

THE STATE OF THE EUROPEAN UNION

The EU faces the perfect storm



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Presentation

Produced each year by two European foundations, the German Friedrich-Ebert-Stiftung and the Spanish Fundación Alternativas, the *Report on the State of the European Union* is truly special in 2020. The EU had never experienced two major crises at the same time, affecting both health and the economy, and certainly not of the magnitude unleashed by the coronavirus pandemic. They come alongside another crisis, this time political, in the shape of Brexit, the first time that a Member State has decided to leave the European Union. This State, the United Kingdom, has extraordinarily relevant geopolitical, economic and cultural power. The negative / positive effect of Brexit is unquestionable as Mercedes Guinea will explain in detail later on.

The explosion of COVID-19 is unprecedented in the lifetime of the European project, or even, we might dare to venture, on the whole planet. The humanitarian consequences have been and continue to be dramatic and societies and Governments have demonstrated that they are ill-prepared to fight them. One million deaths due to the virus has caused great uncertainty, and an economic crisis that forces politicians to decide between health or economics as in the Piped Piper of Hamelin. This is a false dilemma because without health, the economy would collapse. However, some governors were swept along by production requirements, often having to rectify their decisions as new waves of the pandemic hit.

This aspect is covered in this Report, although it does not monopolise it. As usual, we are studying the state of the EU from its different perspectives.

To start with, we must explore our international context to weigh up this constant aspiration from pro-Europeans that Europe, as such, is a global player.

José Enrique de Ayala mentions a theory that is sometimes hastily raised by analysts who pass judgement on the globalisation crisis and the return to political and commercial protectionism. Ayala states that this should not be the EU's position. It should back multilateralism and fight isolationism. Particularly when facing the hegemonic – and contradictory – pretensions of the administrations in Trump's America and Xi Jinping's China.

The same applies to powerful neighbours such as Russia or Turkey or on-coming challenges from Africa, with its unstoppable demographic development.

The EU should strengthen its still-weak foreign and security policies, eternally hindered by the unanimity rule. This goal is unavoidable and displays its relevance, for example, in the commanding need for the EU to develop a solid policy regarding its southern Mediterranean neighbours.

The Report looks particularly closely at the three benchmarks for the strong foreign policy required by a global player. Russia, China and the unsteady transatlantic relationship. There is a concept to be strengthened: the “strategic autonomy” that came about with the Mogherini Plan.

The Report must look, not only outwards, but also inside European institutions. This is what José Candela and Carlos Carnero do in their exhaustive analysis of present and future European governance. It is a detailed study of the structure, composition and ideology of the EU’s institutions after the latest elections: the European Parliament, the European Council and the European Commission. There is an unquestionable pro-European composition in all three, where centre-right parties lead the division of power.

However, Europe is not constructed, nor will it be constructed, with only top-down institutional decisions. Consequently, the authors penetrate what might be called “European participative democracy” and they connect it by projecting it towards the heralded Conference on the Future of Europe.

They also reiterate the importance of the “community method” or the recommendation of transnational lists for European elections in 2024 and merging the figures of President of the European Council and President of the Commission into a President who would be chosen directly by the European Parliament.

The European Union’s introspection is completed in this Report with two highly interesting chapters: the first, by Ilona Pokoma, on countries in the so-called Visegrad group, explaining their similarities and differences. This group is currently presided over by the Czech Republic and has attempted to forge greater communication bonds with European partners such as Germany, Austria, the Nordic and Baltic states and also the Western Balkans. By these means, the Visegrad group is trying to improve its poor image within the EU caused by its close-minded attitude to migration and asylum, or problems with the Rule of Law in Poland and Hungary that, paradoxically, have very different foreign relations with Russia. In addition, the Visegrad countries demonstrate more constructivist attitudes by supporting the cohesion policy (the “Friends of Cohesion”, a group of 16 countries, including Spain).

The other chapter we mentioned is a truly in-depth analysis of Franco-German relations in the EU, written by Richard Molard.

It explains their variable relationship, plunged into dissonance between 2018 and 2019, after Macron was elected, and his initial attitude towards NATO, declaring in *The Economist* that it was “brain dead”. Nevertheless, Brexit has managed to ease Franco-German complicity, although for all the wrong reasons. This was also demonstrated in their reaction to coronavirus in the European Council of 21 July 2020, preceded by a common initiative on 18 May, what somebody called the “Hamiltonian leap”.

The insight is particularly interesting regarding the possibility of including Spain in a pro-European vanguard trio, after Britain withdraws.

In any case, the Council will fortunately be presided over by Germany for this coming semester. Merkel will probably launch the Conference on the Future of Europe, that Macron defended in his presidential programme.

Germany will also have to make difficult decisions in the light of Johnson's provocative attitude towards breaking his agreements with the EU regarding the Brexit transition period. Mercedes Guinea examines it in great detail in this Report, weighing up the UK's withdrawal and its effects as a mixture of negative factors, for the British power entity, and positive factors, because this same force often slowed down the EU integrating progress.

It would have surely been more difficult to reach the Next Generation EU agreement if the British Prime Minister had been sitting at the European Council table.

It is precisely the economic perspective faced by the EU in the COVID-19 crisis that Doménec Ruiz Devesa and Rosa Pérez Monclús study extensively and analytically in the chapter that they have entitled "Welcome Mr. Hamilton: towards a financial, fiscal and political EU".

Their appraisal of how the EU reacted to the economic crisis disaster is that, although insufficient and nationalist at the start of the pandemic, it has been clearly unitary and more effective since. In this respect, the EU not only includes the European Council and the Parliament, but also the European Central Bank and its fast asset-purchase policy.

It is very clear that the EU is pursuing a line against the COVID-19 crisis that is diametrically opposed to the policy of austerity and budgetary adjustment brought in between 2010 and 2013 to tackle the financial crisis a decade ago but that failed resoundingly, and we have still not recovered from it.

The authors express their desire (or perhaps prognosis) that a Political Union might finally emerge from the Financial and Fiscal Union demonstrated by the injection of 750,000 million Euros. In it, the European Parliament would have to play a more visible role to approve future emissions of debt and new European taxes. They are essential to tackle the enormous indebtedness implicated by the EU Recovery and Resilience Fund (672,500 million Euros), the central instrument to drive transfers and loans to the States.

There are two further chapters in this Report referring to two specific policies that the EU should develop, relying on the aforementioned fiscal effort. One of them was written by Klaus W. West on ecological transition and industrial policy. He draws some comparisons between Germany and Spain. The analysis is important because the ecological transition is surely the central vector for the European recovery plan and the investment projects it embraces.

It is hard to disagree with West when he extends the concept of the EU's "strategic autonomy" to other fields beyond strict military security: to health and medicines, training centres for cooperation in industrial policy or practical training on handling digitalisation. We understand that, because they are financed by European funds, many projects will have to run along these lines to receive the investment that they require.

In his chapter, Björn Hacker addresses an important matter for the future of Europe: the “European Pillar of Social Rights”, as proclaimed in 2017. This is undoubtedly unfinished business for the EU. The social aspect was left in national hands, and the current crisis emphasises how important it is to Europeanise social policy.

Hacker rightly warns that the pandemic has affected different countries asymmetrically, depending on the extent of their social policies. It is important, we might add, for a new Social Agenda to emerge in the EU, and a large proportion of the recovery funds should be devoted to this. The Commission announced an action plan for the European Pillar of Social Rights in January 2021, which will include initiatives such as expanding the youth guarantee scheme to unemployed people aged between 26 and 29 years old, or a framework to set minimum European wages or an unemployment insurance system.

The Commission’s agenda also includes a plan to reform the Dublin Regulation on Asylum. This was announced by Von der Leyen herself. However, we fear that it will be difficult to carry out a policy that requires ample solidarity between Member States.

This crucial matter, that has divided the EU, is the subject of the chapter that Estrella Galán and Paloma Favieras (from CEAR) have analysed, reiterating positions that they have defended in previous reports.

The Commission has announced a European Pact on border security and solidarity between Member States.

Will it be possible to end the chronic block on the Common European Asylum System? This is more important than ever. The pandemic has worsened living conditions for migrants and asylum seekers, and it has paralysed action by international organisations and NGOs in this field.

The situation in Greece is particularly concerning, although this affects all Mediterranean European countries intensely.

On 30 June 2020, 44,615 people had requested asylum in Spain. In this respect, the authors of the chapter highlight the positive aspect of measures such as closing the Internment Centres for Foreigners or the approval of the Minimum Living Wage, that should be extended to migrants in irregular situations, who are at greater risk of social exclusion. Many of them have taken on the toughest and most exposed jobs during the pandemic.

The Report rounds off by returning to the analysis and description of the current situation of the European project, looking to its future.

Francisco Aldecoa describes the political cycle of the EU over the last few years and takes a positive look at the relevant role that the new Commission wishes to give the EU in the world, all this in the context of the pandemic.

Aldecoa’s theory is that the EU was already heading in this ambitious direction, before the virus appeared. Despite some wavering at the start, the EU has set a clear and firm course.

The driving role of the European Parliament makes this clear, naturally emphasised by the approval of the Recovery Plan in the extraordinary European Council from 17 to

21 July. And he returns to the importance of deepening the strategic autonomy of the EU, coinciding with Mercedes Guinea on the positive aspect of the UK leaving the EU. In the same way, Aldecoa highlights, as we said before, that strategic autonomy is spreading to fields such as health, technology or even fiscal or economic and of course the political arena.

Ideas that are in the German Presidency programme for the 2nd semester of 2020.

Franciso Aldecoa is a firm believer in the need for the Conference for the Future of Europe, that has taken on a new dimension in times of COVID-19, moving forwards towards a federal horizon and the EU's legitimate pretension to become a leader and global player in terms of regulations, diplomacy, security and defence. A global player that believes in multilateralism, in a conjuncture characterised by the face-off between China and the USA.

As a final consideration, those of us who are responsible for this Presentation of the Report consider that approving the European Recovery Fund was a qualitative leap forward. It is so important that it should be stated that, along with its dimension of solidarity and economic and humanitarian integration, it implies "silent constitutionalisation" of the European project, despite the lack of formal Constitution.

Only an entity with quasi-constitutional stature can decide together on a community fund of 750,000 million Euros, that can be tripled if it mobilises capital for such extraordinary investments.

The Next Generation EU is a further step in this quiet, steady constitutionalising process that began in 1957, that after the Single European Act, approved the Economic and Monetary Union in the Maastricht Treaty, a single currency, and that in the Treaty of Lisbon (TEU and TFEU) consolidated that European law takes precedence over national law.

Only an integrated EU will be able to fight a tragic pandemic the likes of which the inhabitants of Europe have never seen before.

These are exciting times for EU fans: the EU now has the chance to take on 21st century challenges and carry out the necessary structural transformation in its economy towards greater sustainability, inclusion and the ability to adapt.

If it is successful, the EU will come out of this stronger internally and externally, showing its strength and sovereignty as a global player, whilst remaining consolidated and supportive internally. This is certainly a colossal challenge but also a huge opportunity.

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Macron-Merkel – the post-Brexit Franco-German relationship in the European Union

Gabriel Richard-Molard

Popular history loves nice images. This is particularly true for the Franco-German relationship, constructed and nourished by the symbolic representations it generates. Although reconciliation between France and Germany may have been fundamental for a peaceful Europe, today this important relationship is, above all, a joint political tool of power and influence used in the European political context and on the domestic scene in both States.

Emmanuel Macron and Angela Merkel can no more escape this rule than their predecessors could. They understand and use the Franco-German relationship as a political tool to serve their own ends in a period troubled by the increase in populism, the institutional and economic chaos caused by Brexit, and the wasteland left behind by the COVID-19 crisis. In particular, the constant adaptations of the particular relationship and its use in this context of crisis merit the attention they will be given in this article.

The Franco-German relationship has been destabilised by Brexit. The departure of the British and the emp-

ty chair they leave in the European institutions implies an adjustment of the balance of power within these institutions and the different circles of interests the British belonged to, such as the member States generally unfavourable to political integration or those inclined to limit any fiscal convergence initiative, like Ireland, Estonia or the Netherlands.

Britain's departure also implies the need for the two States to learn to work alone, without the possibility of finding an objective ally within the European Union sufficiently strong to sustain them. In this context, which we will return to in greater detail, Spain, like Poland and Italy, appears to be one of the member States with which relations could deepen in forthcoming years.

To this must, of course, be added the context of the pandemic and, above all, the handling of the resulting economic crisis. Once again, although the Franco-German partnership may have played a decisive role in implementing policy, against the wishes of the so-called frugal States (but also, and above all, the Union's tax havens), it has been buffeted around by its own contra-

dictions, the political and social constraints inherent in each of them, and the political window dressing of the Franco-German relationship.

Franco-German dissonance (2017-2019)

The relationship fed by Macron and Merkel, resulting in the current situation, largely drew on the symbolism of reconciliation involved. This also provided the principal justification for it on both sides of the Rhine. However, its management and the objectives involved are largely dependent on the individual interests of the leaders who encourage it and, of course, the necessarily different strategic interests of France and Germany. Despite this, the Macron-Merkel partnership was not truly in place until spring 2018, as it required a little over a year to settle down.

Although Emmanuel Macron was elected as President of the French Republic on 7 May 2017, it was not until the Merkel IV cabinet was established, and particularly after summer 2018, that the Macron-Merkel partnership was really able to begin working. However, even then, it was partly Merkel's decision not to stand again for the presidency of the CDU or as candidate for the legislative elections of 2021 that give the German side much greater political room for manoeuvre.

Although, like François Hollande before him, Emmanuel Macron's first official visit was to Berlin, he was certainly dealt with much more circumspectly than the socialist former president. The young French president arrived with his plans to reform the euro zone and his ambition to pull the European Union out of its institutional torpor. He said there would no longer be taboos. Merkel took all this in, reminding him that the future of the relationship would be determined by legislative elections the following month in France and four months later in Germany. Although for the French president, legislative elections in a semi-presidential system were a formality, because at the beginning of his term of office he was virtually bound to obtain a parliamentary

majority, Merkel knew that the CDU and the SPD would be particularly damaged by the rise of the AfD and the Greens. As a result, a stable majority in the Bundestag would be hard to find.

The summer of 2017 was therefore rather inactive, as the Chancellor concentrated on the legislative elections of 24 September. However, in July 2017, with Emmanuel Macron, she set out the gradual reorientation of German foreign and defence policy, in particular with the Sahel Alliance, which ratified the new German guidelines on cooperation in Africa, and the Franco-German commitment to launch a common programme for a fifth-general fighter plane and a new tank.

The shock came in the evening of 24 September 2017, when it became clear that the losses of CDU and the SPD were even more catastrophic than forecast (8.6% and 5.2% respectively). These results initially suggested what was known as a Jamaican coalition because of the colours of the parties being sounded out (black: CDU, green: Grünen and yellow: FDP), in the knowledge that during the campaign the SPD and CDU had already ruled out renewing the great coalition. Four weeks later, the negotiations between the three parties broke down and, despite their declarations that they could not renew their political attachment, the CDU and the SPD (following an internal vote – 56.5% in favour) decided to commit themselves to a new coalition agreement, which was finally concluded on 12 March 2018. Merkel was eventually elected Chancellor by the Bundestag on 14 March by a small majority (364 votes out of 688). Six months had gone by since the federal election, during which time the achievements of the Franco-German partnership were limited, while it was shaken by the ambition displayed on the French side.

Two days after the Bundestag election, on 26 September 2017, Emmanuel Macron delivered his Sorbonne speech, presenting the European ambitions of his term in office. It came two days afterwards largely so as not to open a new front during the outgoing Chancellor's campaign which might have forced her to take up a position in opposition to the French president,

because the speech was ambitious, with hints of federalism. In fact it took up all the demands of the centre-left since the adoption of the Treaty of Lisbon¹ plus other issues: a Europe with common security and defence; a Europe with a single migration policy; a Europe for sustainable development and energy and, finally, an economically powerful Europe. The Franco-German relationship was placed at the centre of the speech because it was this relationship that would have to give it the necessary impetus particularly with a revision of the Élysée Treaty of 1963, which the French president mentioned in his commitments, in what he described as a “refoundation of Europe”. Beyond the commonplaces very much present in the speech, the implementation of which would involve a complete switch to federalism, certain more achievable propositions, such as a common budget for the euro zone, the mutualisation of some European debts, fiscal convergence, a minimum European wage, and transnational lists naturally caused grinding of teeth in political circles on both sides of the Rhine. Except for centre-left opposition forces, whose political programme is in agreement with the essential proposals, all other parties immediately saw in these proposals a loss of economic and strategic sovereignty and, specifically for the CDU and the CSU, the calling into question of their country’s economic and budgetary doctrine of the country. Since 2008, this had resisted all efforts at the budgetary consolidation of the euro zone, in particular the use of two tools: common debt purchasing and the direct deduction of own resources for the European budget.

To this divisive issue was added, of course, that of migration, on which the CSU refuses any compromise, notably because of the AfD’s threat to the Bavarian party over an approach the right-wing party believes to be too lax.

Despite these two points, the relationship attempted to survive until June 2018 and the Franco-

German summit in Meseberg. In effect, from March to June 2018 the Chancellor was embroiled in storms within her own party and coalition. The first threat was that the Social Democrats, and notably the Finance Minister Olaf Scholz, the future SPD candidate to be Chancellor, became the main supporters for Macron’s proposals in Germany. The risk was that Merkel might lose control of European affairs and therefore cease to be in charge of the national political game. The second even more direct threat was provided by the centripetal and conservative forces within the CDU-CSU partnership. As we have already mentioned, the rise of the AfD shook the two parties, which had known nothing to the right of them for 50 years.² The Chancellor’s internal opponents reproached her for moving too far to the left and not being conservative enough on the migration issue on which all European conservatives criticized the words of the Chancellor in summer 2015 “*Wir schaffen das*”. There was also, of course, the budgetary issue where Macron’s proposals could potentially lead to the mutualisation of debt and a strengthening of the idea that the German public must pay for Europe. This idea is economically absurd, as Germany benefits immensely from the single market, but it is extremely widespread within the CDU-CSU bloc and is the opposition’s main weapon against Merkel, who they judge to be too careless of German public finances. The idea is, moreover, politically dangerous, because all it does is strengthen the extreme right. However, Merkel perceived and anticipated the threat perfectly in spring 2018 and, in a long interview in April and June 2018, she presented her refusal to Communitarise of the European Union’s lending capacity, as well as setting out much more limited ambitions in terms of common defence and a common budget for the eurozone (she suggests a

¹ <https://www.elysee.fr/emmanuel-macron/2017/09/26/president-macron-gives-speech-on-new-initiative-for-europe.en>

² In the famous words of Franz Josef Straus, former Bavaria’s Ministerpräsident, when he said nothing could exist to the right of CDU-CSU – “*Rechts von der CSU darf es keine demokratisch legitimierte Partei geben*”.

budget one tenth of what the French president had in mind).³

Giving this long interview to the conservative daily paper in Frankfurt, Angela Merkel continued to lay the groundwork which would allow her to juggle between sustaining her group, maintaining the unity of her political family and keeping France onside. Her *modus operandi* has always been the same: the Chancellor rejects the French proposals in the first place but transforms them into the basis for something her political group will be able to swallow. In doing this, she cannot go back on her word, maintaining a degree of vagueness in her position. So although, at the beginning of June, she said “no” in the columns of FAZ, this was not the same discourse as she offered at the Franco-German summit in Meseberg 15 days later. The final communiqué from the meeting announced a draft budget for the euro zone; fiscal convergence; important institutional advances (notably transnational lists for the European elections); strategic and military convergence (notably through the creation of the European intervention initiative); a recast of the Dublin regulations to better organise asylum-seeker arrivals; and even, finally, the introduction, with the French president, of the new concept of “shared European sovereignty”, a concept understood at both economic and strategic levels.

Specifically on this last point, Merkel based herself on Franco-German projects. In summer 2018, the conflict between the CDU and CSU on the issue of migration reached crisis point when the Ministry of the Interior, Horst Seehofer (CSU) proposed to expel migrants who had been initially registered outside Germany. Merkel opposed this and preferred a European solution, for which she had Franco-German support. A solution intended to take migrants to their country of initial registration was finally found and this, for the time being, concluded the migration debate in Germany, leaving Angela Merkel more room for manoeuvre.

³ (In German): <https://www.faz.net/aktuell/politik/inland/kanzlerin-angela-merkel-f-a-s-interview-europa-muss-handlungsfahigkeit-15619721.html>.

Summer 2018 marked a turning point in Franco-German relations because, by sorting out the problem of disagreement with the CSU, Angela Merkel had recovered control of national politics. This turning point became even clearer after the end of the summer after she gave to understand that she would no longer be president of the CDU, handing over to Annegret Kremp-Karrenbauer, then prime minister of Saarland. This took place on 29 October 2018 with the public announcement that Merkel would not stand for office again at the 2021 legislative elections. This announcement focused the entire attention of the whole German political class on the coming war of succession, allowing Angela Merkel to devote her time to European and Franco-German matters much more independently.

