



FUTURE OF EUROPE OBSERVER

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This issue of the ZEI Future of Europe Observer assesses the work progress of the European Commission in 2018 and provides an outlook for the final year of the Juncker Presidency on the basis of its ten priorities included in the annual work programme.



No progress



Progress being made



Achievement of objective

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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.

The Juncker Commission: Outlook for 2019

2019 is a decisive year in the history of the EU. While the impact of the future of the EU remains uncertain, three dimensions stand out and will have a particular impact.

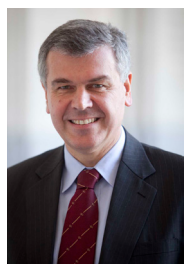
The known knowns. Brexit and transatlantic disputes under President Trump over multilateralism have been an enormous waste of time, resources and credibility. But: Throughout 2018 both Brexit and the Trump presidency have tested and reinforced EU cohesion and the EU's negotiation capacity. It can be expected that both experiences will continue to shape the EU in 2019. Pressure from within the Western world has strengthened the European Union and will continue to do so.

The known unknowns. The possible impact of the upcoming ninth election to the European Parliament is much less certain. Pressure originating in reconfigurations of political loyalties are a rather new phenomenon inside the European Union. What is known is the ever-increasing politicisation of EU politics. Unknown is how the pressure of the anticipated increase in votes for euro-skeptical and anti-European parties will unfold. Will the existing grand coalition of EU-friendly European Liberal-Conservatives and Social Democrats continue in fear of being sandwiched by pressure from both fringes? Or will the formation of more divisive party political coalitions beyond the grand coalition supersede the fixation on national attitudes and the hype about consensus? Controversies might bring more sympathy for the EU than its current leaders tend to think. The formation and the actions of the next EU leadership will be more relevant than ever to enhance legitimacy.

The unknown unknowns. Two global trends related to the global South impact a peaceful and prosperous EU more than anything else. The demographic realities in most of the global South coincide with the law of unfulfilled expectations which Alexis de Tocqueville discovered when analysing the root causes which triggered the French revolution two centuries ago. The revival of the identity issue has challenged the cohesion of nation-states and political systems across the globe. The EU has not found appropriate responses yet for both powerful global realities which impact its internal cohesion and its prospects as a global actor.

2019, in short, will continue to shape the EU as a political project. 2019 will bring a change of guards and old challenges. In search of a compass helping to better judge expectations towards the EU and to avoid exaggerations, the EU's performance in 2018 offers helpful insights. The Center for European Integration Studies is at the forefront of consistently monitoring the Commission's annual work programmes since President Juncker took office in 2014. As its mandate comes to a close in 2019, this 2018 review continues ZEI's ongoing monitoring of the EU's work.

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Commission Priority 1: Boosting Jobs, Growth and Investment

Goals and Key Players

The number one priority of the 2014 „Juncker Plan“ was to boost jobs, growth and investment. The aim was to trigger 315 billion euro in additional investment by mid-2018 using European Fund for Strategic Investments (EFSI). In October 2017, the Commission announced that the EFSI had already triggered 240.9 billion euro in investments (Commission 2017).

On the topic of the environment, the Commission in 2015 adopted the ‚Circular Economy Action Plan‘. The actions are designed to cover the whole cycle: from production and consumption to waste management and the market for secondary raw materials.

Progress in 2018

In July 2018, the Commission released numbers according to which the investment plan’s original target of 315 billion euro had been exceeded. It claims to have mobilised 335 billion euro in additional investments and ‚revolutionized the way innovation is financed in Europe‘ (Commission 2018a).

The EFSI and the other two pillars of the investment plan have been subjected to extensive audit and evaluations. Among other concerns, they see issues with the fund’s claims of ‚mobilisation‘, i.e. its promise to trigger investment of private sector capital (measured by a multiplier) and ‚additionality‘, i.e. the realisation of projects that would not have happened without the fund.

The latest evaluation was published by the European Court of Auditors (ECA) in January 2019 (ECA 2019). The ECA evaluation report criticises that the figure of mobilised capital has been incorrectly calculated. Plus, in some cases, other sources of funding may have already been secured before the EIB became involved (ECA 2019, p. 29). The ECA even accuses the EIB of double counting (ECA 2019, p. 33).

On the issue of additionality, the auditors caution that ‚these investments could be interpreted as not being fully additional‘ (EY 2016, p. 4). And in practice, the EIB report even found that the project teams ‚document and assess additionality for all projects independently of whether they are Special Activities or

not‘ (EIB 2019, p. III). The ECA report nevertheless concludes that EFSI ‚has been effective in raising finance to support substantial additional investment in the EU‘ (ECA 2019, p. 4-5).

