot be achieved overnight, and its transformation is dependent on providing EU institutions with more political power and competences to deal with macroeconomic issues. The path to achieving these goals is going to be full of various obstacles and challenges. On the one hand, conflicting interests between the need for a deeper, more resilient EMU and fairer economic governance and on the other hand, the process will be subjected to multilateral and multi-layered decision-making challenges.

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Center for European Integration Studies  
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Walter Flex-Strasse 3  
D-53113 Bonn

Tel. +49-(0)228-73-18 99

Fax +49-(0)228-73-18 91

[europeanstudies.zei@uni-bonn.de](mailto:europeanstudies.zei@uni-bonn.de)

[www.zei.de](http://www.zei.de)



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Center for European Integration Studies

Walter-Flex-Strasse 3

53113 Bonn

Germany

Editor: Sally Brammer

[sbrammer@uni-bonn.de](mailto:sbrammer@uni-bonn.de)

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