The Treaty of Aix-la-Chapelle: towards a second wind for France and Germany

The Treaty of Aix-la-Chapelle (TAC) of 22 January 2019 closed the Franco-German cycle that had begun with the election of Emmanuel Macron and the uncertainties in Germany, largely linked, as we have seen, to domestic political issues. Paradoxically, this happened against a background of tension because, in November 2018, Emmanuel Macron attacked NATO head on, in an interview with *The Economist*,⁴ declaring the alliance to be brain dead. Germany had built its entire defence edifice around NATO,⁵ and the French president’s words were very coolly received in Berlin. The joint ceremonies to commemorate the 1918 armistice in the famous clearing of Rethondes were marked by more than the usual degree of distance.

⁴ Dated 7 November 2018: <https://www.economist.com/europe/2019/11/07/emmanuel-macron-warns-europe-nato-is-becoming-brain-dead>.

⁵ (In German) <https://www.bmvg.de/de/aktuelles/neues-faehigkeit-sprofil-der-bundeswehr-27550>

The signing of the TAC, even though it came in this tense context, with Europe not often perceived in a positive way in either France or Germany, made it possible to symbolically reaffirm the continuing partnership between the two States, 56 years to the day after the signing of the Élysée Treaty. The treaty in itself is not revolutionary. On the contrary⁶, it reaffirms and develops all Franco-German ambitions on the strategic, economic, fiscal, environmental and energy fronts, as well as on cross-border cooperation. It establishes institutions like the Franco-German council of economic experts, which had already been broadly outlined the previous summer in Meseberg. Interestingly, in Article 4 it repeats a commitment to mutual defence already present in the North Atlantic Treaty and in the European treaties. In this Franco-German context this also represents the renewal of the tacit agreement that the French nuclear umbrella will protect Germany should NATO disintegrate. Finally, and certainly more importantly than the other points, the treaty was intended to establish a common culture in all these areas. This is certainly the TAC's most ambitious commitment, although, on current evidence, also the most difficult to achieve.

Moreover, precisely in this same context of cultural and finally political ambition, the Bundestag and the Assemblée Nationale adopted a parliamentary cooperation agreement on 11 March 2019 in order to create a Franco-German assembly. The initial concept of this assembly comes precisely from the period of executive drift on the German side between September 2017 and March 2018. It is intended to control the application of the TAC (Article 6) as well as running projects intended to make progress with legislative convergence.

⁶ See Pacreau X., Stark, H. : Le traité sur la coopération et l'intégration franco-allemande d'Aix-la-Chapelle, *Annuaire Français des relations Internationales*, 2020, vol. XXI, pp. 351-365.

Brexit-COVID – the alignment of Franco-German horizons

The multiple Franco-German initiatives; the declared and more or less respected desire to speak with a single voice, particularly outside the European Union (such as, for example, at the G7 meetings in Biarritz in August 2019); the notable improvement in working relationships at ministerial level, as well as between central and sometimes even local administrations, have meant that, in the period 2017-2019, even if background cooperation has been erratic because of the Chancellor's national difficulties or the dissonance in tone and degree of ambition displayed, the framework for Franco-German cooperation was in place.

From 2018 to 2020, a constant factor in the Franco-German relationship has surfaced again. As in 2008, and throughout the euro crisis from 2008 until 2015, it seems the pair work better in a storm. Although under François Holland there were deep disagreements with Germany, such as over the Latin alliance for example, which was intended to be the political platform for sustaining the Eurobond project,⁷ the action of the Sarkozy-Merkel and Hollande-Merkel pairings was, as always, the key to finding a compromise in the Council, allowing the institutional stabilisation required to respond to the crisis, certainly in the short term.

The fact is that, beyond the relationship they have built over almost seven decades of cooperation, Germany and France have a particular responsibility towards the EU. Their joint GDPs account for almost half the EU's, with 33% of the European population and 45% of the Union's trade. Franco-German responses to crises are not optional, they are fundamental for the survival of the EU, and all European partners know it, although they can sometimes give the impression that they do not.

⁷ European Council of 23 May 2012.

Post-Brexit Europe – time for the Madrid-Paris-Berlin axis?

Perhaps the European Union's biggest political and institutional crisis – the United Kingdom's long divorce from the EU – has thrown a shadow over the Franco-German relationship. This uncertainty, as for all other member States, concerns, of course, not knowing how to fill the gap left by third largest economic power and second largest military power in the block. Although the United Kingdom has clearly been a difficult partner since 1973, its economic power and strategic and military policy have been essential assets of the Union's domestic and foreign policy, and it has also been a circumstantial ally in the context of Franco-German relations. Its departure destabilises long-term relationships in as much as there are unresolved issues, such as the relationship between Spain and Gibraltar and the entire tourism sector of the peninsula, which alone accounts for almost 15% of Spanish GDP and is strongly dependent on British tourists.

In the context of the Franco-German relationship, Brexit involves tremendous readjustments. To put it simply, the United Kingdom was France's biggest strategic and military partner and Germany's biggest trading partner, but beyond the obvious economic consequences Brexit means France will find itself the undisputed European pivot in international politics. From now on, France will be the only EU member State with a permanent seat on the UN Security Council. It is also the only nuclear power capable of maintaining world strategic profile, which means the EU's defence policy passes will, essentially, pass through Paris. This largely explains the attempted military and strategic recalibration of Germany in favour of assumed European strategic sovereignty,⁸ while still having to maintain a link

with NATO, which remains the core of its entire national defence strategy.⁹

Similarly, for Germany more than for France, whose economy depends a little less on the United Kingdom, Brexit and its economic consequences remain a great question mark. In fact, Germany depends more on the export of manufactured products and the automobile sector, which are also under pressure from environmental transition. These uncertainties have been largely anticipated by an economy in which the robust fabric of the *Mittelstand* and its big business groups is also able to adapt (largely by reorientating its economy towards China and, more broadly, Asia and Continental Europe). However, they are pushing Berlin to strengthen its links with Paris to bind the destinies of the two countries. The negotiation of Brexit, led by Michel Barnier, was, in this respect, a remarkable example of European unity, as structural differences between France and Germany as fundamental as those we have just set out could have led to the countries taking separate positions with respect to diplomacy which was absolutely overwhelmed by the situation. This did not happen and the common Franco-German position served as an example for the rest of the 27.¹⁰

In this context, Germany and France are individually dealing with the issue of finding a new member State to balance the Franco-German partnership. Pedro Sánchez's Spain appeared to be well placed to become this ally. It has many assets: it is the fourth largest European economic power, with a political system which, particularly for the Germans, appears more stable than that Italy's; and, finally, it has a more pro-European political class than Poland, now looking less towards the Atlantic than Aznar's and Rajoy's generation did. The fact that Pedro

⁸ Moreover, as we have already mentioned, big industrial projects, like the 5th-6th generation Franco-German fighter and the new tank, form part of this strategy.

⁹ In terms of defence, Germany maintains *Rahmennationenkonzept*, or the "Framework Nations Concept". This is the idea that a larger army – the *Bundeswehr* – offers smaller armies logistics and military capabilities in exchange for which resources are shared so that military actions can be planned together and not by a single army. This is the doctrine of the German army within the framework of NATO.

¹⁰ Trouille J. M.: *Op. cit.*

Sánchez speaks French and English is clearly an important advantage, as direct negotiations between leaders are essential in the EU. However, on the 2021 horizon, and despite the election of the Spanish leader after more than two years without a functional government, the prospects of a triangle with Madrid are receding. Only the voting of a budget at the latest at the beginning of 2021 will make it possible to get this partnership on the road.

Coronavirus management and post-COVID relaunch

Although Brexit may be the biggest institutional crisis in the EU, COVID-19 is bound to lead to an economic crisis at least as big as the great crash of 1929. In this context, the Franco-German partnership has played an important role in managing the health emergency and the first post-COVID relaunch measures.

As the European Union is particularly short of powers over health, the COVID crisis took Europeans unawares. Although there is a solidarity clause in the treaties (art. 222) and has been invoked by Germany, it seems poorly suited to a situation that touches all States. The European treaties give no powers over health crises to the European institutions, so no coordinated response at European level could be provided in the early weeks of the crisis, mystifying the public. Finally, after a mandate given by the European Council to the Commission, rudimentary health coordination was put in place on 15 April 2020,¹¹ although the achievements were slight (group purchasing of masks and very limited dispatches of medical material and health staff). Other than a few bilateral actions (such as Germany looking after some Italian patients), it was only with the final Franco-German and then European initiative for purchasing vaccines from the European company AstraZeneca in

mid-June 2020, and then more recently the joint Franco-German declarations on the Europe of health and the coordination of supervision in risk areas,¹² that the first signs of a European reaction in the health sphere have appeared.

The economic management of the crisis has led, on the other hand, to greater and deeper European involvement than the health issue. Franco-German commitment has been essential here, operating alongside the development of the relationship between the two leaders, with their constraints and ambitions.

Europe's coordinated response began on the eve of the European Council of 26 March when the Eurogroup was asked to suggest innovative solutions to counteract the economic crisis. Nine member States (including France, Spain and Italy) published an appeal for the establishment of Eurobonds to mutualise part of future debt which would be used to cope with the crisis. This call was coldly received by the German political class, who knew a great deal about the issue, because the question of German financial solidarity has been central to German policy since the euro crisis and, more specifically, since the collective xenophobic madness in the public debate at the time of the Greek debt crisis. When the Eurogroup, through its president Mário Centeno, presented a package of more than 500 billion euros on 7 April, there was, however, no mention of Eurobonds.

Against all expectations, on 18 May, Germany and France launched a common initiative "for a European relaunch". This vast route map dealing with environmental and industrial policy presents two elements that demonstrate a mini-revolution or, in federalist jargon, "Hamiltonian leap".¹³ Firstly, there was the announcement of the mutualisation of certain future debts (in this case, debts contracted in the name of the EU for the

¹¹ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_652.

¹² Brégançon Declaration, August 2020.

¹³ Adjective referring to the *Federalist Papers*, political essays published by the founding fathers of the American Constitution from 1787 to 1788 and intended to provide American federalism with political legitimacy.

relaunch plan) and, secondly, the reopening of the issue of the European budget's own resources. This initiative constitutes a basis for the proposal on 27 May by the European Commission of the European relaunch project, which was finally adopted by the Council on 21 July.

The U-turn by the Chancellor on the issue of the common purchase of securities was astonishing. Had the woman who had refused to hear of it since at least 2010 been convinced by Emmanuel Macron's arguments? Had she made a decision, as in 2015 on refugees, more with an eye to history and in the direction of European integration, knowing that she would not be standing again as Chancellor? Or had she simply reacted in function of her electorate, knowing that she could lose voices among the Social Democrats who, through the intervention of Olaf Scholz, the Finance Minister, had also rallied to the Eurobond idea a few weeks earlier? The answer almost certainly lies in a mixture of all these elements, but the fact is that the Franco-German initiative provides the basis for the European relaunch plan. Even more amazingly, although they were newly converted to the idea, in the first weeks of July Germany made a great diplomatic effort to pressurise the so-called "frugal" States.

The German presidency of the EU: conclusion of a Franco-German cycle

From the chronological and thematic reading of these few years of the Franco-German relationship, it seems that the relationship is evolving naturally and that it is doing so depending on the individual leaders and also the state of the political debate in the two countries. This is particularly visible in Germany where, for the series of reasons we have mentioned, Angela Merkel has considerably developed the classical positions she had herself put in place since 2005. It is difficult to know the reasons for this evolution in detail but it is reasonable to think that in European terms, and particularly in the privileged context of Franco-German relations, it has

been a matter of necessity. Crisis reveals and changes mentalities.

The partnership with Emmanuel Macron is certainly there for a reason. Being able to communicate directly with the Chancellor, and the clear pro-European stripe her generation carry in their political DNA, means the relationship is, first and foremost, based on a truly European political approach and not mainly on invoking a common symbolism that wears thinner with each souvenir photo. For good or ill, Macron created a strong rapport in the relationship precisely corresponding to the codes of German politics. There he certainly has more impact than preceding French presidents, who had neither the knowledge nor the codes to interact effectively, beyond celebrations held with their German counterparts.

Although the general opinion is that Germany could be a factor blocking the European debate, unlike France, which would always be too ambitious, we can safely state that things are not that simple, and that the degree of political ambition depends largely on political validation mechanisms. These are clearly much more complex in the Federal Republic, where the Chancellor is in constant competition with the *Auswärtiges Amt* and the Finance Minister, than in France, where the political system depends, first and foremost, on the executive and where European and international decisions are almost all taken without debate and without the need for a political majority. Without making any value judgments on propositions, one can then understand how ambition, as illustrated by the French President's letter to Europeans,¹⁴ is much easier for him.

The German presidency of the EU, which began in 2020, therefore comes at a time of great Franco-German convergence, with a partnership which, although it will theoretically come to an end in a year's time, has succeeded in bringing cooperation between

¹⁴ Macron, E.: <https://www.leparisien.fr/politique/pour-une-rennaissance-europeenne-la-lettre-d-emmanuel-macron-aux-europeens-04-03-2019-8024766.php>

administrations – and particularly in European diplomacy – to fruition. Their objectives, with many elements referring to common diplomatic priorities, are particularly ambitious. Clearly, there will be expectations going beyond commitments, largely in the economic and institutional sphere. Because, in the autumn, Germany has committed itself to launch the Conference on the Future of Europe upheld by Emmanuel Macron in his presidential programme. This is an encouraging sign for a European construction still shaky from its incomplete parliamentarisation after Lisbon (notably the permanent

exercise of consensus in the council, which ended in the extension of the unanimity vote). But France and Germany are both telling anyone who wants to listen that this conference will be the chance to talk about institutional infrastructure and the possibility of amending the European treaties. Of course, the level of ambition will be fixed by compromise, but, on the basis of recent Franco-German agreements, there is room for hope that the European response, driven by the Franco-German partnership and its allies, will be up to the challenges weighing on Europe today.

The Visegrad Group

Ilona Pokorna

Within the European Union, there are various more or less organized groups of states which exercise influence over the political and economic decisions of the Union's institutions. One of these is the Visegrad Group,¹ an inter-governmental alliance of several Central European countries which collectively define their own priorities for action with respect to a range of European policies.

Origins

The modern Visegrad Group has its origins in a summit of the heads of state and heads of government of Czechoslovakia, Hungary and Poland on 15 February 1991. The participants were: Václav Havel, the President of Czechoslovakia; Lech Wałęsa, President of Poland; and József Antall, Prime Minister of Hungary. The meeting took place in the small Hungarian town of Visegrad, the site of the Congress of Visegrad in 1335, at which the kings of Hungary, Bohemia and Poland had forged an alliance against the Habsburgs. The three Member States became four, following the division of Czechoslovakia into the Czech Republic and Slovakia in 1992.

The group's initial objectives (to implement democratic systems based on respect for human rights, and to become members of NATO and the European Union)

were achieved, and the four countries all joined the EU in spring 2004.

The V4 in the institutions of the European Union

The need to adapt to European rules while seeking to preserve their national identity and character, combined with the demand that they receive the same treatment as the "old" EU states, promoted cohesion within the group and fostered national sentiment. Influenced by historic experiences, since joining the EU the Visegrad Group's members have resisted European centralization and have been reluctant to pool national sovereignty. As a recent example, we can mention immigration policy, where the V4 has opposed Merkel's "refugees welcome" policy, and has flatly refused to meet the quotas for the resettlement of immigrants approved by the Council in 2015. Hungary and Poland have not accepted a single asylum seeker, while the Czech Republic and Slovakia have admitted 12 and 16, respectively. Another example of this attitude was the decision in 2019 to block the "head of list" procedure to appoint the President of the Commission.

The portfolios of the four Visegrad Group members of the Von der Leyen Commission are: Agriculture, Poland (Commissioner Janusz Wojciechowski); Values and Transparency, Czech Republic (Vice President Věra Jourová); Neighbourhood and Enlargement, Hungary

¹ <http://www.visegradgroup.eu>

(Commissioner Olivér Várhelyi); and Interinstitutional Relations and Foresight, Slovakia (Vice President Maroš Šefčovič).

On the European Council, the Visegrad Group lost power in 2019 following the end of the only institutional presidency occupied by a national of a V4 country, Poland's Donald Tusk.

In the Council, the V4 can obstruct some decisions but cannot constitute a "blocking minority", which must consist of at least four members of the Council, representing more than 35% of the EU's population (the population of the V4 group represents only slightly more than 14% of the EU's population).

In the European Parliament elected in 2019, the V4 countries hold 106 of the 751 seats, representing the four member countries' 64 million inhabitants. This means that the Visegrad group can at times act as an effective counterweight to those decisions of the Parliament that go against the group's interests.

The low turnout for European Parliament elections in the V4 countries (see **Table 1**) and the scepticism towards membership of the EU, can be partly explained in terms of mistrust of supranational structures, which have negative connotations as a result of historical experiences in the region (the Austro-Hungarian Empire, the Nazi occupation, the Warsaw Pact, COMECON,

Soviet occupation etc.). For comparison, the 2019 turnout for the EU as a whole was 50.62%, and turnout in France, Germany and Spain was 50.12%, 61.38% and 60.73%, respectively.

Differences and similarities between members of the Visegrad Group

The four member countries of the Visegrad Group have a lot in common, including their geographical location and historical ties that go back to the anti-Habsburg alliance of 1335, and also encompass the more recent Communist past and the subsequent transition to democracy. However, there are also significant economic, social and political differences between the countries.

Economic differences

Table 2 offers a comparison between the economic performance and quality of life in the V4 countries, and these differences explain some of the different interests and stances with respect to EU policies within the Group.

Table 1. Turnout in V4 countries for European Parliament elections (%)

Country	2004	2009	2014	2019
Czech Republic	28.30	28.22	18.20	28.72
Hungary	38.50	36.31	28.97	43.35
Poland	20.87	24.53	23.83	45.68
Slovakia	16.97	19.64	13.05	22.74

Source: European Parliament.

Table 2. Economic level and quality of life of Visegrad Group member countries (2019)

Country	Population (million inhabitants)	Visitors per year (millions)	GDP per capita (USD)	Economic growth rate (%)	Unemployment rate (%)	Renewable energy (%)
Czech Republic	10.7	24.0	24,940	2.5	2.0	7.5
Hungary	9.7	21.1	16,910	1.1	3.4	8.0
Poland	37.9	67.4	15,310	3.6	3.3	8.8
Slovakia	5.5	8.8	20,600	2.4	5.5	7.6

Source: compiled by author from EUROSTAT data, and IMF data for GDP.

Differences in quality of life

The OECD *Better Life Index* enables us to compare well-being in the four countries based on the eleven specific topics identified as essential indicators for material life (jobs, income, housing) and quality of life (community, education, work–life balance, environment, civic engagement, health, life satisfaction and safety).²

The Czech Republic achieves good results in many of the well-being measures included in the OECD index. It is:

- Above average in jobs and earnings, personal safety, education and skills, life satisfaction, work–life balance and sense of community.
- Below average in housing, health, income and wealth, civic commitment and environmental quality.

Slovakia achieves good results in some measures.

It is:

- Above average in sense of community, civic commitment, personal safety and work–life balance.
- Below average in health, income and wealth, education and skills, environmental quality, satisfaction, housing, and jobs and earnings.

Poland is:

- Above average in personal safety, and education and skills.
- Below average in health, income and wealth, sense of community, civic commitment, satisfaction, jobs and earnings, environmental quality, work–life balance, and housing.

Hungary only achieves good result in a few measures:

- Above average in work–life balance.
- Below average in sense of community, civic commitment, environmental quality, education and skills, income and wealth, housing, jobs and earnings, personal safety, satisfaction and health.

With respect to sociocultural and political differences, the most significant of these are:

- Poland has the sixth largest population in the European Union while Slovakia is the ninth smallest.
- Slovakia is the only V4 country to belong to the eurozone, and was the last of the four to join NATO.
- While 87.5% of Poles describe themselves as Catholics, only 29% of Czechs declare any religious affiliation.
- The Czech Republic supports the development of nuclear power as a clean energy source while Poland supports the continued use of highly polluting fossil fuels.
- Poland and Hungary are significantly more Eurosceptic than the Czech Republic and Slovakia.
- Since 2018, both Poland and Hungary have been subject to the procedure provided for in Article 7 of the Treaty of the European Union, under which the European Council may investigate the existence of a serious and persistent violation by a Member State of the values of the Union set out in Article 2 of the Treaty. This procedure was opened in response to the damage to the Rule of Law deriving from the actions of the conservative governments of these countries, namely judicial reforms in Poland and constitutional changes in Hungary.
- The Czech Prime Minister, Andrej Babiš, is the object of a European investigation for possible conflict of interests with respect to EU funds received by certain companies.
- EU auditors have also investigated Slovakia for agricultural subsidies, linked to the probe into the murder of Slovak journalist, Ján Kuciak, and his girlfriend, Martina Kušnírová.
- Although perception of EU membership by civil society is generally positive in all the V4 countries, public opinion and stakeholders do not view the V4 Group as a constructive actor with a lot of influence in the EU.
- The perception of the quality of the relationships within the V4 also varies. The V4 is rated very positively by Hungary and Poland, but less so by the Czech Republic and Slovakia. These differences reflect the usefulness of coordinating positions within

² See OECD *Better Life Index* at: <http://www.oecdbetterlifeindex.org/>

the EU and the aim of making greater use of the group's political potential in the future.

