

# Meeting of the Chairpersons of COSAC

## Vienna, 8 - 9 July 2018

### Background Paper

#### Session 2: Future and Perspectives of the European Union

On 25 March 2017, the Heads of State and Government of the EU-27 adopted the **Rome Declaration**, thereby sending a clear signal of “unity and solidarity” on the **60th anniversary of the Treaties of Rome**. The Rome Declaration provides for the possibility for Member States to integrate at different speeds and intensities, while still “moving in the same direction”. It also describes a vision for the EU for the next ten years, based on a safe and secure, prosperous and sustainable Europe that is a strong player on the world stage. The Rome Declaration ties in with the Bratislava process, and the debate on the future and prospects of the EU was promoted in particular by the UK decision to withdraw from the EU (Brexit).

Another fundamental contribution to the debate on the future of the EU was made by the Commission on 1 March 2017 in its White Paper, which sets out the main challenges facing the EU and proposes five scenarios for integration by 2025. Scenario 1: **Carrying on**, Scenario 2: **Nothing but the single market**, Scenario 3: **Those who want more do more**, Scenario 4: **Doing less more efficiently** and Scenario 5: **Doing much more together**.

The Commission then published five thematic Reflection Papers on: the social dimension of Europe, harnessing globalisation, deepening of the Economic and Monetary Union, the future of Europe’s defence and the future of EU finances.

In his **State of the Union Address** delivered in September 2017, the President of the European Commission, Jean-Claude Juncker, set out six scenarios to complement those in the White Paper and also presented a roadmap for a more united, stronger and democratic Union, setting out the timetable for the Commission's main initiatives up to the 2019 European elections. In addition, in October 2017 the President of the European Council presented a **Leaders’ Agenda** until June 2019, a concrete work programme to help overcome the deadlock and find solutions to the European Union's main policy challenges and priorities.

In addition, the European Parliament adopted **three resolutions on the future of the EU**, aimed at improving the functioning of the Treaties, reforming the EU and the budgetary capacity of the euro area.

The effective application of the **principle of subsidiarity** is one way of taking decisions in the EU as efficiently and citizen-centred as possible and, at the same time, strengthening public acceptance of legislation.

On 14 November 2017, the President of the Commission therefore decided to set up a Task Force on Subsidiarity, Proportionality and “Doing Less More Efficiently”. This task force started its work on 1 January 2018 and is due to submit a written report to the EC President by 15 July 2018. Chaired by the First Vice-President of the European Commission Frans Timmermans, the Task Force is composed of three

members from national parliaments of the EU-MS, three members of the Committee of the Regions and three members of the EP. However, following a decision by the Conference of Presidents, the EP will not be represented in the Task Force.

The first objective of the Task Force is to explore how to better apply the principles of subsidiarity and proportionality in the work of the Union's Institutions, notably regarding the preparation and implementation of Union legislation and policies. Secondly, local and regional authorities should be better involved in the preparation and follow-up of European Union policies. Thirdly, the Task Force is expected to identify areas in which decision-making and/or implementation could in the longer term be transferred back to the Member States in whole, in part or definitively.

In the area of the **Common Foreign and Security Policy**, and in particular the Common **Security and Defence Policy**, the EU has made remarkable progress in recent years.

In June 2017, the Commission launched a **European Defence Fund** to help Member States invest taxpayers' money more efficiently, avoid unnecessary duplication of expenditure and operate more cost-effectively.

On 11 December 2017, the Council adopted a decision establishing **Permanent Structured Cooperation (PESCO)**. The possibility of Permanent Structured Cooperation in the field of security and defence policy was introduced by the Treaty of Lisbon. It will allow a number of EU Member States to work more closely together in the field of security and defence. This permanent framework for cooperation in the field of defence enables those Member States which are ready and able to develop defence capabilities jointly, to invest in joint projects or to improve operational readiness and to increase the contribution of their armed forces.

Managing **migration flows** will remain a top priority on the EU agenda, as reflected inter alia in the outcome of the Bratislava Declaration of 2016 and the Valletta Summit of 2017. This is the result of various factors such as the growing number of international and internal conflicts, climate change as well as persistent economic disparities between EU Member States and other countries.