For the Circular Economy Action Plan, 2018 was a busy year. Among many other measures, a new strategy on plastics was adopted in January 2018 followed by new legislation on waste in May 2018. The former resulted in a proposal for a Directive on the reduction of the impact of certain plastic products on the environment. The latter entered into force in July 2018 setting clear long-term targets for the reduction of waste (e.g. 70 per cent less packaging waste by 2030) and better waste management and recycling. The Commission also drew up a monitoring framework to measure progress on the circular economy and issued a report on critical raw materials.

Conclusion

But quite apart from the fact that the EFSI is a regulatory instrument whose usefulness for steering investment should be questioned in a liberal and market-driven economy, the numbers reported by the Commission have been overstated

and give rise to concerns about its truthfulness and its credibility.

On the environment, the ambitious target numbers for plastic products and waste reduction are laudable but can only be implemented successfully if member states share the Commission’s enthusiasm.

Outlook 2019

The ECA report has given real and concrete recommendations on how to improve the effectiveness and reach of the EFSI fund. If the Commission is to continue using the fund until the end of 2020 and further during the next annual framework from 2021 to 2027 - as is likely - then it should heed the advice by the EIB. Success should be measured by traceable and documented results and not by inflated numbers.

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European Commission
Work Programme 2018

-  **Delivering on the Circular Economy Action Plan**
-  **Multi-annual financial framework**
-  **A sustainable European future**
-  **The 315€ billion Investment Package - Juncker Plan: Legislative Development**

Commission Priority 2: Digital Single Market

Goals and Key Players

“The promise of a digital single market for consumers is something we see materialising in 2018,”

said Johannes Kleis, Director of Communications at the European Consumer Organisation (Euractiv 2018). With this expectation in mind from a key stakeholder, the European Commission started the year 2018 with a challenging goal: finalising the negotiations on the 25 legislative proposals on the Digital Single Market that were announced since 2015. However, with thirteen files still open in January 2018 and several, complicated disagreements between various negotiators remaining, it was obvious that it would be a tall order to materialise a Digital Single Market for consumers, businesses, digital networks and services until the end of the Commission’s term.

Progress in 2018

Despite these challenges, the EU made significant progress in 2018 towards building a single market in the digital sector with a number of core legal acts coming into force such as the Regulation on Addressing Unjustified Geo-blocking in February, the Cross-Border Parcel Delivery Services Regulation in April and the Audiovisual Media Services Directive in November. One of the most impactful pieces of legislation was the implementation of the new General Data Protection Regulation (GDPR) in the EU’s member states, which was due by 25 May 2018. Even though the GDPR is not an integral part of the digital strategy, it nonetheless plays a key-role in attaining the Commission’s policy goals.

On top of that, the Commission introduced a number of legislative proposals in 2018 in the fields of digital corporate taxation, new company law rules, online platforms and the revision of the Connecting Europe Facility as well as the establishment of a Digital Europe programme for the period 2021-2027 (ZEI Monitor “Digital Single Market” 2018).

In terms of non-legislative actions, the Commission announced three new digital initiatives in its work programme for 2019: a Coordinated Plan on the development of Artificial Intelligence in Europe, an Action Plan on Disinformation and a Commission Recommendation to establish a format for a European

Electronic Health Record (Annexes to the Commission Work Programme 2019). The same programme includes eight REFIT initiatives related to crucial areas of the policy.

In late 2018, EU negotiators reached political agreements to make the copyright rules fit for the digital era in Europe, to strengthen cybersecurity and to facilitate access to online TV and radio content across borders.

Conclusion

Despite the efforts made in 2018, the Commission will have to put great pressure on the EU institutions for securing agreements on all of the remaining priority dossiers in 2019 and for achieving the Commission’s vision of a Digital Single Market. Indicatively, negotiations are ongoing in the sectors of domain names, public sector information, e-privacy, cybersecurity, copyright, contracts for the supply of digital content and contracts for online and distance sales of goods. Some of these topics, such as copyright and e-privacy, are highly contentious, making their conclusion before the parliamentary elections of May 2019 difficult. It will continue to be a challenge to maintain a reasonable balance in the new policies between consumer protection

and boosting the competitiveness of the EU digital sector.

Outlook 2019

In 2019, the EU will continue to implement its digital single market strategy, aimed at creating a single EU market where the free movement of goods, persons, services, capital and data is guaranteed, but also to boost jobs, growth, competition, investment and innovation.

The end of the European Parliament’s mandate will be marked by efforts to adopt the legislative proposals remaining in this field. However, it is not clear how the entirety of the legislative programme initially announced by the Commission will be agreed during the ongoing parliamentary term. With little time left for the implementation, we will soon know whether the succeeding Commission will in fact move in the same direction as initially envisaged by the current one.