With respect to foreign policy, the V4 is not in favour of suspending sanctions on Russia until that country recognizes the integrity of Ukraine although, unlike Poland, the other three members are keen to maintain a constructive relationship with Russia, particularly in the field of economic cooperation. The V4 is also keen to stabilize the situation in the Balkans and is in favour of EU enlargement in the region.

In August 2020, following the presidential elections in Belarus on 9 August, the V4 actively declared its support for Belarusian civil society following a vote that was considered to have been neither free nor fair. A "common position" before and during the European Council of 19 August 2020 contributed to the European Council decision not to recognize the results of the elections, stressing the right of the people of Belarus to choose their own future. The EU will impose sanctions on those responsible for the violence, the repression, and the falsification of the results of the election.

Structure and operation of the Visegrad Group

The Visegrad Group is an inter-governmental alliance that lacks any formal organizational or political structures but is, nonetheless, an important platform for co-operation and coordination between Central European states. Its members meet regularly before each European Council meeting to harmonize their positions.

V4 cooperation is not institutionalized and operates on the basis of regular meetings between its representatives at various levels, from presidents and prime ministers to consultation of experts at the sectorial level.

The members of the V4 rotate the presidency on an annual basis, with the presidency running from the start of July to the end of June of the following year.

Since 2000, the only solid organizational structure of the V4 has been the International Visegrad Fund,

which has 16.2 million euros, to be used to fund cultural, scientific, educational and research cooperation projects.

The Slovak Presidency, 2018–2019

Bratislava kept a low profile during its presidency of the Group, aware of the V4's reputation in the rest of the EU. The Slovak presidency established the priority of "A strong Europe, a secure environment and smart solutions in the field of digitalization and technology."

In Summer 2019, the liberal pro-European Zuzana Čaputová was elected President of Slovakia. On her first official visit to Hungary, Čaputová issued a clear message to her Czech, Polish and Hungarian counterparts: the Visegrad Group should return to the promotion of democratic values and freedom.

The Czech Presidency, 2019–2020

The Czech Republic held the presidency of the Visegrad Group from 1 July 2019 to 30 June 2020. The slogan of the Czech Presidency was: "V4, for a reasonable Europe".³ The Czech Republic promotes a rational, pragmatic, constructive approach to the challenges and problems facing both the V4 countries and the other EU Member States.

The priorities of the Czech Presidency 2019–2020 of the V4 focused on three areas:

1. Reasonable solutions: Visegrad cooperation should remain effective, informal, flexible and inclusive. The slogan of the presidency expresses the idea of a sensible Europe that presents constructive, useful proposals for the V4 and the citizens of the EU, and respects human rights.

³ The full programme of the Czech presidency 2019–2020 of the Visegrad Group can be viewed here: https://www.mzv.cz/file/3572188/programme_CZ_V4_PRE_2019_2020.pdf

2. Revolutionary technologies: innovative economy and its social impacts. The Czech Presidency is focused on supporting science, research and innovation, on developing innovative ecosystems, the internal digital market and artificial intelligence, and supporting educational and social settings related to the changing labour market.
3. Overcoming internal divisions in the EU through the contribution of the Visegrad countries to the construction of a strong, effective, competitive and secure Europe, based on the values of democracy, sovereignty of the law, respect for human rights and freedoms, and the principles of subsidiarity, proportionality and sustainability.

The Czech Republic developed the “V4+” format to support cooperation between the Visegrad Group and other countries and to strengthen the potential for the V4 to build coalitions within the EU. This focuses primarily on communication with key European partners such as Germany (Strategic Dialogue DE–CZ since 2015), Austria (Strategic Dialogue AUS–CZ since 2015), the Nordic and Baltic States (Three Seas Initiative) and the Western Balkans. The experience of the V4 in democratization and in the integration of EU structures can, in turn, help bridge the gap between the EU and these regions.

The V4 initiative to increase cooperation between its members and other Central European countries saw the new Austrian Chancellor, Sebastian Kurz, attend the summit of V4 heads of state on 16 January 2020 at the recently renovated National Museum in Prague. This was the Chancellor’s first official foreign visit after taking office, apart from his attendance at the meeting of the European Council.

The V4 also cooperates with the Three Seas Initiative, which brings together twelve countries located between the Baltic, the Adriatic and the Black Sea. It is also known as the Baltic, Adriatic and Black Seas Initiative (BABS) and its objectives include strengthening energy and transport infrastructures. Its most recent summit was held in Estonia in 2019.

The V4 continues to actively strengthen relations with the countries of the Western Balkans and to promote their future membership of the EU. On 12 September 2019, there was a Summit of V4 Prime Ministers with representatives from the Western Balkans region in Prague Castle. Following the Summit, the V4 leaders declared that “reunification of Europe cannot be complete without the Western Balkans joining the European Union.”⁴ In October 2019, France blocked this process for Albania and Macedonia. French indifference towards the Visegrad Group countries and their insistence on admitting the Western Balkans countries to the EU derives, among other reasons, from France’s long-standing resistance to EU enlargement and the fear that Germany would dominate this expanded Union.

Finally, in March 2020, the EU Member States agreed to start the process of accession negotiations with Serbia and Montenegro. This sends an important strategic signal to Russia, particularly in light of the current situation in Belarus.

The Czech Presidency of the V4 also sought to maintain close cooperation with the Benelux countries, despite the problems of the violation of EU values observed in Poland and Hungary.

Since March 2020, the Czech Presidency has been preoccupied with the COVID-19 epidemic, which has diverted attention from its original priorities as it has focused on coordinating measures to combat the epidemic. The four countries have taken a similar approach, and were among the most successful in Europe in containing the first wave of the pandemic.

However, there was disagreement within the V4 with respect to another unforeseen issue: the package of measures and support for economies affected by COVID-19, namely the EU Recovery Plan and the Multiannual Financial Framework 2021–2027.

⁴ See the full text of the Statement of the V4 in September 2019 at: <http://www.visegradgroup.eu/documents/official-statements/v4-statement-on-the-190912>

In particular, the Czech Republic and Hungary criticized the distribution of the economic reactivation fund proposed by the Commission, on the basis that one of the distribution criteria (the unemployment rate in 2019) was not relevant when calculating the impact of the pandemic. On these grounds, they argued that the Commission proposal favoured Spain and Italy, which were already in crisis before the pandemic.

The members of the V4 did reach agreement with regard to the maintenance of structural funds.

The Polish Presidency, 2020-2021

Poland assumed the presidency of the V4 on 1 July 2020, with the slogan, “Back on Track”. At the inauguration of the Polish Presidency at the Visegrad Group summit in Warsaw, President Andrzej Duda explained that this slogan referred to “a return to a path of development, contacts among people, and economic cooperation”.

Final observations

During the Slovak and Czech presidencies, the Visegrad Group has attempted to repair its bad reputation, the result primarily of its attitude to the migration crisis and the ongoing Article 7 procedure regarding the violation of EU values by Poland and Hungary.

While recognizing the continuing relevance of the six EU priorities for the next five-year period, the V4 is currently focusing its energies on the following European policies: cohesion, energy, migration and enlargement.

During negotiation of the EU Multiannual Financial Framework 2021–2027, the V4 was particularly active in the areas of cohesion and the common agricultural policy. The V4 has also joined the “friends of cohesion” platform (a group of 16 states, including Spain, whose objective is to maintain funding for cohesion) whose most recent summits were held in Prague at the end of 2019 and in the Portuguese city of Beja in January 2020.

With respect to European fiscal policy, the V4 is in agreement that this should fully encompass cohesion and digital policy.

Other specific topics of interest for the V4 include: regional cooperation in transport and energy links, particularly nuclear; innovation and artificial intelligence; and social and economic convergence.

With respect to EU enlargement, the V4 is in favour of opening accession negotiations for the Western Balkan countries (Albania, North Macedonia, Serbia, Montenegro, Kosovo and Bosnia). However, the V4 joined France and the Netherlands during the European Council meeting of October 2019 to oppose opening negotiations with North Macedonia and Albania. And, while the V4 supports the accession of Serbia and Montenegro, Slovakia has not officially recognized Kosovo.

Finally, it is important to note that the French block on opening negotiations with two of the West Balkan countries was overcome following the Commission proposal on 5 February 2020 presenting new rules for the enlargement procedure.

Despite the extraordinary circumstances caused by the pandemic, the Czech Presidency successfully maintained a dynamic dialogue and fought for the shared interests of the group in the region and within EU institutions. All the V4 countries successfully handled the health challenge of the first wave of the pandemic and, according to recent Eurostat data, during the Czech Presidency these countries had the lowest unemployment rates in the whole EU. The V4 Group has demonstrated on numerous occasions that it is an effective instrument to coordinate the efforts of its members, and to promote regional interests and greater understanding between its members.

The Polish Presidency wants the V4 region to become a development pole in Europe after the pandemic. The V4 has big ambitions but also pressing development needs. That is why, according to the Polish presidency, there is a need for an ambitious budget that focuses on growth, cohesion and undertaking major investment in

infrastructure to boost the European economy, including that of the Visegrad Group countries.

Recommendations

- As far as possible, the EU should help correct the negative perception of the Visegrad Group that still exists in some Member States. This correction could be based on an improved analysis and comprehension of the reasons underlying the positions taken by members of the group, frequently based on negative historical experiences, often shared by all members. For example, the Visegrad Group's rejection

of European immigration quotas can be explained in part by the desire to avoid repeating the problems these states have experienced with respect to minority populations, problems that have at times proved fatal for the very survival of these states.

- The EU should evaluate and make better use of the Visegrad Group initiatives in favour of an effective enlargement of the EU towards the Western Balkans, in light of the current efforts of the global superpowers (USA, China and Russia) to extend their zones of influence. This would enable the EU to peacefully expand its own area of geopolitical influence while also satisfying the European aspirations of the Western Balkans.

European Pillar of Social Rights.

The social consequences of the pandemic: a baptism of fire for the European Pillar of Social Rights

Björn Hacker

This year's pandemic will hopefully be a one-off experience. However, the economic and social wounds that it inflicts reveal the vulnerability of the European Union and past political failings. There is no "going back to normal". This crisis should be used as an opportunity for closer cooperation in the EU and a readjustment of the European social and economic model. This need not involve starting from scratch: Some instruments at European level have not yet been used enough or have been afforded a lower priority than other goals. This includes the European Pillar of Social Rights (EPSR), proclaimed in 2017.

This article aims to shed light on the development, the background, and the problems of the EPSR, and to evaluate its potential effect in the context of the extreme social crisis now facing Europe as a result of the pandemic.

The impending COVID-19 social crisis

The projections made by the European Commission, the Organisation for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF) in summer 2020 are broadly similar: The global economic collapse triggered by the crisis and the shutdown is unprecedented in its simultaneous impact, and it is estimated that it will cause the largest recession since the Great Depression of the 1930s. Firstly, negative growth is predicted for 2020 around the world, including Europe. In July 2020, the Commission expects the real Gross Domestic Product (GDP) of the EU to shrink by 8.3% over the year (Eurozone: -8.7%). There were even bleaker predictions for the Economic and Monetary Union (EMU) for the current year, made in June by the OECD (-9.1%) and the IMF (-10.2%). There should then be catch-up effects in 2021, and growth will again rise sharply, but it will still

be a long time before there is a return to the pre-pandemic growth level. This is due not just to the extent of the economic collapse, but also to a lasting disruption of individual economic sectors. The pandemic is hitting the services sector particularly hard. A swift recovery is unlikely in the hospitality and tourism sectors, not just because of continuing regional lockdowns, travel restrictions, and a possible second wave of infection, but also due to consumer uncertainty. Uncertainty is also preventing investments. This is also affecting industrial production, which is suffering from an effective collapse in world trade as well.

The political reaction so far has been as unprecedented as the collapse in demand: Large recovery packages were implemented to support demand in all EU countries; states have been following a Keynesian roadmap in this case, unlike during the Eurozone crisis. State support for individual economic sectors and companies, public investments, tax cuts, and short-time working rules step in where consumers and investors are absent, and where companies face the threat of bankruptcy and employees face dismissal. However, it is clear that bridging loans have to be paid back, grants will often not be enough, and short-time working schemes must end at some point. It is therefore likely that many companies will go bankrupt from autumn 2020, and there will be a marked rise in unemployment. So far, in many EU countries short-time working arrangements have prevented a jump in unemployment figures as observed in Canada and the US shortly after the virus reached the Americas. Between February and May 2020 the unemployment rate in Canada went from 7.4 to 13.7%, and in the US it went from 3.5 to 13.3% (OECD, July 2020), while the increase observed in the EU during the same time period was from 6.4 to 6.7% (European Commission, July 2020). The probable increase in unemployment will be linked to a sustained increase in the poverty rate in the EU.

The loss of income and the threat of poverty are already having a particularly strong effect on the low-wage sector, including seasonal, cross-border, and posted workers. They often work in service sectors, which became particularly significant during the crisis (health,

care, food supply, etc.). They have been particularly exposed to the risk of being infected with the virus, and they generally have poor social protection. The self-employed are also among those who are poorly integrated in the social system and have suffered significant loss of income. In the course of the shutdown, traditional employment roles were revived in many places, to the detriment of women, particularly part-time workers with infants and children of nursery and school age. It has also become difficult for young people to enter the labour market after training, school, or study, in a context where jobs are being cut—the youth unemployment rate for under-25s in the EU has already increased from 14.5 to 15.7% between March and May 2020 (Eurostat).

The EPSR: milestone or statement of intent?

Commission President-designate, Ursula von der Leyen, dedicated a lot of time to social issues in her campaign speech at the opening of the plenary session of the newly elected European Parliament on the 16th of July 2019. In the face of the difficult economic and social crises of recent years (the economic and financial crisis, the Eurozone crisis, and now the coronavirus crisis), this came as a pleasant surprise for everyone who has been working for a social Europe. Von der Leyen argued that the EU should be governed more by fairness and equity in the future. She specifically announced a European framework for minimum wages, joint reinsurance for the unemployed, and a child guarantee against poverty and social exclusion. She said that these aims were part of an action plan for implementation of the EPSR that she was announcing. After her election, this point is also to be found in the “mission letters” to the commissioners Vladis Dombrovskis (Vice President, “An Economy that Works for People”) and Nicolas Schmit (“Jobs and Social Rights”). This demonstrated that the new European Commission President wanted seamless continuity with the work done on European social policy

by the previous Commission under Jean-Claude Juncker, and with the action plan she took up a demand of the European Trade Union Federation.

The political agenda of the EU had focused intensively on economic and financial issues for years—from the start of the global financial crisis of 2008, or at least since the Eurozone crisis that followed. Europe did a lot to help save banking institutions and tighten up and control state spending policies, but it did little to protect citizens against unemployment and poverty. What's more, in the course of crisis management, the EU austerity policy significantly fuelled the social crisis. With the pro-cyclic management of this crisis, the unemployment rate in the EMU climbed to a new high of 12% of the active population in 2013. In addition to growing concern about social decline and unease about globalisation and migration in many member states, the fact that the EU mainly focused on market policies can be seen as *one* reason for the increase in populist nationalism and welfare chauvinism.

In light of the neglect and deterioration of the social dimensions of the EU, this played a key role in parties' campaigns during the elections to the European Parliament in 2014. Juncker, who had just been appointed head of the Commission, announced greater ambitions in the area of social policy. At the time, Juncker spoke about creating a "social Triple A", which should be accorded the same importance as the economic and financial "Triple A". After a year-long consultation phase, the EPSR that came out of these reflections was proclaimed at a social summit on the 17th of November 2017 in Gothenburg with the European Commission, the European Parliament, and the European Council. The preamble refers to a range of current challenges to be countered by the EPSR. These include globalisation, digitisation, changing working models, and demographic trends. It is clear that the pillar was "notably conceived for the euro area", from the particular emphasis on crisis-induced problems like youth and long-term unemployment, poverty, subdued growth, and untapped potential for employment and productivity. In the Eurozone

in particular, there was to be a "stronger focus on employment and social performance" in the course of the deepening of the EMU, because although the economic and financial crisis had been overcome, there "remains an urgent priority" to address its social consequences. It can be taken as an indirect criticism of the austerity approach adopted during the Eurozone crisis if the EPSR is to ensure that "people's essential needs" are considered and social rights are "better" applied.

In three chapters, the EPSR lists a total of 20 principles—mostly named as "rights"—structured around the categories "Equal opportunities and access to the labour market" (Chapter I), "Fair working conditions" (Chapter II), and "Social protection and inclusion" (Chapter III). Depending on the subject area, the principles are geared to all citizens of the Union, young people, the unemployed, employees, social partners, parents and people with caring responsibilities, children, financially poor and socially vulnerable people, people with disabilities, and the homeless. The content of Chapter I of the EPSR emphasises education and training, gender equality and anti-discrimination, and an active labour market policy. Chapter II focuses on the rights of employees, particularly with regard to the type and duration of employment, wages, protection in case of dismissals, collective representation, and work-life balance. Chapter III of the EPSR lists different aspects of social protection for individual groups, including childcare, social benefits for employees and the unemployed, minimum incomes, pensions, healthcare, inclusion policy, long-term care, and access to essential services.

Although the emphasis is on the EMU, the EPSR is also directed at all EU member states. The 20 principles and rights that it lists derive partly from the EU's acquis (the accumulated legislation, legal acts, and court decisions which constitute the body of European Union law), and in some cases it was necessary "to first introduce corresponding measures or legislation at the appropriate level". The question of which level is appropriate for implementation of the aims cannot be fully answered in the preamble: The pillar is not intended to

create new competences for the EU, and it is stressed to the member states that these competences should be covered independently by the basic principles of their social security systems. The inter-institutional proclamation does not have a legally binding effect unless it is part of treaties. One way it can be used is as a justification for secondary laws. The Commission has made explicit reference to the EPSR in a range of legislative projects on social issues. It did so, for example, when the European Labour Authority was set up in 2019 with its headquarter in Bratislava, and in the directive on improved information rights for employees in new forms of employment, and the directive on work-life balance for parents and carers. The EPSR has also been used most extensively in the area of policy coordination in the framework of the established European Semester. This can also be seen in the Social Scoreboard of 14 indicators, which was passed with the EPSR. In addition to the 14 headline indicators, there are 21 secondary indicators that go into more detail, assigned to twelve subject areas, which in turn are sorted according to the three chapters of the EPSR. Deviations of member states from the European average are regularly measured and published in the European Employment Report of the European Semester. Shortly after the EPSR was proclaimed, it was used by the Commission in the 2017/18 European Semester, and in the next two subsequent cycles.

The lack of a comprehensive EU social policy

The EPSR is clearly a useful tool, and a bridge for political coordination in the social domain. Nevertheless it has little legal relevance as an explanation outside European treaties, and the EU depends on the will of the member states for collaboration on social issues. But why have attempts to build a comprehensive social dimension of the EU through regulations failed thus far? A look at the history of the EU integration process

shows that it has placed more emphasis on economic policy right from the start. Alongside the peace-building aims, there were mainly economic reasons for founding the European Coal and Steel Community (ECSC), the European Economic Community (EEC), and later the single market and the EMU. For the governments of member states it was always simpler and more easily justifiable in the national political arena to remove borders, customs, grants, and price differences for the purposes of creating a market. However, joint policies for market correction and market design were always more contentious among the partners. The Commission and the European Court of Justice extended a market-focused Europe on the basis of treaties. As a result, a “constitutional asymmetry” (Fritz W. Scharpf) can be observed between advanced economic integration that creates a market, and a relatively low level of market-correcting social integration.

However, despite the dominance of a market-focused integration, over the decades an *acquis* has built up across the Community in the area of social policy. Initial regulations on employment and social policy—on social protection of migrant workers, equal pay for men and women, and setting up the European Social Fund—can be viewed as necessary accompaniments to the desired economic integration in the 1950s and 1960s. After the first social policy action programme, from 1974 there was a comprehensive wave of regulation, bringing progress in the area of occupational safety and working conditions. The most significant step in establishing European social policy was the Maastricht Treaty, in which the principle of unanimity in Council decisions was given up in some areas of social policy. Furthermore, social partners were enabled to prepare directives independently. Subsequently, European Works Councils were set up, directives were brought in on organising working time and posting of workers, and equal opportunities and anti-discrimination later became independent European policy areas. In the Treaty of Amsterdam, the further development of a social Europe was still only gradual and initially voluntary, through the European

Employment Strategy; it relied on coordination between states rather than supranational regulation. In the Nice and Lisbon treaty reforms, Community progress in the area of employment and social policy finally became normative through the Charter of Fundamental Rights and the horizontal social clause.

Although the member states recognised the need for European solutions, they increasingly refused to allow social competences to be formally transferred to the supranational level. This was also partly due to the differences that had grown historically in the forms of welfare capitalism across Europe. The different organisation and scope of economic, employment, social, and education policies were seen as constituent elements of the societies in question, and as a public good that was worth protecting. This made it more complicated to design the elements of a social dimension of the EU. And that's not all. It seems that the extensive economic interrelation of the states in the single market and monetary union has made member states less willing to give up national sovereignty in the areas of social, employment, and fiscal policy, while the EMU has gained more rights for budgetary and macroeconomic monitoring and intervention.