The EU must therefore combine a number of internal and external policy instruments in the area of migration by strengthening external borders, limiting irregular migration, increasing the number of repatriations and intensifying cooperation with third countries.

In 2016, the European Commission presented several proposals for a **reform of the Common European Asylum System (CEAS)** to make it more efficient and robust in terms of migration pressure. Almost two years after their presentation by the Commission, the proposals are at different stages of the legislative process. Parliament and the Council have already agreed politically to set up a **European Union Asylum Agency** and are on the verge of confirming a reform of **the Eurodac system** for fingerprinting migrants.

As regards the reform of the **Dublin Regulation** and the proposal for an **Asylum Procedure Regulation**, there is still a great deal of work in store for the legislative bodies. Meeting the current challenges on these issues in the EU requires improved

management of the external borders, including better use of information technology. In September 2016, it was decided to transform Frontex into the **European Border and Coast Guard Agency**. In March 2017, a revision of the **Schengen Borders Code** was agreed, which provides for increased use of relevant databases for controls at the EU's external borders.

Shortly after the White Paper on the Future of Europe, the European Commission published a reflection paper on deepening the **Economic and Monetary Union**. It contains some reflections on action in three key areas: completing the Financial Union, achieving a more integrated Economic and Fiscal Union as well as anchoring democratic accountability and strengthening euro area institutions.

Finally, in December 2017, the Commission presented concrete proposals and initiatives to **complete the EMU**, including a proposal to create a European Monetary Fund, a proposal to incorporate the substance of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union into the EU's legal framework and a proposal to strengthen the Structural Reform Support Programme.

Finally, the future of **EU finances** will have far-reaching implications for the financing of the EU's social dimension. Upcoming initiatives to complete the Economic and Monetary Union include the introduction of an EU budget line for structural reforms assistance and the development of a convergence instrument for pre-accession assistance.

However, the debate on the **future of the Economic and Monetary Union** is not limited to the institutions of the Union. In recent months, French President Emmanuel Macron, German Chancellor Angela Merkel and Portuguese Prime Minister António da Costa, among others, have presented their ideas on EMU reform.

In March 2018, the finance ministers of Denmark, Estonia, Ireland, Latvia, Lithuania, Finland, Sweden and the Netherlands issued a joint statement setting out their views on the current EMU debate. They proposed further measures to complete the banking union, to strengthen the European Stability Mechanism (ESM) and its potential development into a European Monetary Fund.

They agreed, however, that the EU should use the existing fiscal, economic and financial framework and that a robust EMU required the maintenance of the Stability and Growth Pact and the implementation of structural reforms.

In April 2017, the European Commission proposed a holistic policy framework, the **European Pillar of Social Rights** (“**social pillar**”) for the future development of labour markets and welfare systems in the EU. Its 20 principles and rights go far beyond the boundaries of social policy and deal with equal opportunities and access to the labour market, fair working conditions, social security and inclusion. The social pillar - originally designed for the Eurozone but addressed to all Member States - was announced and signed jointly by the Commission, the Council and the European Parliament at the Gothenburg Social Summit on 17 November 2017. This joint

commitment is intended to open a new chapter in the social dimension of the European project.

As the current **Multiannual Financial Framework** for 2014-2020 reaches its final phase, the EU already finds itself in the midst of the post-2020 MFF debate, set against the backdrop of a wider debate on the future of Europe.

Two particular challenges arise in this context: The EU is losing one of its biggest net contributors, the United Kingdom, and the new policy priorities now need to be translated into concrete and funded measures.

One of the key challenges is the requirement for budgeted resources to produce efficiency gains and a clear added value in order for the EU to benefit in its entirety. Another central issue of the debate turns on how the EU's priorities in the areas of security and defence, external border protection, asylum and migration policy and climate policy are to be financed. In addition to newly emerging financial requirements, it is also necessary to ensure the further financing of existing and long-term budgetary priorities, some of which have even gained in importance.

The future of the European Union will also depend on **future relations with the United Kingdom**. In the next Brexit negotiations, the agreement on withdrawal modalities, the transition period and the political declaration on the framework for the future relationship annexed to the agreement will have to be developed by autumn 2018 in order to ensure an orderly withdrawal as of 30 March 2019.