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European Commission
Work Programme 2018



Completing the Digital Single Market

Commission Priority 3: Energy Union and Climate

Goals and Key Players

The European Commission's policies reflect its strategy to reduce greenhouse gas emissions in line with the so-called Paris Agreement. The realisation of the Paris goals requires a transition process of all economic sectors including households. A key element of the strategy is the formation of a European Energy Union, which pools resources and creates bargaining power for discussions with non-EU countries. Further important goals are the diversification of energy sources; reduction of energy import dependency; making the EU a world leader in renewable energy and the realisation of a fully integrated internal energy market. The strategic planning furthermore foresees that EU countries are required to develop integrated national energy and climate protection plans that cover the before mentioned fields for the period 2021 to 2030. Eventually, energy is expected to be freely exchanged among EU countries without technical or regulatory barriers.

Progress in 2018

The completion of the Energy Union builds the centrepiece of the EU's energy policies. On the 11th of December 2018, three important elements of the Energy Union and the strategy to fight climate change went into effect: 1. the Regulation on the governance of the energy union and climate action; 2. the Directive on energy efficiency; 3. the Directive on the promotion of the use of energy from renewable sources. In addition, three elements of climate policy legislation went into force in May 2018: 1. the Regulation on binding annual greenhouse gas emission reductions by member states from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement; 2. the Regulation on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework; 3. the Directive on the energy performance of buildings as well as the Directive on energy efficiency. Furthermore, the Commission initiated a large infrastructure project for strengthening the backbone of an integrated European energy market by reinforcing interconnected electricity lines and gas pipelines: In January 2018, EU member states agreed on the European Commission's proposal to invest 873 million euro in 17 European energy infrastructure projects financed by the Connecting Europe Facility (CEF).

Conclusion

2018 has been a year when significant progress towards the Energy Union and the reduction of greenhouse gas emissions has been made. However, there is still a long way to go. Whilst some sectors in some member states are forging ahead, others are still lagging behind. For instance, in Germany's mobility sector, CO₂ emissions even increased slightly during the last years whereas the electricity sector has made substantial progress. Moreover, better coordination in climate protection but also sustainable industrial policies among member states are required. The European energy landscape is still too scattered. The member states have to better coordinate their political efforts. Additionally, changes in the energy system require appropriate technologies including renewable energy and battery technologies but also other means such as demand side management on a European scale. This holds for the mobility sector, too, where the diffusion of zero emission vehicles has to be accelerated. Here, supranational institutions and EU member states still need to provide incentives for closing technological gaps in order to enable a save, sustainable and affordable European energy system fit for the future.

European Commission

Work Programme 2018



Completing the Energy Union

Outlook 2019

The Commission Work Programme 2019 foresees a number of further initiatives to reach the goals set in the Paris Agreement and to work on the completion of the Energy Union by increasing coordination and to realise a common energy market. A lot of efforts need to be spent on the proper implementation of the Paris Agreement. Here the Commission seeks to develop a "strategy for long-term EU greenhouse gas emissions reduction". Targeting the Energy Union, main initiatives include a "report on the strategic action plan on batteries" and initiative for "a new institutional framework for our energy and climate policy by 2025".

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Commission Priority 4: Internal Market

Goals and Key Players

One of the major achievements of the EU is the establishment of a well-functioning internal market in which people, services, goods and capital move freely. To sustain these pillars, the European Commission's Priority 4 of the Work Programme for 2017 sets out the goals of upgrading the Single Market, completing the Capital Markets Union, setting a fair corporate taxation and ensuring better labour mobility. This way, the European Parliament, the Council and the Commission intend to strengthen the EU's competitiveness on the global stage in a sustainable way.

Progress in 2018

Fair taxation in the digital economy: On 21 March 2018, the Commission has made two legislative proposals to tax digital business activities in a fair way, which are still under consultation between the Council and the European Parliament: The first proposal (COM 2018, 148 final) aims to introduce a common system of an interim digital services tax (DST) on revenues resulting from the provision of certain digital service, thereby responding to calls from several member states. The second one (COM 2018, 147 final, p. 2) primarily seeks to set out principles for attributing profits to a digital business by establishing a tax base for digital businesses operating across border in case of a non-physical commercial presence ("a significant digital presence").

Social fairness package: On 13 March 2018, the Commission adopted proposals for setting up a European Labour Authority and for access to social protection. The Authority will provide information to citizens and businesses on opportunities for jobs, apprenticeships, mobility schemes, recruitments and training, as well as guidance on rights and obligations to live, work and/or operate in another member state. The planned start date will be in 2019, following the completion of the legislative process.