To resolve the tension between the need for integration due to extensive economic integration on one hand, and the insistence of member states on preserving national sovereignty on the other, new processes for co-ordinating policy design were introduced progressively, to avoid the danger of a logjam in decision-making and integration. No regulatory framework for market integration was introduced, and from the mid-1990s there was more change in attitudes than in the law itself. The European Employment Strategy (EES) approved in 1994 and the 1996 Stability and Growth Pact (SGP) followed the premises of mutual learning, exchanging reform experiences, and open—i.e. voluntary—policy coordination. Both processes were accepted into European primary law in 1997 through the Treaty of Amsterdam. They were the starting signal for further coordination mechanisms in the area of economic, employment, and

social issues, such as the macro-economic dialogue in 1999, and the Open Method of Coordination (OMC), introduced in 2000 as part of the Lisbon strategy, to deal with social inclusion and social protection.

The primary goal of these mechanisms was to achieve a balance between social policy objectives and previously established economic and employment policy coordination at EU level. However, this attempt was beset by a range of problems from the start:

- Firstly, “soft” policy coordination could not match “hard” contractual regulation of economic integration, such as competition law or rules for securing the single market freedoms. As primary and secondary law in the current legislative machine of the Union will always carry more practical weight than national policy options, the only role remaining for open policy coordination is to adapt social systems as well as possible to the market framework.
- Secondly, the effectiveness of the coordination process differs greatly, and the primary legal structure itself differs between subject areas. Where the underlying competence of the Union is low and co-ordination is optional, the processes remain weak. Coordination procedures could be placed on a scale of influence: budgetary coordination has most influence, economic and employment policies have less influence, and social policy coordination mechanisms have little effect.
- Thirdly, the content of attempts to coordinate social policy has placed more emphasis on competitiveness and financial sustainability right from the start. This can be explained on one hand by the paradigmatic decisions on the economic policy architecture of the EMU, and on the other hand by the predominance of economic and financial policy actors in the Commission and the Council in comparison to their social policy-focused counterparts.

The original idea of the Lisbon Strategy was to promote economic prosperity and social security in equal measure, but this changed, giving greater priority to one. This meant that less priority was afforded to issues

regarding the extent of and access to social benefits, the quality of working conditions, and the design of intensive and anti-cyclic economic policies. After a poor mid-term review of the Lisbon strategy, since 2005 there has been an increasing shift in focus from social protection and inclusion to competitiveness, growth, and employability—following the prevailing zeitgeist of reducing political activity in favour of flexible market development. This approach was continued in the Europe 2020 strategy, and it was heightened by the Eurozone crisis. The second EU ten-year strategy claimed to further integrate the areas of policy coordination, however in the end, the few remaining social and employment goals now came fully under the guardianship of budget and competitiveness regulations. This was decisively confirmed by the European Semester, which brings together all coordination cycles; in the Europe 2020 strategy it only grants little influence to social policy-focused actors such as the Directorate General for Employment, Social Affairs and Integration (DG EMPL), the Employment and Social Affairs Committee of the European Parliament, trade unions and charities, and the Council meeting of Employment and Social Affairs Ministers (EPSCO).

Social division since the eurozone crisis

In the Eurozone crisis, it was clear how little weight was attached to coordination apart from that relating to budget and competitiveness issues. The recently introduced contractual and non-contractual governance processes—the Fiscal Pact, Euro-Plus Pact, Macroeconomic Imbalance Procedure, and the newly reformed SGP—relate primarily to economic and budgetary policy, and hardly to employment or social policy considerations. This added a new dimension to the pressure to consolidate state budgets, increase flexibility of labour markets, and impose a sustainable financial orientation on social systems. This particularly applied to the countries most affected by the crisis, who received refinancing loans under the aegis of the troika of the European Central

Bank (ECB), the IMF, and the European Commission, from the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM) under condition of meeting reform obligations. Economically, this approach was justified as an unavoidable need for internal devaluation, so that the states hit by the crisis within the EMU could become competitive again. This crisis management path, which was backed by the German government, centred on a policy of dismantling social benefits, broad privatisation programmes, and undermining regional wage formation systems and collective agreements.

However, in the redesigned system for economic governance it was not just the states affected by the crisis, but essentially all Eurozone member states that were subject to this approach, as the Directorate-General for Economic and Financial Affairs (DG ECFIN) and the Council of Economics and Finance Ministers (ECOFIN) made recommendations for them to implement reform of state finances and structural reform to promote competitiveness, barely considering the social consequences that these measures would have. All attempts to counter this trend and to strengthen the social dimension during the Eurozone crisis ultimately failed. Although François Hollande, President of France at the time, called for social initiatives in 2012, hardly anything was implemented apart from the youth guarantee as a supply-side response to the high levels of youth unemployment in some countries. It was hoped that the EPSR would approach the problems of the Eurozone crisis with an eye to renewal of social cohesion.

However, the Eurozone crisis cast a long shadow, which can still be seen in 2020. There was positive growth across the Eurozone and the EU as a whole from 2014. However, the economic recovery was unstable and it did not last. This was due to specific national reasons, as well as external economic factors such as the protectionist US policy and uncertainties relating to Brexit. From 2018, the GDP growth rate declined; in 2019, the growth rate in the EU was just 1.5 percent (Eurostat). At the start of this year, the COVID-19 crisis ended any

hope of a quick recovery. Once more, the union of states has to deal with a serious economic setback. This time it must not take the path of conditional solidarity described above, which artificially extended the Eurozone crisis and has been responsible for unprecedented social division.

The asymmetric effects of the crisis on different countries is also determining the social consequences of the pandemic. A range of factors are decisive:

- First, the virus spread with a different intensity across member states.
- Second, countries imposed different levels of shut-down.
- Third, individual economies that are less diversified (such as those focused on the tourism sector) have been affected worse than others.
- Fourth, states' capacities to use national resources to support their own economies vary greatly.
- This point is also related to a fifth point: unequal socioeconomic effects and recovery from the last economic crisis.

When employment growth suddenly stopped or was reversed due to COVID-19, the community of states was in a good position overall, with a total of 240 million people in employment, although there were great disparities between its members even before the pandemic. Italy, Spain, Portugal, and France are some of the countries that seem likely to have the most marked economic collapse until 2021. Italy and Spain are particularly severely affected because the unemployment from the Eurozone crisis had still not been completely resolved. Even before the pandemic, the unemployment rates in those two countries in 2019—14.1% in Spain and 10% in Italy—were far higher than the EU average of 6.7% (Eurostat). The differences between developments in different countries is striking. In 2019, unemployment in the Netherlands was 3.4%, in Germany it was 3.2%, and in the Czech Republic it was 2%—well below the EU average. Of course, when the states that

had been hit by the Eurozone crisis grew out of it, it was possible to greatly reduce unemployment. At the peak of the crisis, this figure reached 26.1% in Spain in 2013, 12.7% in Italy in 2014, and even 27.5% of the active population in Greece in 2013 (where it is still 17.3%). However, so far it has not been possible to return to the pre-crisis level of 2008, nor has the gap between the labour market situations in the different states yet closed sufficiently to talk of social cohesion. The same applies to the threat of poverty and social exclusion: In Spain, Italy, and Greece this threat level rose to new heights during the Eurozone crisis, and despite a reduction in the threat of poverty, these three countries have not been able to return to the pre-crisis level of 2008. With values between 26 and 30% (Eurostat, 2018/19) they are still well above the EU average of 21.8% in 2018. They are at about the same level as Central and Eastern Europe states like Latvia, Lithuania, Bulgaria and Romania, which have had very high poverty rates for years. There is also a clear discrepancy here with countries like Austria, the Netherlands, the Czech Republic, Slovenia, Slovakia, Finland, and Denmark, which are well below the EU average, with values between 12 and 17%.

As shown here for unemployment and poverty risk, for many social indicators at least two groups of countries have formed, indicating a split in the EU between socially successful and socially precarious states. Of course, ranking positions have a lot to do with national policy priorities and circumstances. However, the data also shows the extent to which economic crises and the way that they are handled determine the scale of social crises. It also becomes clear how quickly the community of states can become socioeconomically divided, and how slow and laborious it is to close the development gap. It is likely that states which had not managed to reach average values for EU social indicators by the outbreak of the pandemic will find it particularly difficult to deal with the social consequences of the crisis.

Activating the EPSR as an addition to crisis management

There were some initial difficulties with crisis management in the EU. Initially all states panicked and failed to react in a coordinated way. They closed borders within the single market, they seized medical equipment, provided support for national companies, and showed little solidarity with the regions of Italy and Spain that were already severely affected in March 2020. The EU started to provide 37 billion euros of cohesion funding for a new investment campaign. Employees were supported through the European Social Fund and the Globalisation Adjustment Fund, among other mechanisms. The fiscal rules of the Stability and Growth Pact were also suspended, to enable member states to spend more to support business. April 2020 saw the start of Support to mitigate Unemployment Risks in an Emergency (SURE), an instrument financed with 25 billion euros from the EU budget to issue loans up to a total of 100 billion euros to member states to help them introduce or strengthen short-time work rules during the crisis. Since mid-May, EMU member states have had access to 240 billion euros of loans (up to 2% of GDP for each state) with favourable conditions and without the economic requirements of the ESM for direct and indirect health costs.

At the end of May, the Commission finally put together its stimulus package “Next Generation EU”, including a reworked proposal for the next Multi-Annual Financial Framework. This proposal is revolutionary as for the first time, in a 750 billion euro fixed-term subsidiary budget, 500 billion euros are included as non-repayable grants for the states most affected by the crisis. The Commission intends to do this by taking on one-off debts, and through an increase in the own resources ceiling of the EU budget to 2% of gross national income. It intends to pay off these loans over an extended period of 30 to 40 years—possibly by introducing an EU tax. The grants plus 250 billion euros of loans should start and boost investments and reforms

through various European programmes. The July summit of the heads of state and government stripped the original idea down to a sum of only 390 billion euros of grants and a higher share of loans (360 billion euros), but confirmed the joint debt management. While France, Spain and Italy succeeded in convincing the German government for an unprecedented fiscal reaction to the crisis on a European scale, the Netherlands, Austria and the three Scandinavian member states (“the frugal five”) defended the austerity principles applied in the Eurozone crisis management. A complex system of approval and control when using the financial means to boost member state’s economies and cuts in the multi-annual financial framework of the EU are the consequence of a compromise found at the European Council. The European Parliament is trying to readjust the conclusions towards the Commission’s original plan.

How could the EPSR help to strengthen the coordinated EU response to support the economy and provide temporary job protection? As discussed above, despite the measures that have already been introduced and those that are planned, we face the start of a severe social crisis in the EU. This is not as unexpected as the virus was: even before the start of the pandemic, there was an obvious social divide within the community of states. It had long been clear that the Eastern and Central European states that joined the EU in 2004 would take a long time to catch up with the western EU states economically and socially. Then came the Eurozone crisis, which was managed in a way that focused on budgetary concerns, while neglecting and exacerbating the social dimension. This meant that promises of social convergence and progress did not materialise for Italy, Greece, Spain, Portugal, and Cyprus.

The EPSR has been used in the coordination of the European Semester since 2018, leading to a greater emphasis on social objectives. However, merely pledging commitment to social principles does not lead to a social policy action programme, and intentions expressed in rhetoric are unlikely to create a social dimension. All the intensive efforts by the Commission cannot belie the

fact that the EPSR, in its current form and as it is currently applied, cannot resolve the structural disadvantage of social issues in relation to economic issues. The dominance of budgetary and competition policy-based governance is embedded in the law, in content, and in terms of the actors involved, to such an extent that when there is a conflict with social goals, economic requirements win out.

This could be changed if the EPSR was provided with minimum standards, that would have to be implemented and achieved by the member states. Specifically, a European standard for minimum wages could be set at 60% of the national median wage, and there could be a European framework of common standards for basic income provision, as well as there could be targets for social spending ratios as a function of member states' economic performance. These and other targets would have to be binding and carry the same weight that SGP budgetary criteria have previously enjoyed. When these are reworked for the period after the pandemic, this opportunity should be used to establish an economic and social stability pact putting the two considerations on an equal footing. If there was a focus on clearly defined goals that had to be achieved within a specific period, social and employment policy coordination would no longer take a back seat, but rather it would play a more active role in shaping decisions. Social policy actors would then work *together* with economic policy actors to weigh up the optimum macroeconomic and macrosocial policy mix for the recommendations to member states in the framework of the European Semester. In good economic times, this orientation would help to reduce the social divide; during the social crisis, provisions would be made to avoid cannibalisation due to budget rules and it would be possible to have additional income stabilisation to support demand.

The Commission has announced an action plan for implementation of the EPSR for January 2021. It is intended to subsume existing and planned initiatives in the social sector, such as an expansion of the youth guarantee to 26 to 29-year-old unemployed people

(Chapter I of the EPSR), a framework for European minimum wages (Chapter II of the EPSR), and a European unemployment insurance system (Chapter III of the EPSR). The Commission expressed a view on a social Europe in January 2020—"Social justice is the foundation of the European social market economy and the vital concern of our Union". If it wants to implement this understanding, it must necessarily use the pandemic to ensure that the social agenda has teeth.

Conclusion

After initial difficulties, the reaction to the coronavirus crisis has been largely correct so far—unlike the management of the Eurozone crisis, with its focus on austerity and supply-side structural reform. The policy of member states, like that of the EU, is focusing on fiscal support for demand instead of spending cuts. Furthermore, the community is now taking a great step to react to the crisis together. This had been lacking since the global financial crisis—except in the monetary policy responses of the ECB. Although "the frugal five" reminded us that old economic thinking of praising austerity has not disappeared, the action now being taken does not centre on fulfilling fiscal regulations, but rather on people in need in the member states. The extent of the current crisis has meant that budgetary objectives are no longer afforded quite such a high priority, and states are no longer expected to take full responsibility for external or systemic shocks without any prospect of assistance and solidarity. This could create an opportunity to activate the EPSR, and to use it to limit the impending social crisis and reduce the established social divide in the EU, by strengthening the social cohesion of the EU through binding targets and benchmarks.

Recommendations on the social pillar:

- The European Pillar of Social Rights will not be fully effective until its rights become actionable for EU citizens. They should therefore be incorporated in the Treaties as soon as possible. Incorporation into

EU primary law would a) support secondary law initiatives in the social field; and b) would put economic and social policy goals on the same footing. In addition, this would give a boost to democratization, as the European Parliament would be able to become more involved in developing the social dimension. The planned reform of the Stability and Growth Pact should be used to incorporate a Social Stability Pact with equivalent deficit procedures.

- The European Pillar of Social Rights needs clearly-defined objectives in its Social Scoreboard. The Member States should reach agreement on the step-by-step replacement of the EU average as a benchmark by quantifiable targets and minimum standards. These should not involve a “one-size-fits-all” solution as used in the past; instead they should take account of institutional and socio-economic differences among Member States, providing for fulfilment percentages reflecting national circumstances.
- For activating the European Pillar of Social Rights, the planned initiatives of the European Commission and the German Presidency of the Council for a European minimum wage and a minimum income framework are of utter importance. They should be complemented by clear-cut social expenditure ratio and poverty rate benchmarks. Such a grid of social targets and minimum standards could be introduced as the successor to the Europe 2020 strategy. Funding should be earmarked for objectives with transnational importance within the EU’s Multiannual Financial Framework.
- Since its implementation the European Pillar of Social Rights and its Social Scoreboard are rarely used by national policy makers and interest groups. A more intensive use of the Social Scoreboard rankings is necessary to call attention on the persisting social division running through the middle of Europe, which will be deepened by the pandemic.

A “Hamilton’ moment”. Towards financial, fiscal and political union

Domenec Miquel Ruiz Devesa and Rosa Pérez Monclús

Introduction

The year 2020 will be remembered in the history of European economic integration for the agreement reached by the European Council on 21 July to establish a Recovery Plan for Europe to deal with the devastating economic consequences of the COVID-19 pandemic, unparalleled since the Second World War. According to the projections of the European Statistics Agency, Eurostat,¹ the continent faces a fall in GDP of 12.1 per cent across the eurozone, and 11.7 per cent for the EU as a whole, during the second quarter of 2020, compared to the preceding quarter (see **Chart 1**). The economic impact in Spain is expected to be even greater as a result of the economic slowdown caused by the country’s extended lockdown and other containment measures, with Eurostat forecasting an 18.5 per cent fall in Spain’s GDP.

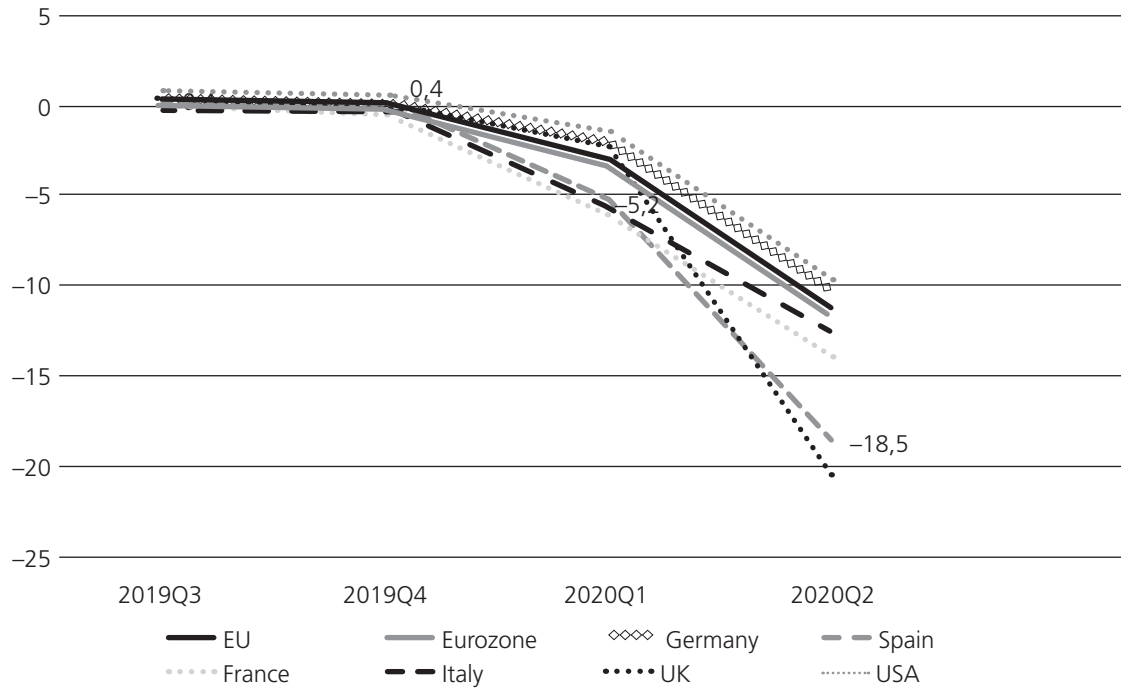
The number of people in work fell by 2.8 per cent in the eurozone and by 2.6 per cent in the EU in the second

quarter of 2020, compared to the preceding quarter, figures that would undoubtedly have been far higher had it not been for government furlough schemes (see **Chart 2**). However, in Spain the impact was greater, with a fall of 7.5 per cent, leaving no doubt as to the seriousness of the current crisis.

Inflation has fallen well short of the European Central Bank (ECB) target of below, but close to, 2 per cent. The rate for the eurozone is expected to be 0.2 per cent for August 2020, falling from 0.4 per cent in July (see **Chart 3**). Spain has been harder hit, with prices falling by 0.6 per cent in August (compared to 0.7 per cent in July).

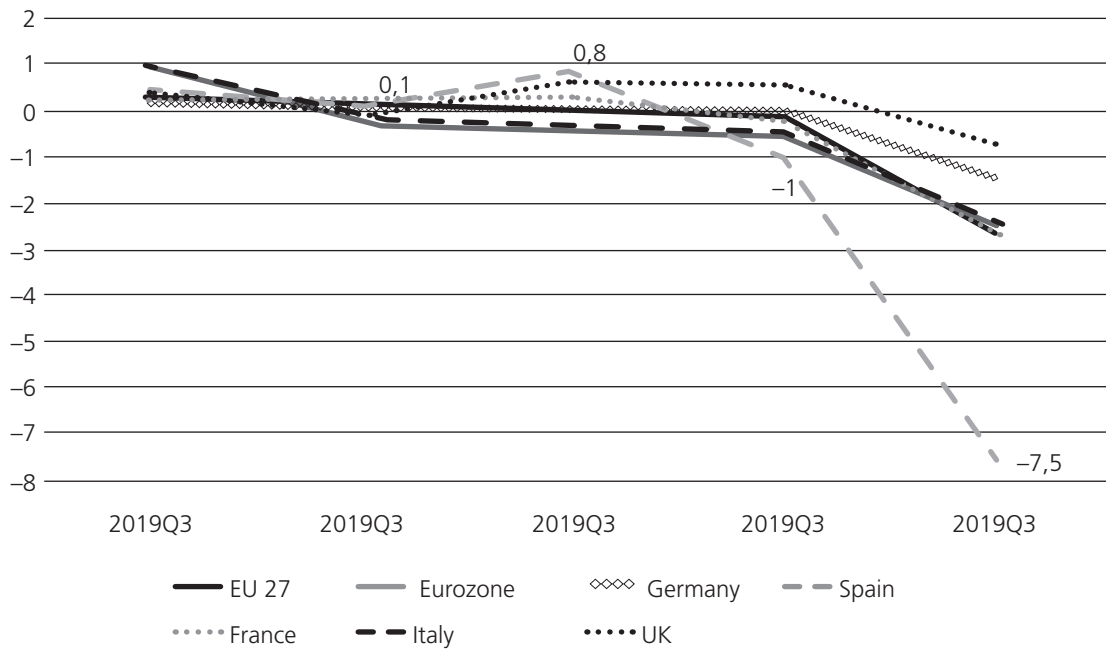
In the light of these figures, it is impossible to overestimate the serious impact the crisis will have on our societies, or the need to develop a massive Europe-wide fiscal and monetary stimulus package. European institutions have recognized the need for a robust reaction to minimize the damage to its citizens, who were still recovering from the twin blows of the 2008 financial crisis and the 2010 debt crisis. The European response has been informed by this experience and differs from the handling of the previous crisis in terms of the speed of response, the mechanisms used and, above all, a phi-

¹ Eurostat: *Euro-indicators. Preliminary flash estimate for the second quarter of 2020, 12/1/2020*, 31 July 2020.