EU food supply chain: On 12 April 2018, the Commission made a proposal to ban the damaging unfair trading practices in the food supply chain such as late payments for perishable food products, last minute

order cancellations, unilateral or retroactive changes to contracts and forcing the supplier to pay for wasted products. In addition, the proposal requires member states to designate a public authority in charge of enforcing the new rules. The legislative process for the proposal is still ongoing.

Completing the Capital Markets Union: On 12 April 2018, the Commission made proposals on common rules for covered bonds, facilitating cross-border distribution of investment funds and cross-border assignment of claims and communication on the law applicable to securities. The Commission intends to complete the Capital Markets Union by mid-2019.

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Conclusion

2018 was the 25th anniversary of the Single Market. Four years after taking office, the Commission has tabled 94 per cent of proposals foreseen totalling 502 out of 534. As of 1 January 2019, the co-legislators have adopted 48 per cent of the Commission's proposals equaling 255 out of 534 - of which 37 per cent or 96 out of 255 pertain to internal market policies (own calculations based on the European Parliament Legislative Train Schedule). Most of

the legislation passed falls into the field of services including transportation.

These figures show that the Juncker Commission has been decisively enacting its Work Programme. However, observers will eventually not only evaluate success by taking into account the number of directives and regulations but also consider if the policies will have delivered concrete results to EU citizens.

Outlook 2019

According to the Commission's Work Programme for 2019, its efforts will focus on eliminating remaining barriers and seizing new opportunities for a fully functioning single market and ensuring a comprehensive EU framework regarding health protection.

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**European Commission
Work Programme 2018**

-  Fair Taxation in the digital economy
-  Social fairness package
-  EU Food Supply Chain
-  Completing the Capital Markets Union
-  More efficient Single Market law-making

Commission Priority 5: Economic and Monetary Union

Goals and Key Players

As a presidential candidate in 2014, Jean-Claude Juncker proposed his commitment for a deeper and fairer Economic and Monetary Union (EMU), adopting a strategy of initially reviewing existing legislation and eventually pushing for stronger legislation. More than two years after assuming his office as Commission President, Juncker in 2017 renewed his commitment to deepening the EMU. The larger objectives were to support the struggling euro, to democratise the monetary union and to minimise socio-economic costs of the financial crisis. Furthermore, the European Commission has pushed for structural reforms to build a functioning fiscal union. The ultimate goal of gradually moving from an economic, financial and fiscal union to a politically harmonised EMU is still far off, as national governments have not yet agreed on a full pooling of sovereignty at supranational level entailing coordination private actors from the financial market.

Progress in 2018

In the Commission's roadmap of 2018, four proposals are key:

1. the creation of an European Monetary Fund (EMF) to be built upon ESM framework.
2. a Directive for strengthening fiscal responsibility and balanced budget sheets of member states in the medium term
3. a need for a eurozone budgetary instrument to facilitate the accession of states to the EMU, structural reforms and a stable banking union.
4. the establishment of a European Ministry of Economy and Finance taking up a proposal by French President Macron.

In its initiative for the completion of the Banking Union, the Commission put forward a proposal for a 'Regulation on sovereign-bond backed securities (SBBS)' that would allow market led solutions for integration to enable the trade of euro area sovereign bonds issued by private institutions with minimum national regulation and dependence on national financial institutions. Further, it presented a proposal for a regulation on the introduction of minimum loss coverage and a directive on common standard authorisation plus a supervision of credit servicers and purchasers. In addition, the Commission published a communication titled 'towards a stronger international role of Euro' to lower the costs and the risks for European businesses that

trade internationally. A persisting problem is that the global euro-denominated foreign debt issuance has not yet returned to its pre-crisis level of 40 per cent in 2007 and currently stands just above 20 per cent similar to its share in 1999 (European Commission, December 2018, p. 2).

Conclusion

Since the introduction of the euro, the currency circulation has doubled in absolute and relative GDP terms. However, the Eurozone's share in the global economic output has shrunk to 15 per cent from 25 in the same period. Importantly, the euro enjoys a strong popular support among eurozone citizens. Juncker's plans have the potential of enhancing accountability, transparency, political unity and greater financial responsibility. Nevertheless, most academics are aware of the gap between the proposed roadmap and its actual prospects for implementation. A deeper link would be necessary to avoid a crisis as in 2008. Overall, the proposed reforms focus too much on creating more safety nets. They tend to lack innovative ideas for growth.

Outlook 2019

As for the Commission, 2019 will be shaped by attempts to conclude the discussed pending proposals. Furthermore, as Juncker is approaching the end of his term, his attention has shifted to the long-

term EU budget 2021-2027 for which he proposed a Regulation for the establishment of a reform support programme with a budget of 25 billion euro for financial, technical and convergence support to help prospective euro members. Additionally, the Commission tabled a proposal for a 'Regulation on European Investment Stabilisation Function' to help absorb public investment and economic shocks. Despite these actions, a deeper divide will persist between the approaches of economically stable and economically vulnerable states. The debate of risk reduction vs risk sharing will keep dominating debates on how to move forward with the EMU as the most important question. The underlying controversy will drag on however: To what extent should the Commission enforce fiscal rules compliance with sanctions in line with the no bailout-clause of the Maastricht treaty or should it push for new methods of risk sharing and accountability among member states as an alternative?

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European Commission

Work Programme 2018



Completing the EMU



Completing the Banking Union



Creation of a permanent European Minister of Economy and Finance

Commission Priority 6: A balanced and progressive EU Trade Policy

Goals and Key Players

Amidst the rise of populism in western societies and escalating trade disputes between major players like the US and China, the notion of globalisation as an unstoppable force of nature has fallen out of style. In the face of these more recent setbacks, it is up to progressive and proactive policy-makers within the European Union (EU), along with reliable likeminded trading partners abroad to ensure that globalisation is steered towards shared ideals such as transparency, reliability, and fairness. Indeed, this sentiment is reflected in the trade agenda released by the European Commission in late 2017. Among other things, the agenda highlighted reinforcing rules-based interactions through the World Trade Organisation (WTO) as well as seeking and/or reinforcing partnerships with countries like Japan, Australia, or Canada (EU Commission, DG Trade, 2018).

Progress in 2018

Ensuring the continued functioning of the WTO is an essential tool in promoting a rules-based international trade system that the EU has emphasised in its strategic goals as evidenced by a concept paper released by the Commission in Sept. 2018 (EU Commission, 2018). Firstly, fundamental changes to the functioning and maintenance of the WTO are necessary to see that the organisation adapts to fit the rapidly changing global economic landscape. Reviving multilateral efforts such as the Doha Development Round would do much to re-solidify the legitimacy and relevance of the WTO. In addition to seeking change and growth, it is also necessary that the EU act as a bulwark against recent assaults on the WTO by countries such as the US - most notably against the possible US-inflicted paralysis of the appellate body at the end of this year (Reuters, 2018).

Free trade agreements (FTA's) are also a pivotal tool the EU has and continues to pursue a more expansive and progressive trade climate. Trade deals, recently signed or still in progress can be presented as ideological victories as well as economic ones. The Japan-EU Free Trade Agreement (JEFTA), entered into force on Feb. 1st, is a good example of this (The Economist, 2017). Such agreements highlight that America's withdrawal from global trade advocacy need not hinder progress. Additionally, deals such as the recent EU-Vietnam FTA serve to provide a roadmap to engagement with developing countries, while deals such as Canada-

European Union Comprehensive Economic and Trade Agreement exemplify how expansive such agreements can be (Ghibuțiu, 2017, p. 21). As a popular target for trade restrictions, the EU must ensure that its partners see its pursuit of open trade as a universal benefit, not purely self-interest.

Conclusion

Unfortunately, it seems for the time being that the EU is fighting an uphill battle in furthering its trade objectives. Reports by the WTO as well as the Global Trade Alert show protectionist tendencies have been on the rise and are outpacing liberalisation measures worldwide (WTO, 10t July 2018). The two largest economies in the world seem to show no indication that they will reverse their current trajectories towards further protectionism. In emerging markets, Europe has to contend with trade agreements that could undermine its influence in the area. Two larger initiatives, the RCEP and the CPTPP exclude the EU entirely (Pérez de las Heras, 2016). These challenges coupled with protectionism fuelled by populism, both within and outside of Europe, all linger as potential setbacks.

Outlook 2019

Nevertheless, European trade policy has taken strides in recent years towards progressive trade policies that harness globalisation rather than retreating from it. Continuing in the pursuit of trade negotiations with countries like Indonesia, Australia, and New Zealand would complement recent achievements in the region like FTA's with Japan, Vietnam and Singapore. Similar progress in Latin America with the Mexico-EU agreement will ideally give momentum to negotiations with MERCOSUR or Chile. The opportunity to deepen ties with Africa and the Caribbean will also arise in 2020 with the expiration of the Cotonou Agreement. In regards to the WTO, the EU could hope to repeat the successes of the 9th and 10th WTO Ministerial Conferences in Bali (2013) and Nairobi (2015); both of which saw substantial contributions to negotiations by the EU. Working with the US to settle disputes regarding the appellate body would be a much-needed victory. Difficult as it may be, weathering the recent upswing in protectionism could potentially allow the EU to emerge as the new top global proponent for progressive trade policy.