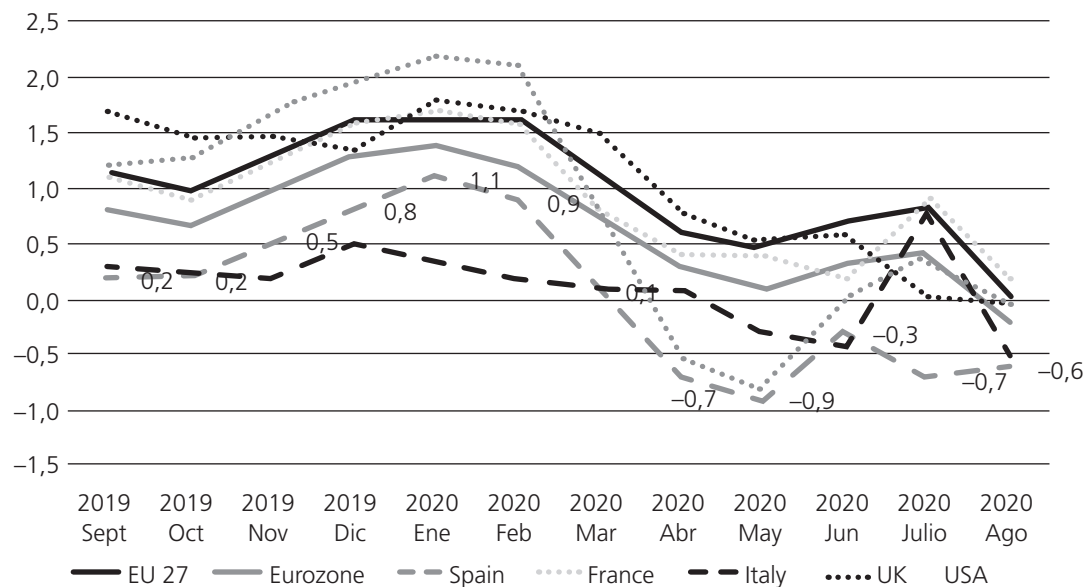
Source: Eurostat, August 2020.

Chart 1. Gross Domestic Product. Percentage change with respect to previous quarter



Source: Eurostat, August 2020.

Chart 2. Inflation (HICP). Percentage variation compared to previous year



Source: Eurostat, September 2020.

Chart 3. Inflation (HICP). Percentage variation compared to previous year

losophy of solidarity in the face of the austerity (hardline fiscal and labour market adjustments) that characterized the first half of the second decade of the 21st century, an approach that softened following the Commission's greater emphasis on social issues under Juncker from 2014 to 2019.

Genesis of an economic relaunch

Initial measures: timely but timid

European institutions have often been criticized for being slow to react, but that has not been the case during the 2020 crisis, despite early uncoordinated national measures, in particular unilateral border closures and restrictions on the export of health supplies initially adopted by some Member States.

The European Council met on 10 March 2020 and agreed to relax the Stability and Growth Pact to allow larger national deficits to accommodate increased public spending to deal with the crisis. The Council also

agreed that companies and sectors in difficulty could benefit from state support, raising fears that differences in the scale of such support would dramatically destabilize the single market, given the varying capacity of states to support their national economies. Finally, 25 billion euros were allocated from the EU budget to support health systems, facilitate the liquidity of small and medium-sized enterprises, and to combat the possible impact of the pandemic on the labour market.

It is also important to note the rapid response of the ECB, despite its initial hesitancy, when it announced its first package of measures on 12 March in response to the almost total shutdown of the economy as a result of widespread lockdowns. Firstly, the ECB prioritized additional liquidity injections with a new unlimited credit line for companies and the financial sector, along with relaxing the capital requirements for the banking sector. The ECB was keen to relieve possible problems arising from a lack of liquidity through long-term refinancing operations, without limits on the amount borrowed, with fixed rates of interest similar to deposit rates (-0.5 per cent), with the result that (in practice) financial in-

stitutions were being paid to borrow money. In addition, the ECB improved the conditions of the long-term liquidity injections already planned, reducing the ECB deposit rate from -0.5 to -0.75 per cent (increasing the penalty for financial institutions for parking resources in ECB accounts).

Secondly, the ECB increased its purchase of public and private bonds by 120 billion euros until the end of 2020, and relaxed the purchase conditions. While this package of measures included the purchase of state bonds, it focused primarily on the real economy and the financial sector. However, not all members of the eurozone are equally able to assume the significant public debt deriving from their responses to the crisis, a problem that is particularly acute among those hardest hit by the pandemic, such as Spain and Italy, given their high pre-existing debt. These limitations and the negative response of the markets to this first package of measures revealed the limits of ECB action, with reduced room for manoeuvre after years of ultra-low interest rates and massive liquidity injections.

As a result, the ECB had to redouble its efforts with a new stimulus package only six days later (18 March) including a new Pandemic Emergency Purchase Programme (PEPP), worth 750 billion euros, allocated to the additional purchase of public and private assets until the end of 2020, including the option to extend this time limit until the ECB considers the economic crisis to be over. It also eliminated the issuer limitation and issue limitation ceilings (previously a maximum of 33 per cent). Although purchases of public sector securities will continue to be allocated based on the capital key of the national central banks, this has been relaxed to enable investment to be directed towards the most affected Member States.

The continuing deterioration of the economic situation during the first quarter of 2020 led the ECB to further intensify its asset purchase programme. On 4 June, the PEPP was increased by 600 billion euros to 1.35 trillion euros and was extended until at least 2021, with expired debt to be reinvested under the PEPP until the

end of 2022, and leaving the door open to extension of the programme if necessary.

At the beginning, the European Commission also worked hard to mobilize any unspent funds available at the end of the 2017–2020 financial period. On 13 March it proposed that 37 billion euros from unused Cohesion Funds be used to strengthen health systems and to support SMEs and workers.

At the same time, the Eurogroup discussed new extraordinary fiscal measures at successive meetings on 16 March and 9 April 2020. The Eurogroup agreed to mobilize up to 540 billion euros. Firstly, the European Stability Mechanism (ESM) was activated, with the possibility of channelling up to 240 billion euros in loans, without macroeconomic restrictions and with loans being allowed to fund direct and indirect health costs, opening the door to non-health expenditure, as requested by Italy and Spain. The activity of the European Investment Bank (EIB) was also strengthened with the creation of a pan-European guarantee fund designed to generate 200 billion euros of loans.

But the Finance Ministers of the European Union refrained from reaching a decision about the fundamental issue that shaped the debate about recovery—the mutualization of anti-crisis spending—with clear resistance from northern countries, which were less hard hit by the virus, thus reproducing the north–south divide that had arisen during the 2010–2012 eurozone crisis. There was also reluctance to expand the European budget, an unfortunate self-limitation given the implausibility of maintaining the Multiannual Financial Framework (MFF) at 1 per cent of EU GDP as proposed by the governments of Austria, Denmark, the Netherlands and Sweden, if the Commission is to fulfil the six priorities of the Von der Leyen Commission, and in particular the Green Deal, which requires an annual investment of between 300 billion and 1 trillion euros according to the European Court of Auditors, and is even less realistic in the context of the pandemic.

Following the demands of Spain and Italy, on 2 April 2020 the European Commission proposed the SURE

programme (instrument for temporary Support to mitigate Unemployment Risks in an Emergency) worth up to 100 billion euros, to be funded via the markets, and to be channelled through loans for applicant countries with the aim of supporting furlough schemes and other measures to reduce redundancies. The Eurogroup of 9 April agreed to establish this programme, limited to the duration of the health emergency, without prejudging future proposals, which it is hoped may become permanent, as requested in European Parliament Resolution of 17 April.²

Second round: federal debt and fiscal union

The European Parliament, in its Resolution of 17 April 2020, was the first European institution to call for a package of measures to including the issue of recovery bonds backed by the EU budget. The ECB, aware of the need for a coordinated fiscal stimulus by member States, has also backed this approach, making repeated calls for such action since the start of the pandemic.

The European fiscal response to the pandemic developed well before a health emergency was declared. Its underlying architecture is based on premises that the European left had been proposing since the preceding crisis, in particular the need for new resources and for the EU to issue European debt on a counter-cyclical basis, two proposals that were included in the manifesto of the Spanish socialists, the PSOE, for the European elections of 2019.³ In a similar vein, the Spanish Government proposal of 19 April⁴ was crucial to change the terms of the debate (until that point mired in opposition to the mutualization of debt issued by Member States) by proposing eurobonds issued by the EU and funded via a combination of loans and transfers, a pos-

sibility already identified by the European Parliament in its resolution of 17 April and approved on 15 May in a second resolution,⁵ decisions that were instrumental in ensuring that the approach to management of the previous crisis was not replicated.

The second resolution was key to preventing the Commission from proposing a system based on financial leveraging, as had been the case with the Juncker Plan. France and Germany backed this approach on 18 May 2020 with a joint proposal:⁶ their support would be vital and would demonstrate that the so-called Franco-German engine is a necessary but not a sufficient condition of progress towards European integration.

With the political support of the European Parliament, the ECB and the main European capitals, on 27 May 2020 the Commission was able to present a proposal for a Recovery Plan for Europe with "Next Generation EU" as its keystone.⁷ The Plan incorporates long-term eurobonds (up to 30 years) issued by the Union to fund transfers and loans to be repaid from the budget, with the income ceiling raised to 2 per cent of gross EU income, from the current level of 1.4 per cent, and with repayment to be funded from future European taxes. The plan links provision of support to EU priorities, in particular climate transition, digital transformation and economic recovery, and complements the MFF 2021–2027, concentrated in the first three years. This will make it possible to address the urgent needs arising from the pandemic although it may leave the European budget with fewer resources in the final years of the period.

Given the scale of the financial and budgetary innovation, the difficult negotiations of the European Council of 21 July 2020 to approve the plan presented

² European Parliament: *EU coordinated action to combat the COVID-19 pandemic and its consequences*, Brussels, 17 April 2020

³ Partido Socialista Obrero Español: *Programa para las elecciones al Parlamento Europeo*, 30 April 2019.

⁴ Government of Spain: *Documento de trabajo no oficial de España sobre una estrategia de recuperación europea*, 19 April 2020.

⁵ European Parliament: *New multiannual financial framework, own resources and recovery plan*, Brussels, 15 May 2020.

⁶ Government of France and Government of Germany: *Franco-German initiative for European recovery from the coronavirus crisis*, Paris, 18 May 2020.

⁷ European Commission: *Europe's moment: repair and prepare for the next generation COM(2020) 456 final*, Brussels, 27 May 2020.

by the Commission should come as no surprise.⁸ The Recovery Plan for Europe, worth 750 billion euros, was finally agreed: it was nothing more nor less than a modern “Marshall Plan”, representing 5.4 per cent of European GDP in 2019 (but to be spent over the course of three years), as advocated by Spanish Prime Minister, Pedro Sánchez. This recovery fund will enable the EU executive to fund itself on the markets through debt to fund loans (360 billion) and transfers (390 billion) to Member States between 2021 and 2023.

The central instrument for channelling support is the EU Recovery and Resilience Facility, which will distribute up to 672.5 billion euros: 312.5 billion as direct transfers, and 360 billion as loans. The Member States must prepare national recovery plans, identifying the economic reforms and projects they will promote, in line with the European priorities set out in the plan. This is perhaps one of the questionable aspects of the proposed architecture of the Recovery Plan for Europe, given the excessive repatriation of spending, as a greater share of the debt issued could have been used to strengthen the key investment programmes of the normal EU budget.

It is hoped that Spain could receive up to 72 billion euros in grants, and a similar amount in soft loans, which would be ten times the amount Spain received in structural and cohesion funds between 2014 and 2020. The mechanisms to enable debt repayment via the European budget still have to be defined and approved. The European tax on unrecycled plastic will help in this regard, but is only expected to raise between 6 and 8 billion euros per year. The commission still needs to finalize a proposal for new taxes, with possible candidates including a pan-European digital tax and a Carbon Border Adjustment Mechanism 2. Approval of these new taxes will require unanimous support in the Council of Ministers of the European Union, and approval by all twenty-seven national parliaments, which promises to be difficult.

Every negotiation requires concessions, and the final agreement embodies certain weaknesses as a result. Firstly, the Commission proposal of 250 billion in loans and 450 billion in transfers gave way to an agreement of 360 billion in loans and 390 billion in transfers.

Secondly, the so-called “frugal four” obtained a significant rebate, an instrument that should have disappeared following the United Kingdom’s departure from the EU.

Thirdly, although the critics of eurobonds have not achieved their goal of a direct veto over any decision to activate support, they have succeeded in introducing a complex inter-governmental safeguard by enabling any Member State to question the recovery plans presented to the European Council by another Member State, and this could paralyse payment of support for three months while the plans are discussed by the Council. Although the Commission will have the last word on payments, it is not possible to anticipate what effect this pressure might exercise on its decisions. Still more worrying is the fact that the Parliament does not have a voice in the process proposed by the European Council, a situation that, in combination with the inevitable legal uncertainty and possible political manipulation generated by this mechanism of inter-governmental interference, once again makes clear the need for a thoroughgoing review of the institutional architecture of the EU to ensure that the threat of a veto in the European Council does not lead to bizarre arrangements that undermine EU governance. By the same token, the European Council does not provide for the participation of the European Parliament in the approval of national recovery plans.

Fourthly, the direct income of the EU is reduced as a result of increasing the portion of the costs of collecting EU revenues retained by Member States from 20 to 25 per cent, compared with an estimated real cost of 10 per cent.

Finally, the leaders set the MFF at 1.07 trillion euros for the period 2021 to 2027. Although this is lower than the amount proposed by the Parliament (1.3 trillion) and by the Commission (1.11 trillion), and is also less than

⁸ European Council: *Conclusions of the extraordinary European Council meeting of 17-21 July 2020*, Brussels, 21 July 2020.

the previous MFF (2014–2020), which was worth 1.13 trillion, it is not far short of the figure of 1.08 trillion that would arise from adjusting the figures to take account of the UK's departure from the EU. Moreover, 77.5 billion euros of the Recovery Plan for Europe will complement EU programmes. This means that the long-term EU budget and direct support provided in the plan amount to almost 1.5 trillion euros, giving the EU a spending capacity well in excess of the most optimistic scenarios for the ordinary negotiations for the MFF 2021–2027. However, the European Parliament has called for the budget of the MFF to be increased to 1.3 trillion, strengthening strategic programmes such as Horizon Europe, the InvestEU Programme, the Humanitarian Aid and Development programme, Erasmus+, EU4Health, Digital Europe, the solidarity programme, and React-EU, a complement to the cohesion policy, which the European Parliament wants to increase and extend until at least 2024. There are also calls for a new governance system for the European Recovery Plan, taking into account the European Parliament, respect for the Rule of Law with budgetary implications, and a legally binding calendar for the creation of new resources, reflected in an inter-institutional agreement, in addition to proposing the introduction of a Corporate Income Tax revenue based on a Common Consolidated Corporate Tax Base (CCCTB)..

Economic impact of the Recovery Plan

In approving the Recovery Plan, Europe also confirmed to investors its willingness to support expansive economic policies, and that the austerity policies that caused the unnecessary contraction of those European economies hardest hit by the debt crisis would be set aside, at least for the time being, a move that should strengthen confidence in the Union's commitment to guaranteeing the stability of the euro and preserving the single market.

The volume of debt that the Union hopes to release onto the market, combined with the ECB's action, could

make Europe a significant player on the financial markets. It is estimated that the European Union will borrow at least 980 billion euros, including the 750 billion euros of the Recovery Fund, the 100 billion euros of the SURE programme, and the funding requirements of the European Investment Bank, the European Stability Mechanism and others. To give some notion of the scale of Europe's ambitions, this is comparable to the Spanish bond market.

Currently, less than a quarter of European sovereign and supranational bonds hold the triple A rating that has been awarded to European debt. It is estimated that the recovery programme could increase the total amount of debt with the maximum rating to 1.4 trillion euros, which will be attractive for international investors, who lack assets of this type in large volumes. The riskier European sovereign bonds could also become more attractive, as the Recovery Plan reduces the cost of economic recovery for those states with the greatest debt burden.

Approval of the Plan also reduces the risk of the euro breaking up, and this should strengthen the European currency against the US dollar, making it more attractive both as an asset for investors and as a reserve currency for central banks. In other words, this creates a secure asset denominated in euros.

With respect to the real economy, the impact of the plan will primarily depend on the capacity of Member States to absorb the support. To do this, they will need to be able to articulate solvent national recovery plans, including measures to promote growth.

In September 2020, the rotating Presidency of the Council, held by Germany, set out the proposed implementation of the Recovery and Resilience Facility in greater detail. Under this proposal the European Union Council would approve, by qualified majority, an implementation decision on the national recovery plans, which must be presented before the end of April each year, and which will be incorporated in the national reform programmes as part of the budget process for the European Semester. For its part, the European Parliament

has called for the adoption of national recovery plans to be implemented through the endorsement of delegated actions, an approach that would allow the European Parliament and the EU Council to approve them on an equal basis. The German compromise proposal agrees with the European Parliament in so far as it makes it possible for measures taken from 1 February 2020 to receive support from the Facility retrospectively. After the plan has been presented, the Commission will have two months to analyse it and reach a preliminary decision, after which it must request the decision of the Economic and Financial Committee of the EU Council.

With respect to the content, the change in productive model at the basis of the plan, gives priority to strategic investments in the areas of climate and digitalization. As a result, the European Green Deal should become both a guide for investment and the engine of EU recovery. Given the huge disparities between EU countries in these areas, the plan could provide a genuine impulse to convergence, as long as the hardest-hit countries have the capacity to develop economic modernization plans capable of absorbing significant investment and directing it towards solid initiatives in the priority areas, accompanied by responsible and transparent public management.

The change of direction in economic policy embodied in the plan is significant. Europe no longer prescribes budgetary consolidation, along with privatization and greater openness to global competition, as the sole drivers of growth. Instead, there has been a shift of direction, with a trend towards supporting public investment in strategic sectors. In this respect, the pandemic has promoted the return of the public sector as an investor and a driver of growth, a position supported by France and Spain, to confront the dominance of China and US in the technology sector. Spain has already taken measures in this direction and will allocate 10 billion euros of public funds to ensure the survival of strategic companies, a move that could lead to the state becoming a shareholder in these firms. It is expected that European aid will be eligible for this purpose.

At the same time, the total value of the Recovery Plan (750 billion euros) is equivalent to 5.4% of the EU's 2019 GDP. This is a substantial sum, although it is important to note that the estimated fall in eurozone GDP for 2020 is 1 trillion euros (-8.7%).⁹ Will the European stimulus be sufficient? The fiscal and monetary stimulus agreed in 2020 for the eurozone is estimated at 2.6 trillion euros (22 per cent of eurozone GDP for 2019).¹⁰

Table 1, below, shows the estimated value of the different stimulus programmes.

All figures in billions of euros. Estimated allocation of resources with respect to SURE, EIB and Recovery Plan equivalent to weight of eurozone GDP (86%), while for ESM and for ECB stimuli, allocation is total.

The combined impact of public investment, income compensation and monetary injection is more than equivalent to the estimated fall in GDP for 2020 (almost three times higher, at 2.6 trillion compared to 1 trillion). However, it is important to note that the fiscal and monetary multipliers are not equivalent and that this calculation does not take national stimulus measures into account. The analysis also assumes full absorption of the Recovery Plan, something that will undoubtedly be a challenge for some countries. Moreover, there is no certainty that the EIB and ESM credit lines will be activated.

In the first place, it is important to analyse the fiscal and monetary stimuli separately. The fiscal stimulus is calculated to be worth almost 1.14 trillion euros, compared to an estimated reduction of a trillion euros for the eurozone in 2020 (see **Table 2**).