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European Commission
Work Programme 2018



Delivering on the Trade
for All Strategy

Commission Priority 7: Justice and Fundamental Rights

Goals and Key Players

Since the beginning of the Juncker Commission's mandate, building an effective and genuine Security Union has been a paramount policy priority within the remit of Justice and Fundamental Rights. In a period marked by security loopholes, an effective and collective EU response to terrorist threat and organised crime is vital. The adoption of adequate measures to deny terrorists the means to operate, to counter radicalisation, to boost cybersecurity and to improve information exchange is essential to protect the security of all EU citizens – online and offline. Further objectives include, but are not limited to, strengthening EU citizens' and companies' rights outside their home country and pushing for EU-wide legislation against discrimination (European Commission 2018 and 2015). The key players to achieve these policy objectives are: the First Vice-President of the Commission, Frans Timmermans (Better Regulation, Interinstitutional Relations, the Rule of Law and the Charter of Fundamental Rights), and the Commissioners Věra Jourová (Justice, Consumers and Gender Equality), Dimitris Avramopoulos (Migration, Home Affairs and Citizenship) and Julian King (Security Union).

Progress in 2018

In 2018, significant progress has been achieved on a number of objectives, predominantly concerning security policy. Several initiatives to effectively combat and prevent terrorism have been adopted by the European Parliament and the Council including revised rules on anti-money laundering, a law on illicit cash movements, and the criminalisation of money laundering as well as the mutual recognition of criminal asset freezing and confiscation orders. Furthermore, the Commission proposed new rules to facilitate access to electronic evidence for the police and the judicial authorities to investigate, prosecute and convict criminals and terrorists. Further legislative proposals comprise a Regulation for improved security of ID cards of Union citizens, revised rules on the marketing and use of explosive precursors and a Directive to cut off terrorist financing (Commission 2018). In the field of information exchange – a key element to strengthen internal security – political agreement on three legislative proposals has been reached to extend and improve the Schengen Information System (SIS),

thereby closing information gaps between member states and with EU agencies such as Europol, Eurojust and the European Border and Coast Guard Agency (Commission 2018). Moreover, the Regulation on the European Union Agency for the Operation Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice (eu-LISA) has been adopted, enabling the agency to work on technical solutions and make relevant information systems interoperable, i.e. allowing EU information systems to work together more efficiently. Further progress has been made by establishing the European Travel and Authorisation System (ETIAS) which strengthens the security of travel to the Schengen area under visa-free agreements, thus

helping prevent illegal migration. (Commission 2018) In the field of cybersecurity, the Commission proposed a legally binding one-hour deadline for illegal terrorist content to be removed from the web following of a removal order issued by national authorities. Another political agreement has been reached with regard to reinforcing the mandate of the EU Cybersecurity Agency (ENISA) and the establishment of an EU framework for cybersecurity certification that contributes to enhanced resilience of online services and consumer devices

(Commission 2018). In summer of 2018, the Commission proposed the next long-term budget (MFF) for 2021-2027. In it, the total funding for security shall increase from 3.5 billion to 4.8 billion euro (Commission 2018).

Conclusion - Outlook 2019

In the past year, tangible progress has been made to address and prevent terrorism and other security threats in the EU. However, the European Parliament and the Council need to finalise pending security proposals such as the ones on interoperability between EU information systems for security, border and migration, and on the reinforcement the European Border and Coast Guard as well as on the improvement of cross-border access to electronic evidence. In 2019, the Commission will continue driving progress towards an effective and genuine Security Union that supports member states in combatting terrorism, organised crime and cyber-crime. In short: 'A Europe that protects'.

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**European Commission
Work Programme 2018**

-  **Completing the Security Union**
-  **Task Extension: European Public Prosecutor's Office**
-  **Initiative to strengthen the enforcement of the rule of law**

Commission Priority 8: Migration

Goals and Key Players

Since the entry into force of the Amsterdam Treaty in 1999, the EU has been striving to create a Common European Asylum System (CEAS) and a legislative framework aimed at harmonising standards for asylum. The irregular and unexpected flows of refugees and migrants into the EU in 2015 and 2016 highlighted the structural limitations and weaknesses of European asylum, migration and border policies, specifically its underlying mechanisms. Consequently, the EU was presented with a transnational policy crisis. In acknowledgement of these shortcomings, the EU introduced a broad process of reform under the European Agenda for Migration in 2015. Since then, the European Commission has been proactive in trying to diffuse the political deadlock in light of conflicting interests of member states and the absence of a fair allocation system.

Progress in 2018

Since 2016 the Commission presented various reform packages which have arrived at different stages of the legislative process. In 2018, five out of the Commission's initial seven proposals were finalised and are ready for adoption. These include the Qualification Regulation, Reception Conditions Directive, European Union Agency for Asylum, Eurodac Regulation, and the Union Resettlement Framework. Both the Asylum Procedure Regulation and the reform of the Dublin Regulation have not yet reached agreement. Furthermore, the Commission presented two new proposals in late 2018 regarding the European Border and Coast Guard as well as the Return Directive, upon which an agreement has also not been reached to date. The growing gap between EU policy makers and the continued politicisation of the challenges have extended the political deadlock into 2019. The Mediterranean disembarkation crisis, caused by the well-established issues concerning responsibility-sharing mechanisms, securing external borders and external processing of asylum applications should be seen as a case in point.

The reform packages are firmly intertwined – legally and politically – and will not be adopted separately despite the critical state of the current issues if the fundamentally conflicting interests of various member states are not overcome and a fair allocation system is found. Without such a system, continued disincentives for allowing disembarking, due to member states being responsible for those disembarking, will be added. This in turn will further encourage extremist forces and political standoffs.

Conclusion

In order to finalise the necessary reforms and further the CEAS agenda in 2019 and beyond, the EU needs to focus on re-establishing trust overall but especially with the countries of the southern Mediterranean. Additionally, the EU and its leaders need to not only focus on communicating obligations and commitments to member states in an effort of shifting responsibilities, but instead share responsibilities with them.

Most importantly, it needs to be remembered that outsourcing or external processing not only brings with it legal and practical challenges, but could have a lasting impact on the

international standards supporting the refugee regime and territorial asylum. The lack of a fair allocation system based on unresolved issues of migration governance remains the main challenge and the CEAS's point of vantage also in 2019.

Outlook 2019

Overall, the EU is in a better position to respond to crisis than it was in 2014. Nevertheless, it is risking ground made if it cannot consolidate the lessons learned and create sustainable mechanisms. EU cooperation on migration and asylum is at best fragile and cannot afford any more excuses by member states to withdraw into unilateralism.

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European Commission Work Programme 2018



Delivering on the EU Agenda
on Migration

Commission Priority 9: A Stronger Global Actor

Goals and Key Players

The European Commission's priority of a stronger EU as a global actor has concluded its fourth year and now embarks on its final year. Objectives in this priority are responding to faster military threats, creating more synergies in defence cooperation and procurement, forming a European defence force and ensuring peace and stability in the neighbourhood, especially in the Western Balkans.

Progress in 2018

2018 was another critical year for the Commission's priority. In defence, the EU followed on its activation of the Permanent Structured Cooperation (PESCO) in 2017 by formally adopting 17 cooperative projects in March and another 17 in November. Projects range from the establishment of a medical command to helicopter upgrades to increasing military mobility on the continent. In addition, movements on defence were made outside the EU's and NATO's structures. Most notably, Emmanuel Macron's European Intervention Initiative (E2I) – a joint European project to promote a shared military culture – also formally rolled out in 2018. It is similar to PESCO in content and goals. Although the E2I is more or less a coalition of the willing consisting of only 10 members including the UK, some observers found it to be competitive with PESCO.

The Commission also took budgetary steps to move forward in defence. Concerning the 2021-2027 Multi-Annual Financial Framework Budget (MFF), the Commission proposed a budget that reflects the EU's global ambitions with a 13 billion euro allocation to the European Defence Fund.

In the Western Balkans the 20-year name dispute between the newly named Republic of North Macedonia and Greece, which has hindered the EU's enlargement and neighbourhood policies in the region, has drawn to a close. Following constructive dialogue, both parties agreed to the Prespa Agreement, which is to enter force in 2019.

Conclusion

Although the Commission has moved in the right direction, questions concerning PESCO's level of ambition of projects and efficient cooperation still linger. Macron's E2I is a product of that sentiment. Yet even then, E2I is a double-edged sword. As it pushes for deeper defence integration with the creation of a defence force, it has the potential to take much-needed attention away from PESCO.

While the EU has promised no enlargement for the next five years, 2018 brought renewed energy and attention back to the Western Balkans. Furthermore, the Prespa Agreement provides a model for peaceful negotiations for the region.

Outlook 2019

2019 will be critical for the Juncker Commission as it approaches its final year. Nevertheless, it will be a year to check the progress of the initial batch of PESCO projects, increase its ambition level, and monitor the development of E2I. In terms of enlargement policy, the Western Balkans has already brought

some early returns. The EU will now look eagerly at the ratification of North Macedonia's accession into NATO, as this should check off an important box in the country's bid for the EU.