GDP growth for the eurozone in 2021 is estimated at 5.2 per cent according to the ECB¹¹ and 6.1 per cent according to the European Commission (estimates that do not take into account the European stimulus). Thus, GDP is not estimated to return to pre-crisis levels until

⁹ European Commission: *European Economic Forecast – Summer 2020*, Brussels, July 2020.

¹⁰ Own research. The plan is for 70% of the Recovery and Resilience Facility to be committed during 2021 and 2022.

¹¹ European Central Bank: *Eurosystem staff macroeconomic projections for the euro area*. Frankfurt, June 2020.

Table 1. Value of stimulus programmes, EU and eurozone

	EU	Eurozone (e)
Recovery Plan	750	645
EIB	200	172
ESM	240	240
SURE	100	860
PEPP + increased APP (ECB)	1,470	1,470

at least 2022 (the ECB estimates growth of 3.3 per cent for that year). Overall, the future is unclear, and both the course of the pandemic and the real speed of recovery remain uncertain. Moreover, the economic transformation that the plan is designed to promote, along with climate adaptation and digital transition, are not short-term projects. It may therefore be necessary to extend the duration of the plan and, in any case, there is a need to establish European debt on a permanent basis as a new financial resource for the EU, creating a secure euro-denominated asset to finance the ecological transition of the economy, which was already necessary before the crisis and for which the ordinary multiannual budget proposed for 2021-2027 is absolutely insufficient.

European construction progresses in the face of crisis

The Recovery Pact is the evidence that common sense prevails when Europe has to deal with adversity, and that its institutions—the Commission, the Council, the European Parliament and the European Central Bank—are capable of finding shared solutions to protect the Union. Chancellor Merkel, in particular, understood that she needed to take the step of supporting the eurobonds, something that did not occur during the

2010–2012 euro crisis. This development strengthens the confidence in the euro and is a precondition for the economic recovery and for restoring the trust of some sectors of the European society, as a result of the poor response to the previous crisis, at least until 2014, when the ECB reactivated its public asset purchasing programme and the Commission relaxed the Stability and Growth Pact.

Evaluating the course of history in real time is always difficult, but from an economic and European perspective there are three elements that suggest the agreement constitutes a historic turning point.

Firstly, the Recovery Plan for Europe deserves such a description because of the innovative mechanisms it uses to support recovery. Although this is not the first time the EU has issued debt, it has never done so in such volumes, with the consequent economic impact redefining Europe as a major player in the financial markets. It is also the first time that the capital raised will be used to support grants, in contrast with previous occasions where it simply provided loans that had to be repaid with interest. Another major difference is to be found in the plan’s links to the European budget and the will that the repayment of the debt is to be done through the EU’s newly-acquired own resources.

Secondly, many observers have described these economic and budgetary developments as a “Hamilton

Table 2. Fiscal and monetary stimuli

	Value (€ billion)	% eurozone GDP 2019
Difference GDP 2019–2020 (eurozone)	-1,038.26	-8.7%
Monetary (PEPP + APP increase)	1,470.00	12%
Fiscal effort (Recovery Plan + ESM + SURE+ EIB)	1,143.00	10%

moment”, in reference to the conversion of state debt to national debt by the Secretary of the United States Treasury, Alexander Hamilton, in 1790, to tackle the substantial debt acquired during the War of Independence, consolidating the federal project that had first seen the light in the Constitution of 1787. Although there are major differences—existing debt will not be mutualized and Europe does not yet have a Euro Finance Minister—it is clear that the spirit of unity and the commitment to a shared debt is “Hamiltonian”.

It should be pointed out that the drive underlying this federal approach comes from Europe’s citizens. As shown by opinion surveys¹² conducted during the COVID-19 crisis, there is a clear desire to provide the Union with the capacity to respond to economic problems. This is also supported by the European Parliament, the political expression of the people of Europe, which has called for the issue of eurobonds. These resolutions were approved with a wide majority and with votes from all the major political groupings—S&D, EPP, Renew and Greens—clearly demonstrating that the “frugal four” (Austria, Denmark, the Netherlands and Sweden) are in the minority.

“Next Generation EU” represents progress towards the construction of a more federal Europe, creating the much-needed eurobond that is issued by the EU rather than by individual states, thus constituting a financial union. And with the inclusion of European taxes to fund its repayment, the European Council has approved an embryonic fiscal union. The fiscal and financial pillars, necessary components of monetary union, profoundly modify the possible limits of European economic policy, particularly because the BCE’s monetary policy of public bond purchases has been increasingly questioned, rightly or wrongly, from a legal perspective in Germany.¹³ This prefigures the possibility of a new generation of policies that differ radically from those of the last three decades, pri-

marily based monetarism and budgetary stability, which even though they are relevant dimensions, they ultimately proved unable to respond to major economic shocks.

Thirdly, at the political and ideological level, the agreement is historic because it weakens the ordoliberal paradigm, dominant in the highest echelons of the European Commission and in the main capitals of the continent for the last 30 years. Back in 2012, Chancellor Merkel, its main champion, stated that “there will be no joint eurozone debt while I am alive.” Not only has the Chancellor lived to see it; Germany actually played a central role in drawing up the Recovery Plan. It is worth considering the motives behind this major ideological U-turn by Europe’s institutions and its political leaders. For a start, the devastating consequences of austerity had eroded the consensus around this economic approach. Many of the policies applied during the financial and debt crisis are today viewed as politically toxic and thus not viable in the countries that suffered most from them. At the same time, there is greater recognition of the unavoidable interdependence between Europeans, the need to protect the single market and, above all, the incentives that arise from a crisis such as the COVID-19 pandemic.

From financial and fiscal union to federal political union

The financial union and the fiscal union should lead to a full federal union, otherwise it will be impossible to ensure the democratic legitimacy and accountability necessary with the issuance of European debt and the establishment of European taxes. The European Parliament therefore needs to be granted greater powers with respect to the approval of new debt issues and taxes. And these new powers will require treaty modification as, in accordance with the current provisions of the Treaty of Lisbon, the Council is the only body with the power to approve the issuance of debt (article 122) and the system of own resources of the Union (article

¹² European Parliament: *Public opinion in the time of COVID-19*, 2020.

¹³ BVerfG, Judgment of 5 May 2020, 2 BvR 859/15, paras. 1-237.

311). The European Parliament doesn’t play any role regarding the former, and is only consulted with regard to the latter, although its agreement is required for budget approval. When it comes to spending, there is an institutional anomaly, in which the Parliament has no competences with respect to income (in the form of debt or taxes) but does have such competences with respect to expenditure. The Recovery Plan exacerbates this contradiction. The ongoing Conference on the Future of Europe is the most appropriate forum to debate this issue and move towards its resolution and subsequent incorporation into the treaties.

Another pressing question that should be addressed by the conference is the dysfunctionality at the heart of the EU decision-making, that is the requirement of unanimity in the European Council, a situation that has been problematic, once again, during the Recovery Plan negotiations. It makes no sense that the fiscal union can be hostage of a single Member State, which can use its veto not only to block any new taxes that need to be created to fund the plan but also to obstruct a possible future funding scenario in which the EU would be funded via debt and its own financial resources instead of direct national contributions. Nor is it clear why national parliaments should have a say in pan-European taxes, but the European Parliament does not.

New horizons for EU monetary policy

Another of the clear limits in the management of this crisis, and of any future crises, is the strict mandate of the ECB, whose main objective is to maintain inflation close to but below 2 per cent, an objective it has not achieved during the last ten years. It is no small matter that while the ECB was establishing the PEPP, Europe received the ruling of the German Constitutional Court arguing that the purchase of sovereign debt lay outwith the ECB’s competencies and those of the European Union. The functions of central banks have changed significantly since the 1990s, where the dominant model

was of an independent central bank tasked with controlling inflation. The main problem facing the European economy is not rising inflation but, rather, unemployment, sluggish growth and the lack of public investment. Moreover, since the 2008 financial crisis and the 2010 debt crisis, the ECB has been forced to take a more active role in the markets through the massive purchase of government and corporate bonds, intervening to limit the interest rates paid by the weakest members of the eurozone and supporting lending through the complex manipulation of interest rates and other measures. The ECB mandate should be modified to allow the institution to operate freely in these spheres, releasing it from the monetarist dogmas of the past.

However, it also needs sufficient democratic legitimacy. This requires institutional reform that would include, among other measures, giving the European Parliament responsibility for appointing the President of the ECB. The Treaty of Lisbon should be revised to modify the independence of the ECB in order to align it with objectives such as the fight against unemployment, and also introducing exceptions to the ban on monetary funding of the EU. The ECB also needs new instruments, including direct transfers by the ECB to eurozone households, a measure that could help support incomes until the Recovery Plan comes into operation and, above all, to combat deflationary pressures.

Recommendations

- Increase the Multiannual Financial Framework budget to 1.3 trillion euros and, in particular, strengthen strategic programmes such as Horizon Europe, the InvestEU Programme, the Humanitarian Aid and Development Programme, Erasmus+, EU4Health, Digital Europe and React-EU, and make financial support from the Recovery Plan conditional on respect for the rule of law.
- Ensure full European Parliament participation in governance of the Recovery and Resilience Facility,

- including the approval of national recovery plans, on an equal footing with the Council.
- Introduce new EU financial resources such as the financial transaction tax, border duties on imported CO₂, a share of the common consolidated corporate tax base, aimed at large companies without affecting SMEs, designed to combat tax evasion and unfair tax competition between Member States, and a tax on digital services, in addition to allocating ECB profits to the EU's own resources, constituting the fiscal union required to support the financial union created by the Recovery Plan.
- Undertake treaty reform to put European debt issue on a constitutional footing in the medium term, to consolidate a safe euro-denominated asset, and to provide the EU with its own resources, with the full participation of the European Parliament in the approval process, thus making progress towards full political and federal union, the product of reflection within the framework of the Conference on the Future of Europe, to start no later than autumn 2020, a move that is essential to the democratic legitimacy of the new financial and fiscal union.
- Modify the mandate of the ECB to include full employment as a key objective, in addition to price stability, including the possibility of funding EU public expenditure in exceptional circumstances.
- Strengthen the democratic legitimacy of the ECB, with the parliamentary election of its president.
- Complete banking union with a European deposit guarantee and capital market union.
- Convert the EIB into a genuine sustainable development bank, supporting ecological transition and doubling the issue of green bonds, a move that would require further capital to be raised.
- Activate ESM credit lines at the request of the worst affected countries.
- Review the Stability and Growth Pact to reduce its pro-cyclical bias, giving the European Parliament a greater role in setting and monitoring objectives and the recommendations that derive from them, including those of the European semester.
- Direct ECB funding of Eurozone households through interest-free loans and open-ended repayment periods, at least during the period prior to disbursement of the Recovery Plan for Europe, in order to prevent deflation and compensate for the fall in incomes.
- Establish the health union, on the basis of article 168.5 TFEU.

Foreword on sustainable industrial policy

Klaus-W. West

The ecological transformation requires sustainable industrial policy. This type of industrial policy has been largely shaped by different approaches based on an awareness of human ability to develop knowledge to facilitate change.¹ It involves consistent development of new ground, a capacity for conversion and transition, and an ability to connect, and to learn at a regional level.

This type of industrial policy is distinguished by its 3-dimensional balance. It brings ecological, economic, and social interests into balance. The industrial policy that we are talking about is a basic element of social democracy.

Key questions regarding this industrial policy are “how to” (greening, digitalisation, competitiveness), “where” (value chains, regions) and “who” (governments, companies, unions, scientists). Ecological transformation cannot be limited just to the question of “How to”.

This type of industrial policy has a European perspective. We take a look at experiences from neo-industrialisation in Germany and re-industrialisation in Spain.² The potential for a *Transición ecológica y polí-*

tica industrial in Spain becomes visible. The European Community needs more than a policy of temporary transfer and joint debts.

The coronavirus crisis and the significance of institutions that are capable of taking action

No-one could have predicted the coronavirus pandemic. When it came, we did not have a bank of experience to allow us to handle it quickly and effectively. Germany was highly successful in limiting the deadly consequences of COVID-19. That country's experiences with the crisis have set a standard for improved functional capability of central institutions.

In Germany, crisis management based on scientific information started in time.³ At an early stage German policy made it clear that its aim was to prevent deaths caused by COVID-19, and implemented rules for contact lock determinedly. A key requirement for this was a fast and widely available test. Inpatient facilities, and particularly intensive care units, received support relatively quickly, and the outpatient sector, which is a spe-

¹ See: Meier, C.: *Die Entstehung des Politischen bei den Griechen*, Suhrkamp, 1983, p. 435-500.

² See: West, K. W.: *Perspectivas para una política industrial sostenible en España*, published by FES Spain, (forthcoming).

³ See: Graf, J., von Butler, A., Reinhart, K.: *Tödliche Lücken*, Frankfurter Allgemeine Zeitung (FAZ) 27/05/2020.

cific feature of the German system, did much to prevent hospitals from being paralysed by infected patients with minor ailments. Above-average occupational safety in the health sector limited the number of infected staff. Measures became more precisely targeted over the course of the crisis. Five months after the outbreak of the pandemic, the federal and state governments decided on the regional specifications of lockdown in order to prevent nationwide shutdowns.⁴

The crisis also demonstrated what companies are capable of. Some companies in the fashion sector were soon in a position to produce facemasks. Distilleries provided pharmacies with disinfectants. Some European pharmaceutical companies engaged in research were in a position to start testing the first vaccines in July 2020.

Germany's labour market coped comparatively well with the pandemic until mid-year.⁵ The Ministry of Labour (BMAS) offered short time work money for 6.8 million workers to help preserve existing jobs. A waiver on social contributions was intended to encourage companies to hire new employees. Large companies like *Lufthansa* were saved from insolvency. However, the situation came to pose an existential threat for small companies, including many in the gastronomy and cultural sectors. At *Daimler* the managers and the board of directors agreed to shorten working hours by two hours and cancel the profit-sharing bonus for 2020, in order to save half a billion euros.⁶ No changes were made to the "Zukunftssicherung 2030" plan, which protects around 130,000 workers in Germany from redundancy.

While there have been "significant successes" in Germany, there is also room for improvement. The pandemic has made the public more aware of the condition of institutions that are central to German society.

The Leopoldina National Academy of Sciences recommended a move away from a health system focusing primarily on profit, to a need based one aligned to patients wellbeing, with quality assurance. This included appropriate staff and technical equipment, and supply with protective equipment, medications, and medical products. Staff should be continuously trained in how to deal with infection.⁷ Public health service, inpatient and outpatient public healthcare facilities should work together effectively to enable a swift transfer of research findings into clinical practice. However, the pandemic also revealed other flaws in the German healthcare system. These flaws have had fatal consequences for thousands of citizens year after year. There were no special reports about these deaths, so for years there was no fact-based, solution-oriented debate.⁸

At a European level, health ministers decided to strengthen the European Centre for Disease Prevention and Control (ECDC) and the European Medicines Agency (EMA), to be better prepared for crises.⁹ The European Commission announced that it would present a pharmaceutical strategy at the end of 2020, to strengthen the "strategic autonomy" of Europe in the health sector.

The crisis also revealed another structural weakness: the instability of value chains in the pharmaceutical industry, which were tied to China and India, for example. For a time, it seemed that the reliability of supply of vital goods like medicines and hygiene products was endangered. Supply of essential medicines appeared not to have a higher priority than leisure items.

After the unusually long economic upswing over the last ten years, many companies in Germany were unprepared for the economic shock caused by the coronavirus pandemic. Renowned economists therefore recommended that companies should take the risk of external

⁴ See: *Zielgenauer gegen lokale Corona-Ausbrüche*, Tagesschau.de. Visited on 16/07/2020.

⁵ There were 2,853,000 unemployed people, about 637,000 more than the previous year. See *Abwärtstrend gestoppt*, Frankfurter Allgemeine Zeitung (FAZ) 29/07/2020.

⁶ See: *Daimler verkürzt die Arbeitszeit*, Frankfurter Allgemeine Zeitung (FAZ) 29/07/2020.

⁷ See: *Aus der Krise lernen. Leopoldina regt Reform des Gesundheitssystems an*, Frankfurter Allgemeine Zeitung (FAZ) 28/05/2020.

⁸ See: Graf, J., von Butler, A., Reinhart, K.: *Op. cit.*

⁹ *Kyriakides beim Treffen der Gesundheitsminister: EU-Agenturen stärken, um besser auf Krisen vorbereitet zu sein*, European Commission, Press 16/07/2020.

shocks more seriously. They should become more aware of the importance of reserves and not fritter away efficiency gains.¹⁰

Schools were not digitally equipped to a sufficient level, and teaching staff was not sufficiently skilled in handling digital media. State education ministries and schools reacted to the forced suspension of teaching with measures to allow pupils to continue learning outside schools. This revealed the gap in technical resources between families in different social groups. By no means all had mobile phones, desktop computers, or laptops. Schools were unable to reach many pupils. By no means all pupils could study at home undisturbed. Many lacked support from parents and grandparents.

The vast majority of the public reacted to the warnings with great discipline. The applause from balconies in many towns in Spain was shown in the German media. Society accepted the restrictions to personal liberties and the economy in the context of COVID-19, because they clearly aimed at preventing avoidable deaths. In July 2020 part of the public “had enough” of the corona virus.¹¹ There was a risk of an increase in infections due to summer holidays. This indicated the need to have a second fact-based, solution-oriented debate about the risks of the pandemic and responsible behaviour.

The pandemic has demonstrated the great importance of an effective and active state, innovative companies, research institutions with a capacity to act, and cooperative organisations. We must hold onto this experience.¹² The state, the economy, and society need institutions and organisations that are capable of acting, and can be relied on in critical situations. They are also necessary for the *Transición ecológica*.

Design prospects for the Transición ecológica I: greening, digitalisation, and good work

The key ecological issues in Europe are CO₂ emissions and energy consumption. They are caused by different branches of industry, by state-run administrative bodies, and by the public. Products and processes of large industrial plants might be first to spring to mind, but the ecological crisis has many causes: energy and paper consumed by administrative bodies; use of lorries, cars, and aeroplanes; energy consumption in buildings etc.

However, the central role of industry in Spain and Germany should be considered. It is the core of value creation and an engine for markets, for industry-related services like the chemical industry, for the construction and automotive industries, as well as the entire consumer-related service sector. People find skilled, reasonably well-paid work in these sectors. However, the economic crisis of 2008 played out very differently in Germany and Spain. Germany was able to master it relatively well due to its institutions and organisations efficiency, while in Spain it led to massive de-industrialisation and an increase in unemployment.

This is where we bring digitalisation into play. This has greatly boosted industry’s awareness of its ability to develop knowledge to facilitate change. Digital health services already constitute one of the two most important growth markets in Germany, and Spain intends to make further progress with the digitisation of health-care.¹³ Digital consultation apps are replacing traditional visits to doctors’ surgeries with video appointments to see a doctor, who diagnoses symptoms, issues prescriptions and doctor’s notes, and can give medical referrals. This business model could be successful if the costs were refunded by health insurance companies.

¹⁰ Schäffer, U., Weißenberger, B. E.: *Der nächste Schock kommt bestimmt*, Frankfurter Allgemeine Zeitung (FAZ) 13/07/2020.

¹¹ “Mundschutz immer unbeliebter” (Face masks increasingly unpopular) was a headline in the *Frankfurter Allgemeine Sonntagszeitung* on 2nd of August 2020.

¹² On Spain, see: Ruesga Benito, S.: *La economía española y el covid-19: ¿Hacia una “nueva” normalidad?*, 29/06/2020.

¹³ Benrath, B.: *Komplexe Gesundheit*, FAZ 07/07/2020; Benrath, B.: *Wo Europa noch eine Chance hat*, Frankfurter Allgemeine Zeitung (FAZ) 07/07/2020; Idem, O., *Digital Health in Spanien*, GTAI 20/07/2020.

Other innovations are developing at the interface between the digital world and industry. One large enterprise, Siemens, is working with the software house SAP¹⁴ to create a digital factory, where in the future, all sections of the customer enterprise could work with a single set of software. This makes all data in all departments of the company available in real time. Furthermore, the corona virus crisis has accelerated digitalisation in German companies.¹⁵ Many companies are not just seeing more working from home; industrial production steps, such as product planning or production control, can increasingly be controlled remotely.

Digitalisation is also a source of uncertainty. Many employees wonder if they will keep their jobs or if they will be able to meet work requirements in the future. For consumers, digitalisation in the form of smartphones or laptops is almost always welcome. However, scientists examining the issue are questioning of how people's social interactions will change in the medium term.¹⁶

Transición ecológica means that the "new territory" of renewable energies has to be developed continuously. Their particular attraction lies in the energetic use of the elements sun, wind, and water. Deciding for good air and clean water, and energy of the sun and the wind by high tech industry, create powerful images. Combustion engines are being successively replaced by electric vehicles, technological innovations are enabling us to desalinate seawater and clean the ocean, and wind and solar farms to produce energy.

Of course, all of this has already been around for a long time in Spain.¹⁷ Now is the time to take things to the next level, for example by developing solar energy

storage, renovating wind farms, and revolutionising recovery of freshwater and hydrogen from seawater. Spain is in good shape for responses to climate change. With its high quantity of sun, it is ideal for solar farms and its sparse population makes it perfect for wind farms. If renewables are to supply the entire population of Spain, this will only be possible on an industrial scale and with high resource efficiency.