Despite that, the new year has also been accompanied by deeper divisions in the region. With Kosovo's 100 per cent Tariff aimed at Serbia and Bosnia and Herzegovina threatening stability, the EU will have its work cut out as a facilitator. The EU also has some of its own issues to square away before moving forward. It is now up to the Parliament and Council to adopt the Commission's 2021-2027 MFF budget proposal and if left intact, will certainly give the EU more resources to build an adequate defence apparatus. Lastly, the EU will look to conclude a deal with the UK to soften the blow of Brexit for both sides, a blow that could have major implications for European defence.

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**European Commission
Work Programme 2018**

-  Delivering on the Global Strategy
-  A credible enlargement perspective
-  More efficiency and consistency in implementing the Common Foreign Policy

Commission Priority 10: Democratic Change

Goals and Key Players

The general principles of EU law, subsidiarity and proportionality, date back to the origins of the European communities. More than half a century later, both principles are key to regulate the exercise of the Union's non-exclusive powers. As a candidate to chair the European Commission in 2014, Jean-Claude Juncker, pointed up the interaction with national Parliaments as a way to close the perceived gap between policy makers and citizens. To achieve this goal, he nominated Frans Timmermans to serve as First Vice-President of the Commission. Throughout these five years, Timmermans and his team have pushed forward new legislation and reforms, which aim to fulfil a new "active subsidiarity" to ensure a good implementation of the EU policies in all member states.

Progress in 2017

The Austrian Presidency conference in Bregenz aimed at contributing to a more effective application of the principles of subsidiarity and proportionality in the EU's policymaking. High-level representatives of the Union's institutions, the member states, national parliaments, local and regional authorities as well as regional legislative assemblies including experts convened to discuss the Communication entitled "The principles of subsidiarity and proportionality: Strengthening their role in the EU's policy making". It had been issued by the Commission on the 23rd of October 2018 and responded to the recommendations presented by the Task Force on Subsidiarity, Proportionality and "Doing Less, More Efficiently" chaired by First Vice-President Timmermans.

A year ahead of the European elections, the new Regulation (2018/673) on the statute and funding of European political parties and European political foundations went into force in May, amending the former one from October 2014. Parties and foundations now have easier access to the funds allocated for the 2019 European election campaign, by lowering the co-financing requirements and increasing the maximum share of possible financial contributions from the general EU budget in the party's annual reimbursable expenditure (recital five). The European Public Prosecutor's Office will investigate cases of misuse of taxpayers' money in this context to restore the citizens' confidence in their political parties and foundations.

Conclusion

Making the EU more transparent and democratically accountable is a task to which all levels of governance must be committed, especially if we take into account Juncker's warning: "In the future, the Commission will have to prioritise its activities and resources even more". National governments are now carrying out the ongoing Citizens' Dialogues - originally initiated by the Commission - and are conducting public debates with EU decision-makers, regional and local politicians. This is a good example of incorporating all levels of governance in the debate on the future of Europe. Getting citizens involved in the decision-making process is key to the survival of liberal democracy.

The political agreement reached on the Commission's proposal to revise the European Citizens' Initiative (Regulation 211/2011) will make this procedure introduced by the Treaty of Lisbon more user-friendly. Unfortunately and against the will of the Commission, young Europeans (16 and 17 years old) will still not be allowed to sign an ECI in most of the member states; a lost opportunity to tackle the widespread disenchantment among young people, since only 27 per cent casted their vote in

the 2014's elections. Adding to the frustration is the fact that a compromise for a mandatory Joint Transparency Register for lobbyists has not yet been forged.

Outlook 2018

For the first time since the funding of the European project, electoral polls warn that support for the traditional centre-left and centre-right political blocs may fall below 50 per cent. The results of the European elections will be decisive for seeking a strong alliance among integration-friendly political parties and the configuration of the new College of Commissioners. As the guardian of the treaties, it will be an important mission for the next Commission to safeguard the fundamental values enshrined in Art. 2 TEU such as democracy, the rule of law and minority rights. As former German Chancellor Helmut Kohl said, "Trust is as grand as it is fragile. You cannot buy it, you cannot force it. You have to earn it again and again". The ongoing online Citizens' Consultation on the Future of Europe is a great chance for EU leaders to regain it. Its results should set the agenda for the next years and drive reforms.

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European Commission
Work Programme: 2018

-  **Doing less more efficiently - Subsidiarity**
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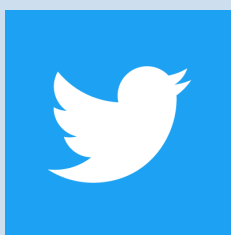


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