Greening of existing industry is the second facet of the *Transición ecológica*. The energy-intensive paper industry, which is an important sector both in Spain and in Germany, provides an excellent example of the challenges faced and endurance required. In order to decarbonise them, a consortium of representatives of German paper companies has built a *model paper factory*.¹⁸ It is intended to initiate new production technologies and "leaps in innovation", while making use of the bio-economy, waste prevention, and substitution of CO₂-intensive raw materials with wood-based alternatives. A second important aspect of the transformation is reducing consumption, increasing the recycling rate, and developing a circular economy across sectors. For example, in the future, lignin and paper recycling waste could be interesting raw materials for the chemical industry. Currently they are burnt. Finally, energy efficiency should be increased at all levels of production. Possible potentials are more modern plants, reuse of waste heat, and consistent use of what is known as the *Best Available Technologies*.

Progressive improvements in energy efficiency in existing plants will make an important contribution to further decarbonisation of the paper sector. However, this will not be sufficient to achieve greenhouse gas neutrality by 2050. It will rather be necessary to have "disruptive", pioneering innovations and new processes by 2030. Such great demands on the most energy-intensive industries have caused discontent among many

¹⁴ Finsterbusch, S., Giersberg, G.: *Die digitale Fabrik aus einer Hand*, Frankfurter Allgemeine Zeitung (FAZ) 15/07/2020.

¹⁵ Giersberg, G., 2020, *Unternehmen werden digitaler*, Frankfurter Allgemeine Zeitung (FAZ) 02/06/2020.

¹⁶ For example, see: King, V.: "Geteilte Aufmerksamkeit. Kultureller Wandel und psychische Entwicklung in Zeiten der Digitalisierung", *Psyche – Z Psychoanal.* no. 72, 2018, p. 640-665.

¹⁷ For example, *Idem*, O.: *Windenergie in Spanien zwischen Aufschwung und Hype*, GTAI 02/10/2019; *Spaniens Wassersektor braucht mehr Investitionen*, GTAI 04/03/2020.

¹⁸ euwid-papier.de *Papierindustrie plant Investition in eine Modellfabrik Papier/Entwicklungsraum für Papiererzeugung der Zukunft*, 19/03/2020.

companies. Pressure is now coming not from environmental groups, but from investors.¹⁹

The third requirement of the *Transición ecológica* is an organised transition. This calls for enormous social efforts. They should not be subject to the critique of “social ease” (W.D. Narr), but rather be geared to individuals’ life opportunities, and what is known about them. Taking social severity into account is a further key criterion for sustainable industrial policy.

As a result of the Paris Agreement, the Spanish government has decided that to decarbonize the energy economy. Therefore, it will shut down coal-fired power stations in Spain. This threatens direct and indirect job losses and unemployment for employees. Therefore, the ministries signed an agreement (*Acuerdo*) on a fair energy transition with the unions *UGT FICA* and *CCOO Industria* in the interests of a *Transición Ecológica* and *Trabajo y Economía Social*.²⁰ Both ministries have made transition agreements obliging them to provide financial and organisational support for the exit from coal-fired power generation. There will be grants for companies and research projects, venture capital instruments, guarantees for companies etc.

Employees who will lose their jobs will be supported in their return to work by the public employment agencies, the *Sistema de Información de los Servicios Públicos de Empleo* (SISPE), as a group requiring special assistance. Specific measures have been put in place to help people over 52 years of age to find new jobs. There is a support plan for training and placement of workers in affected regions.

UGT FICA and CCOO Industria will help ensure that all agreements are observed. They participate in the processes and commissions at state, regional, and local level. Their concern is to take into account the social

difficulties involved in finding new jobs and preventing occupational risks. They are also concerned with retraining. Not everybody will be able to do every job offered.

Early on both unions got involved for the interests of workers and institutional safeguards. As a consequence people employed in a traditional industry can decide for the logic of the ecological reasoning. The agreement (*Acuerdo*) certainly has sectoral significance, as it looks for solutions for regions affected by the closure of coal-fired power stations. Its national and European significance is the fact that it links the green transition with a social transition.

The social transition also includes labour policy for digital transformation. Digitalisation cannot be stopped, and it transforms the world of work, but the result is open. There are alternatives to *lean production*. The digital transformation of work is always the result of a design process determined economically, socially, and in labour policy. For example, when wearable technology is used, such as digital glasses and smart watches, developers, management, and employees do not necessarily share the same interests and the same point of view. Should the main focus be on optimising individual work spaces and their ergonomics, or should labour organisation, data protection, and surveillance also come up for discussion?

The digital transformation of work offers an opportunity to implement forms of good digital work that are desirable in labour policy terms.²¹ In this context the guiding criterion should always be to make the best possible use of the technical options available for organising work in a skills-oriented way. The interface between organisation and technology has largely been shaped by the widespread introduction of decentralised organisation segments. This relates to a holistic approach and self-organisation of labour, polyvalence of activities, and inter-disciplinary project groups.

¹⁹ Mannweiler, A.: *Ein Preisetikett für die Moral*, Frankfurter Allgemeine Zeitung (FAZ) 25/07/2020.

²⁰ *Acuerdo por una transición energética justa para centrales térmicas en cierre: el empleo, la industria y los territorios*, 16/04/2020 Acuerdo TJE, 2020.

²¹ See: Hirsch-Kreinsen, H.: “Zwischen digitaler Utopie und Dystopie: Gute digitale Arbeit gestalten”, in: Vassiliadis, M., Borgnäs, K. (Hrsg.), *Nachhaltige Industriepolitik*, Campus Verlag, 2020, p. 174-197.

To achieve this, employees must be trained in the corresponding skills and competences. These include process and problem-solving skills during initial training and advanced training, to enable them to work with increasing networked systems. Technical English becomes a basic skill. Employees will have to acquire new skills constantly.

However, we cannot assume that industry 4.0 systems will be accepted by management, the workforce, and works councils. Works councils must address and clear up concerns from the workforce, such as possible job losses or new burdens. It should therefore always be possible for them to participate in management's planning and decision-making. Furthermore, middle management in production may have reservations about far-reaching measures to transform the way that work and operations are currently organised. These can be dealt with through targeted measures for transfer of knowledge and exchange of experience. Furthermore, there is much to indicate that management functions and culture must change. Soft skills and the skills of communication and teamwork, are becoming more important. Rather than close supervision, leadership "on distance" and motivation will be asked for. Instead of hierarchical management, there is now a trend towards "orchestrating" staff.

Open urban and regional surroundings of companies may have a positive influence on this. These come about when the industrial policy actors in a city or a region are on the same page about issues like increased flexibility, working hours, and initial and advanced training. A good climate of public opinion is a proven method of countering reservations about the transformation of work. Also, industrial work could become attractive again for younger generations. Governments, companies, and unions also have the opportunity to work together to prevent a digital divide in economic and social structures. It is worth balancing out the differences in competence between large companies with a focus on technology, and less technologically advanced SMEs, and also the gap between competences and skills amongst different employee groups.

Another priority in the transformation is training for employees no longer used to learning. Many industrial companies in Europe employ people with simple qualifications, and no experience in acquiring new knowledge. In the German tyre industry, a company project²² aimed to increase motivation to learn among employees no longer accustomed to learning. It was intended to help them regain faith in their own abilities. This was an important requirement for them to learn new professional skills later on. The project was a success, because it was indeed possible to sustainably increase motivation to learn among employees on a production line within a short period of time.

This wealth of experience can also be applied to professional advanced training in Spain. This does not require a system of professional further training like in Germany. Nor do the companies require a functioning social partnership to be in place. However, it points the way for an experimental search for solutions. Such a project could also be initiated in a Spanish company in the tyre industry, for example. The project could come under a regional agreement with regional government, chambers of commerce, companies, unions, and scientific bodies. The public authorities should organise cooperation for participants, and set up specialised cooperation agencies.²³

Design prospects for the Transición ecológica II: Stable value chains and political regions

As observed initially, the corona virus crisis has revealed the instability of value chains. The German Federal Institute for Drugs and Medical Devices (BfArM) keeps a

²² Stamov Roßnagel, C. and West, K. W.: "Altersgemäß Lernen. Die Rolle von Lernfitnesstrainings", in: *WSI-Mitteilungen*, vol. 6, 2014, p. 486-490.

²³ Myro Sánchez, R.: "A policy for a new industrial revolution", *Journal of Industrial and Business Economics*, vol. 46, Issue 3, September 2019, p. 403-414.

list of all supply-relevant drugs for which supply bottlenecks have been reported. The number of entries on the list has grown over the last five years from 40 to 400.²⁴ During the crisis, the situation regarding availability of drugs worsened in Germany and Spain.²⁵ A large pharmaceutical distributor complained that deliveries did not always match the quantities ordered, because several active ingredients are no longer manufactured in Europe. The company called for the disruption of basic services to be prevented and for capacity to be returned to Europe. Stoppages in production of active ingredients in China and India had repeatedly led to supply problems in the health system.²⁶

This example is of general importance: "The just-in-time principle in combination with single sourcing was viewed as the only successful model for many years. It allowed companies to save on stockholding costs, and they thought they could ignore the repeated disruptions to the supply chain caused by natural events. The corona virus crisis has made it painfully clear that redundancy-free delivery chains are not robust. [...] The new mantra for supply chain management is: Resilience beats efficiency."²⁷

Companies require connectivity with value chains. Thanks to the revolution in *Information and Communication Technology* (ICT) international and global companies were in the position to unbundle certain production steps, and move production of component products to nearby countries. Spain also has joined international value chains since the 1960s. It was easier for this emerging industrial country to gain the expertise required to set up individual steps than to collect the expertise to set up an entire sector. Like

other countries Spain also had to have access to established supply chains, to provide a reliable workforce and a business-friendly environment.²⁸

In the context of the current green transformation, companies have to master various tasks. Even with higher environmental requirements, competitive factories must maintain the standards of efficient production and have a workforce with the required competences. This is much more difficult for uncompetitive factories or such to be newly set up. They have to fulfil the ecological standards and become capable to connect to some kind of value chain, be it regional, domestic, European, or global.

Existing factories that are not competitive or new factories that have to be set up have to organise transfer of expertise with the assistance of training institutions and absorb knowledge. They have to train teams of people, and get them to work together harmoniously. Modern manufacturing has a very low tolerance for quality defects. However, these high production and quality standards can be achieved through proven procedures like the five-S path.²⁹

Where sustainable industrial policy will be implemented in the future is a basic question of social democracy and comparability of living conditions. A recent study observed the existence of different groups of autonomous societies in Spain: the rich, prosperous Spain of the Mediterranean, and the poor Spain.³⁰ In the regions of the "poor Spain", people are trapped in a vicious circle of unemployment, low productivity, and depopulation. Rural areas are perceived to be areas with few prospects, while large and dynamic metropolitan areas are seen as "the future".³¹

²⁴ Kuroczik, J.: *Von knappen Mitteln*, Frankfurter Allgemeine Sonntagszeitung, 19/04/2020, no. 16, p. 53.

²⁵ See: *Idem*, O.: *Generika profitieren vom Kostendruck im staatlichen Gesundheitssystem*, GTAI 02/10/2019; and *Covid-19: Auswirkungen auf internationale Lieferketten*, GTAI 05/06/2020.

²⁶ *Pharmahändler sorgt sich um Nachschub*, Frankfurter Allgemeine Zeitung (FAZ) 22/05/2020.

²⁷ Fieten, R.: *Robustheit schlägt Effizienz*, Frankfurter Allgemeine Zeitung (FAZ) no. 126, 2nd of June 2020, p. 18.

²⁸ See: Baldwin, R.: *The Great Convergence*, Belknap Press of Harvard University Press, 2016, p. 256f-269.

²⁹ See: Baldwin, 2016, p.79f.

³⁰ See: Colino, C., Jaime-Castillo A. M. and Kölling M.: *Desigualdades territoriales en España*, Universidad Nacional de Educación a Distancia and Friedrich-Ebert-Stiftung, 2020. www.fes-madrid.org

³¹ Bernecker, W.: *Spaniens Geschichte nach dem Bürgerkrieg*, CH Beck Paperback, 2018, p. 133.

Sustainable industrial policy takes the clear regional differences in economic power, employment, quality of life, and opportunities into account, but does not simply accept them. Many of the rich and prosperous regions of Spain automatically attract new commercial activity. However, industrial policy should also address the economic backwardness in some areas of the country.

Production of “mature” products like chemicals, cars, machines, or electronics can dominate a metropolitan area, for example. For an industrial cluster of this type the gradual technical and organisational optimization of manufacturing and development processes is vital, same as establishing of effective supply networks, and global organization of distribution, manufacturing, and development. However, even these regions must expect latent outflow of the factors of capital, skills, and creativity. They have to ensure that there is continuous further development within the relevant technological development pathways, while also opening up new fields of technology, when the regional range of products is mature.³²

For sustainable industrial policy, “political societal regions” compete with an “economic and cultural regionalism” and the mobility of all factors.³³ Political regions defend relative immobility and local obligations. However, such reference to location is only possible if the collective assets of the region include constant initial and further training. You could say that political regions make up for their immobility in comparison with mobile economic cultural alternatives; for example by merging districts and administrative regions.

National governments can no longer “produce” participation in value chains as a mere political intervention. Rather, they should make it attractive for domestic companies to participate in networks, and encourage

foreign companies to set up new production sites. This ties in with the recommendation to secure European value chains for public goods, as explained above. This includes drugs and their chemical preliminary products, and training centres for cooperation in industrial policy or for practical training to handle digitalisation. Particular regions should be established for production of goods that are indispensable for the regional, national, and European common good.

Economically under-developed regions that have lost their connection to markets deserve special attention. They can be re-industrialised, either by re-orienting and diversifying companies established in the region, or by founding new companies in related fields of technology. 20 years ago, Charles Sabel³⁴ even suggested that services should be provided outside the scope of professional training: obtaining sophisticated engineering services such as plant construction or product development. It is worth re-examining and discussing this proposal.

Industrial policy cooperation

Sustainable industrial policy, as we understand it, must answer ecological questions together with economic and social questions. However, the public debate about climate issues is handled differently. Some people see the climate question as a catastrophic threat, while others see it as a symbol of an elite culture war. Both sides over-simplify the outlook.

We deal with an ecological holism.³⁵ This is the perspective of the Apollo 8 image showing the rising of the blue planet. A great image like this though does not en-

³² See: Heidenreich, M.: “Wirtschaftsregionen im weltweiten Innovationswettbewerb”, in: Kölner Zeitschrift für Soziologie und Sozialpsychologie, no. 49, vol. 3, 1997, p.500-527, 505.

³³ See: Schwengel, H.: *Globalisierung mit europäischem Gesicht*, Aufbau, 1999, p. 152-164.

³⁴ Sabel, C. F.: “Bootstrapping –Reform”, in: Bullmann, U. and Heinze, R. G. (Hrsg.), *Regionale Modernisierungspolitik*, Leske+Budrich 1997, pp. 15-53, S. 44ff.

³⁵ For an examination of the position of the American president Donald Trump, who denies climate change, see Bruno Latour, *Das terrestrische Manifest*, Suhrkamp, 3rd Edition, 2019.

tail strong ability to act.³⁶ Not only is the natural capacity of the earth scarce and finite, the same applies to the capacity of society to react appropriately to disruptions and challenges. Industrial policy actors are concerned with immunisation strategies and social inertia.

In Spain, the scarcity of social mechanisms is demonstrated by the lack of *industrial commons*.³⁷ For a long time, industrial policy actors have failed to develop a culture of cooperation. Only about 30 percent of Spanish industrial companies are currently cooperating with suppliers, technology centres, and universities. Therefore technology transfer is stagnating, and for this reason there is insufficient demand from companies for scientific services.³⁸

However, cooperation is the alpha and omega of sustainable industrial policy. So it is not sufficient for state governing bodies to just enter into dialogue with companies or their associations. *Industrial commons* are an operational political institution that is needed when neither simple solutions are possible, nor problems become unmanageably complex. They maintain actors' ability to act.³⁹

To achieve solutions here, it is necessary for the state, companies, unions, and scientific bodies to represent their specific interests in a compensatory way. Cooperation often means impositions for each actor. For central government, the demands of regional government may be disrespectful, and public administrative bodies may feel the same about the volatile nature of actors in the economy and society. Companies have to accept consultation with the state and unions, and the scientific community has to tolerate the dynamics

and ambiguity of others. Finally, the offensive spirit and trickiness of some entrepreneurs may challenge everyone's patience.

Over recent years, there have been various approaches to provide an objective basis for the impositions of self-distancing.⁴⁰ The Association of German Engineers (*Verband deutscher Ingenieure*, VDI) aims at taking the emotional intensity out of disagreements over participation in large public projects. In Germany, the attempt to build a new station in the state capital of Baden-Wuerttemberg ("Stuttgart 21") has become a synonymous for a failure to reach understanding. From Spain we hear about considerable resistance by environmental groups to desalination plants on the Spanish coast. There does not seem to be any clear public opinion on the issue yet.

The VDI procedure provides for intensive contact with privately affected, environmental associations, politicians, and local authorities at a very early phase of planning. The public should also still have a say, and be actively included during the construction phase. This has led to positive experiences. Some large building projects generated trustworthy relations between the stakeholders.⁴¹ The procedure under discussion aims to achieve the *acceptability* of major projects, but not necessarily their acceptance. The aim is to achieve a balance. It is not always possible to achieve a consensus, but it is possible to provide a solid justification.

This form of participation could be applied to the subjects of the *Transición ecológica*, partly in the public sphere, for setting up new, competitive companies in future-oriented areas, for transitioning from the coal industry to renewable industries, and for attracting industrial service providers into sparsely populated areas.

³⁶ See: Nassehi, A.: "Alles, sofort? Das geht nicht. Warum es für eine moderne Gesellschaft so schwierig ist, die Klimakrise zu bekämpfen", *Zeit online*, 26/10/2019.

³⁷ See: Chang, H. J.: "A policy for a new industrial revolution", *Journal of Industrial and Business Economics*, vol. 46, no. 3, September 2019, pp. 403-414.

³⁸ See: Myro Sánchez, R.: *Op. cit.*, 2019.

³⁹ On upholding the capacity to act, and dissent management, see: Hubig, C.: *Die Kunst des Möglichen II. Ethik der Technik als provisorische Moral*, 2007, pp. 127-164.

⁴⁰ See: Priddat, B. P.: *Leistungsfähigkeit der Sozialpartnerschaft in der Sozialen Marktwirtschaft*, Metropolis, 2012; VDI-Directive 7001, *Kommunikation und Öffentlichkeitsbeteiligung bei Planung und Bau von Infrastrukturprojekten. Standards für die Leistungsphasen der Ingenieure*, 2014.

⁴¹ Hubig, C. and West, K. W.: *Industriepolitische Kommunikation und Akzeptanz*, unpublished, 2012.

Cooperation rules should also be established in companies to shape digitization or training of low-skilled workers for new tasks.⁴² A focus on participation, with a clear basis, shortens processes, objectively improves solutions, and makes them more sustainable. It is not just a case of “managing” existing acceptance situations, but rather actors must gain a more precise understanding of the roots of divergences of interests.

Industrial policy actors must back cooperation in the public sphere to create new forms of organisation. What is currently missing is the bundling of cooperation competences. The best recipe for the innovation agenda in Spain, and across Europe, is to increase the number of relevant agencies and specialist offices.⁴³ State administrative

bodies and companies must set up stakeholder management systems and corresponding project teams. This includes bringing together the relevant diversified expertise. Also Unions should follow this path.

Seen that way the critique of growth and industry by the holistic approach is inadequate. It may indicate incorrect developments, but it lacks a pragmatic understanding and concept for a *Transición ecológica*, that deals effectively with economic and social interests. The development of new ecological territory, the restructuring of the existing, the organisation of transitions, qualitative participation, connectivity and regional learning capacity are steps in this direction.

⁴² See: Priddat, B. P.: *Op. cit.*, 2012.

⁴³ See: Myro Sánchez, R.: *Op. cit.*, 2019.

Migration and asylum, the agenda of the new European Commission and the unexpected impact of COVID-19

Estrella Galán and Paloma Favieres

Following the European elections of May 2019,¹ the new Commission took office on 1 December under the presidency of Ursula von der Leyen, who set out her programme, “My Agenda for Europe”, when she sought the European Parliament’s backing for her candidacy.²

Migration and asylum issues are key priorities for the Commission, which has announced the start of a new cycle that will give rise, over the coming months, to a European Pact with particular emphasis on matters relating to border security and solidarity between Member

States in this area.³ It also explicitly states that the European Union will always respect its values and will help refugees, something which constitutes “a moral duty”.⁴

¹ The European Parliament is more fragmented than in the previous legislature, with both dominant groups (the European People’s Party and the Party of European Socialists) losing seats, while the Liberals and the Greens increased their representation. Following Brexit, 27 of the UK’s 73 seats were distributed among the remaining Member States (with five being allocated to Spain), and this also gave rise to slight changes in the weight of some political groups.

² Von der Leyen, U.: *A Union that strives for more: my agenda for Europe by Candidate for President of the European Commission*. https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf

³ In the new Commission, the issues of migration and asylum are the remit of Commissioner and Vice-President, Margaritis Schinas, a Greek representative of the European People’s Party with the portfolio for “Promoting our European way of life” (formerly “Protecting our European way of life”, a title that aroused fierce criticism).

⁴ As the Spanish Commission for Refugees (CEAR) has noted on numerous occasions, this is not just a moral but also a legal obligation, as the right to asylum is enshrined in several legal instruments, including the 1951 Geneva Convention Relating to the Status of Refugees, the European Convention on Human Rights, the Charter of Fundamental Rights of the European Union and a range of regulations and directives that regulate international protection within the EU. Following her election by the European Parliament, President Von der Leyen reaffirmed that “Europe will always offer asylum to those who need international protection”, and argued that the Common European Asylum System must be reformed, while preserving the values of solidarity and responsibility. She went on to stress that migration is not going to disappear and that Europe, which is so proud of its values and of the rule of law, must offer a response which is both humane and effective.

The Commission explained that the general principles of this European Pact will be articulated around six pillars. Firstly, reinforcing external borders by strengthening the European Border and Coast Guard Agency (Frontex). Secondly, creating a shared, modernized asylum system, requiring the commitment of all countries, a new way of sharing responsibilities and the will to “start afresh”. These two pillars would make it possible to return to a fully operative Schengen Area for free and unrestricted movement.

Thirdly, European Union cooperation with the countries of origin of refugees to improve the prospects for young people there or in countries of transit. Fourthly, prevention and the fight against trafficking. Fifthly, strengthening resettlement programmes and other safe, legal routes to facilitate the arrival of educated, talented people and the implementation of humanitarian corridors in those countries that receive a large number of refugees.

And, finally, a sustainable approach to defining search and rescue functions for refugees and migrants. In this regard, she noted the need to move beyond the current solutions, developed in response to individual crises, and towards a permanent response with clearly defined and updated rules about how to deal with those people who do not fall within the scope of the right to asylum and must be returned to their countries. In recent years, the blockage in this area has had serious consequences for migrants and refugees rescued by humanitarian organizations in the central Mediterranean, and in many cases they were prevented from disembarking in the nearest safe ports in Italy and Malta.⁵ Examples include the odysseys of the *Aquarius*, the *Open Arms*, the fishing boat *Nuestra Madre Loreto* and the *Ocean Viking*. European Commission mediation was required to negotiate and agree upon the distribution and acceptance of the people on those boats before Italian and Maltese

ports would accept them, with the exception of the *Aquarius*, which docked in Valencia in June 2018.⁶

On several occasions, President von der Leyen has demonstrated her concern with these issues, making reference to the episodes mentioned above and calling for solidarity and cooperation between states. In September 2019, the Ministers of the Interior of France, Germany, Italy and Malta met in Valletta to establish a temporary mechanism to share the reception of people arriving by sea. Initially, this mechanism was restricted to the central Mediterranean and a renewable period of six months, to speed up the disembarkation and subsequent relocation of these people among various EU countries. What was presented as a “basis of agreement” did not include a system of obligatory quotas but was based, instead, on voluntary relocation and was criticized by some NGOs because it contravened the principles of solidarity and fair sharing of responsibility between Member States as set out in Article 80 of the Treaty on the Functioning of the European Union.⁷

In the EU Council of Ministers and Internal Affairs on 8 October 2019, it was proposed that the principles of the Valletta agreement for the voluntary redistribution of those rescued at sea be extended to other EU countries. However, the response was underwhelming, with only eight states supporting the proposal, while the members of the Visegrad Group (Czech Republic, Hungary, Poland and Slovakia) were vehemently opposed. At the same time, there were criticisms from academic quarters regarding the voluntary character of the distribution of

⁵ In addition, at the start of 2019 the Member States decided to suspend the maritime patrols of the EU’s Operation Sophia, which had saved tens of thousands of lives.

⁶ It is important to note that, in response to the blocked reforms to the Dublin Regulation, the European Commission undertook to seek possible temporary agreements that could be adopted and would fill the gap until the reforms had been approved. These provide for reliable disembarkation mechanisms, effective procedures to permit rapid processing after the arrival or disembarkation of individuals, voluntary relocation in other Member States of people who require international protection, and the rapid return of those who do not.

⁷ This article states: “The policies of the Union [regarding border control, asylum and immigration] set out in this Chapter and their implementation shall be governed by the principle of solidarity and fair sharing of responsibility, including its financial implication...”.

those who had been rescued, and for allowing Member States to choose when to implement the principle of solidarity, risking a return to an inter-governmental system that would endanger the objective of the EU treaties of establishing a single, shared system for all Member States. At the same time, the countries of arrival (Cyprus, Greece, Italy, Malta and Spain) were excluded from the redistribution mechanism as they already bear a large part of the burden of receiving migrants and refugees, particularly Greece and Spain.⁸

It is important to note that the pace of relocation continues to be slow. According to a reserved report of the Commission, by the end of November 2019, only 1,442 people had been sent to other Member States or Norway, and 540 who had arrived since the summer of 2018 were still awaiting transfer in centres in Italy and Malta.⁹

It is vital that the EU and its Member States establish a European mechanism for safe, predictable disembarkation and relocation, under which nobody can be returned to a country where their life could be in danger. This European mechanism should speed up the disembarkation process, guarantee access to the asylum procedure, and ensure a fair, effective system for reallocating recently arrived people between Member States.

In the coming months, the response to the COVID19 crisis will also be crucial. To date, the European Commission has published a communiqué with recommendations regarding asylum, return and resettlement procedures, in which it states that asylum applicants must continue to be able to access EU territory and asylum procedures must be followed.¹⁰ Despite this, some states have strengthened some of the restrictive measures they were already applying.

The blocked reform of the Common European Asylum System

None of the documents proposed in 2015 and 2016 by the European Commission to make progress in this area were approved during the mandate of Jean-Claude Juncker, which ended on 30 November 2019. Before the European elections, five of the seven Commission proposals had reached the stage of tripartite negotiations between the European Parliament, the Council and the European Commission, namely the Regulation of the European Agency for Asylum, the Qualification Directive, the Reception Conditions Directive, the Eurodac Regulation and the EU Resettlement Framework.

Regarding the proposed Regulation of the European Agency for Asylum presented by the Commission in May 2016, it is important to note that in June 2017 a provisional inter-institutional agreement was reached under the Maltese Presidency which, however, was never ratified as the Commission presented a new draft in September 2018, which was rejected by the European Parliament three months later.

This opposition was motivated by the desire to expand the role of the Agency and its capacity to intervene in decision-making at state level through different routes: support for competent national authorities in the preparation of decisions regarding applications for international protection, assistance to Member States in monitoring return procedures in the event of rejection of an application for international protection, and support for appeal courts (legal research and analysis) – a particularly controversial aspect, as the Agency would already intervene in the first instance. The European Parliament took the position that the document agreed with the Council in June 2017 should be considered the final agreement, ready for formal approval. The Council has not adopted a negotiating position with respect to the new Commission proposal.

At the same time, with respect to the proposed Qualification Directive and EU Resettlement Framework and the reform of the Reception Conditions Directive,

⁸ Since the start of the year, only 13 per cent of the 67,000 irregular migrants who reached Europe disembarked in Italy or Malta, compared to 57 per cent arriving in Greece and 29 per cent in Spain.

⁹ *El País*. Madrid, 29 November 2019. Digital edition: https://elpais.com/internacional/2019/11/28/actualidad/1574969198_046511.html

¹⁰ Source: [https://eur-lex.europa.eu/legal-content/ES/TXT/PDF/?uri=C_ELEX:52020XC0417\(07\)&from=ES](https://eur-lex.europa.eu/legal-content/ES/TXT/PDF/?uri=C_ELEX:52020XC0417(07)&from=ES)

discussions between the Bulgarian Presidency and the European Parliament produced a set of provisional compromise texts that were never endorsed by the Council due to insufficient support from Member States. The Council introduced provisional amendments relating to the detention of minors, the exclusion clauses and the revocation of the statute of international protection, among others, and the European Parliament deemed these unacceptable. In these three cases, the European Parliament and the Council modified the Commission's initial proposal.

With respect to the Qualification Directive, both the Council and the European Parliament opposed, in their provisional compromises, the obligation to review the status of a refugee when renewing their residency permit, but for different reasons. The Council took the view that the administrative workload was excessive for most Member States, while the European Parliament argued that the lack of security regarding the length of stay in a country would seriously prejudice the integration of those benefiting from international protection.

With respect to the Reception Conditions Directive, the tripartite negotiations mitigated the emphasis on sanctions that the Commission had proposed for secondary movements of asylum applicants. The European Parliament report adopted in April 2017 stressed that detention of these people must be a measure of last resort and always based on a court ruling. It also proposed that they have effective access to the labour market within a maximum period of two months of formal submission of their application, and argued for the suppression of the provision that allowed for exclusion from reception conditions throughout the entire Dublin Regulation procedure. Finally, the compromise agreement adopted the Council proposal: exclusion from the reception conditions from the moment of notification of a transfer decision.

By the same token, while the European Parliament had proposed an absolute ban on the detention of minors, the compromise agreement allows for this as an exception to the rule and only if it is deemed to reflect

the greater interests of the minor. Although, during the negotiations, the European Parliament and the Council managed to soften some of the more controversial aspects of the Commission proposals, others, such as the introduction of new grounds for detention and the restrictions on freedom of movement, were maintained.

With respect to the Eurodac Regulation, in June 2017 the European Parliament and the Commission authorized its Commission on Civil Liberties, Justice and Home Affairs to open negotiations with the Council on the basis of the report it had adopted the previous month. These negotiations began in September of that year and led to a provisional agreement in June 2018, although some aspects remain unresolved, such as the inclusion in the database of the category of people linked to the resettlement and the period for which the details of asylum applicants may be retained, an issue closely linked to the Dublin Regulation, which is blocked in the Council.

With respect to the Resettlement Framework, in October 2017 the European Parliament adopted a report that insisted on the need to guarantee long-term solutions for resettled people, such as granting refugee status or subsidiary protection, and the possibility for Member States to grant permanent residency. The Parliament took the view that resettlement should occur within the context of a humanitarian programme, inspired by the needs of people in extremely vulnerable situations seeking international protection and living in third countries. The provisional agreement between the Bulgarian Presidency and the European Parliament could not be formally approved due to a lack of consensus within the Council.

The blocked reform of the Dublin Regulation and the Procedural Regulations

The tripartite negotiations on reform of the Dublin Regulation and the Procedural Regulations never even began. In the first case, the report of the Commission on

Civil Liberties, Justice and Home Affairs, endorsed by the European Parliament when approving the negotiating mandate in November 2017, introduced significant amendments to the European Commission proposal. The European Parliament proposed that applicants with family or ties in a given Member State be sent there using a simplified procedure; the rest would be relocated using a corrective system based on reference parameters that take into account the population and GDP of Member States. Moreover, it proposed that applicants submit to security checks from the State responsible for making the decision, and that applicants who pose a risk or do not satisfy the requirements of international protection should not be transferred to another Member State. At the same time, the applicant would receive full information about their rights and obligations in accordance with the Dublin Procedure.

The European Parliament report also proposed strengthening the guarantees for unaccompanied children, including an evaluation of their higher interest, and it provided for a system of incentives and disincentives to prevent flight and secondary movements by asylum applicants. However, the Council never actually approved a negotiating mandate, given the persistence of disagreements regarding the temporary or permanent nature of the relocation mechanism and whether it was obligatory or optional. In particular, the countries of the Visegrad Group were totally opposed to any suggestion of compulsory relocation quotas.

With respect to the Procedural Regulations, the European Parliament Commission on Civil Liberties, Justice and Home Affairs adopted a report that was confirmed by the Parliament when it approved the negotiating mandate in May 2018. This document proposed that all applications be registered as rapidly as possible and never more than three working days after submission. In addition, it stated that the application should be made in the Member State of first arrival or in their current location, and the applicant would receive adequate information about their right to assistance and representation. It stipulated specific guarantees for minors, that

they should never be subject to border procedures or detained at frontier posts, transit zones or subsequently at any stage of the asylum application process. The European Parliament also proposed that admissibility procedures and accelerated procedures be optional for Member States.

Three years after presentation of these proposals, the Council has been incapable of adopting the corresponding negotiation mandate with the European Parliament.

Reform of the Regulation on a European Border and Coast Guard

This text, which was adopted by the Council in November 2019, is the only one where there has been definitive agreement between the European Parliament and the Council, something that is revealing of the current approach of Member States with respect to migration and asylum. While reform of the Common European Asylum System is blocked, the only Commission proposal that the European Parliament and the Council could agree on related to the strengthening of Frontex, which between 2020 and 2027 will be provided with a permanent corps of ten thousand agents, and its mandate will be expanded so that it can guard the external borders of the EU and respond to crisis situations. Moreover, Frontex will support Member States in operations to return migrants in an irregular situation.

Reform of the Returns Directive

In September 2018, the European Commission presented a proposal to modify Directive 2008/115, known as the Returns Directive. In June 2019, the Council adopted a partial negotiating position with the European Parliament which, in its opinion, guarantees the fundamental rights of migrants, in particular the principle of no return. This document includes points such as the

obligation of people who are subject to a return procedure to cooperate with the authorities; clearer and more rapid procedures for the adoption of these decisions and the presentation of resources; more effective rules regarding voluntary returns, with the obligation for Member States to develop specific programmes in this regard; a non-exhaustive list of objective criteria for determining the risk of flight; the possibility of detaining a third-country national where there is a risk to public order, public safety or national security; and, in the last resort and subject to certain guarantees, the possibility of sending a third-party national to another country that is also deemed to be safe.

Some of these points require further clarification. In the first place, there is no definition of the obligation to cooperate with the competent authorities at all stages of the return procedure, and there is excessive margin for discretion regarding the level of detail of the information that the migrant must provide in order not to be deemed “uncooperative”.

Secondly, with respect to the risk of flight, it is important to stress that a list of non-exhaustive objective criteria does not contribute to greater coherence and uniformity of practices across Member States. Above all, these criteria include situations that are very widespread among migrants or asylum applicants (the lack of documentation or false or forged identity documents) without necessarily implying a risk of flight. Moreover, the fact that it is the applicant’s responsibility to refute these four criteria puts the burden of evidence on them, and this can be disproportionate.

Thirdly, extending the grounds for detention due to threat to public order, public safety or national security adds a further element of criminalization of migrants in an irregular situation. In fact, the Court of Justice of the European Union has stated on several occasions that these motives must be interpreted on a restrictive basis and, specifically, with respect to the Returns Directive, has ruled that they “must be interpreted as precluding a national practice whereby a third-country national, who is staying illegally within the territory of a Member State,

is deemed to pose a risk to public policy within the meaning of that provision on the sole ground that that national is suspected, or has been criminally convicted, of an act punishable as a criminal offence under national law”.¹¹

Fourthly, in general terms, the proposed reform of the Returns Directive, designed to speed up and expand the number of these measures, clearly makes the system much more restrictive as, in addition to establishing wide-ranging and open-ended criteria to define the risk of flight, it obliges those involved to cooperate with the competent authorities, and extends the scenarios for detention and grounds for denial of entry; it increases the maximum detention period by establishing that it must be at least three months; it links the return decision with the refusal of international protection, with the consequent restrictions on appeals and temporary suspensions; and it establishes a border procedure that restricts the guarantees for migrants.

An additional issue is that an area as complex as this should be subject to in-depth study, based on solid and rigorous research and analysis. At present, there is no clear evidence that detentions lead to higher numbers of returns, or that a hostile environment encourages people subject to an expulsion order to leave EU territory. What’s more, recent research suggests that those who have managed to establish themselves in a host country, to access work and provide financial support for family members in their country of origin are more receptive to return.¹²

The different draft projects of texts for the Common European Asylum System are included in the list of work in progress for the European Parliament Commission on Civil Liberties, Justice and Home Affairs, although there is no indication regarding a specific timetable for this work.

¹¹ See judgment of 11 June 2015 – C-554/13 – Z.Zh e I.O. and judgment of 15 February 2016 – C-601/15 PPU – J.N. against Staatssecretaris voor Veiligheid en Justitie.

¹² ECRE: “Migration control conditionality: a flawed model”. Policy Note #25, 2020: <https://www.ecre.org/ecre-policy-note-migration-control-conditionality-a-flawed-model/>

The new European Pact on Migration and Asylum should be an opportunity to change direction, respect the commitments set out in the Global Compact on Refugees, improve the European asylum system, expand safe legal routes, speed up family reunification procedures, share responsibility between states, provide support for those states receiving the greatest number of refugees and put an end to externalization of the issue.

The response to the COVID-19 crisis will also be crucial. To date, the European Commission has published a communiqué with recommendations regarding asylum, return and resettlement procedures, in which it states that access to EU territory for asylum applicants must continue to be possible and asylum procedures must be followed. The application of these recommendations has been uneven in different Member States, with evidence that the pandemic has had a negative impact on access to international protection for people who have been forced to flee their homelands.

2020: the year of the pandemic and its impact on migrants and refugees

The global pandemic has meant that 93 per cent of the world's population has been subject to restrictions on mobility at a time when, paradoxically, there are record numbers of people who have been forcibly displaced. According to the United Nations High Commissioner for Refugees (UNHCR), during 2019 there were 79.5 million forcibly displaced people on our planet, an unprecedented number and an increase of 8.7 million compared to the previous year.

The impact of COVID-19 has reduced flows in many countries, making mobility even riskier and more complicated, if possible, given that conflicts, violence, abuse of rights and persecution have not ended and have, indeed, intensified in many cases.

The pandemic has made life far harder for people who were already in extremely vulnerable situations, with restrictions on mobility and access also affecting

the international bodies and NGOs that provide resources and services. In early March 2020, the International Organization for Migration (IOM) and UNHCR had to freeze their resettlement operations.

Conditions in refugee camps in the global south have not only been aggravated by the health emergency but have also been impacted by the interruption of economic activities (informal work) that helped them to survive. Under these precarious conditions, where it is difficult to access even basic services, tension has increased in many places with the application of extremely harsh lockdown measures, leading to even worse living conditions.

It is important to remember that in such camps it is impossible to keep physical distances or isolate those with COVID19, there are severe limitations on access to clean drinking water and the lack of sanitation facilities makes it impossible to prevent infection. In addition to those living in camps, a high percentage of those seeking protection live in densely populated informal settlements in urban areas, in overcrowded, precarious dwellings, with limited access to basic services, in a similar situation to those in camps and depending to an even greater degree on informal employment for their subsistence. The disruption of such opportunities has led to the inability to meet basic needs.

The impact of COVID-19 on access to the European Union from the perspective of asylum and migration

In Europe, the pandemic has led to the closure of both external and internal borders by Member States, making it more difficult to access fundamental rights such as the Right to Asylum. In the first months of 2020, the figures for people seeking international protection in the European Union were in line with the statistics for recent years. However, following the closure of borders, this figure fell by 43 per cent. Arrivals by sea, across the Mediterranean have also fallen significantly. Although

rescue services have continued to operate, these have been reduced, including those operated by NGOs, which have been affected by the closure of ports, making this route even more dangerous. In particular, Italy and Malta declared their ports unsafe and closed them to rescue ships.

The data is worrying. The numbers of boats registered as leaving and the numbers arriving do not match, which may be indicative of boats being lost at sea without being identified or being returned to the Libyan coast guard on the high seas and without guarantees.

In April, the European Commission issued a series of recommendations for Member States regarding asylum, return and resettlement procedures in the context of the pandemic. However, countries have responded in very different ways:

- Some have adopted measures to treat applicants on an equal basis with their own citizens.
- Others have closed borders and ports or have put a stop to returns under the Dublin Regulation.
- The majority have suspended returns and have applied very strict lockdown measures in accommodation centres.
- Some countries, such as Hungary, have even suspended the possibility of requesting asylum.

The situation in Greece is particularly worrying. The conditions in refugee camps and settlements there were already anomalous, as they did not meet the minimum criteria of the reception directives. In practice, this means that the pandemic has not given rise to new problems so much as aggravating existing ones.

Isolated cases of COVID-19 were detected in the Greek camps, but the only measure adopted by the government was to impose a rigid lockdown, a move that increased tension.

The European Parliament sent a request to evacuate those older than 60 or with underlying conditions, to allocate more hospital resources and to maintain relocation programmes, particularly for unaccompanied children. However, the resettlement, relocation and return processes were frozen, with only relatively small num-

bers of relocations of unaccompanied children. Some countries, such as Belgium, Bulgaria, Finland, France, Ireland, Lithuania and Portugal, agreed in principle, but without finalizing transfer arrangements. All of which is evidence of the ongoing lack of solidarity between member States, who have failed to provide a concrete response to the need for relocation since 2015.

Meanwhile, it appears that the sole priority of the Greek government is to gradually close down these settlements, while at the same time reducing the number of reception places provided with European Union funding through the ESTIA programme. And the possibility of guaranteeing access to health for refugees and migrants has not even been considered, with the result that the only concrete measure has been the strict controls on movement. This situation has revived a discourse of hatred among Greek far-right groups, which has put the migrant and refugee population in the spotlight.

In Spain, as of 30 June 2020, 44,615 people had submitted asylum requests. Following the declaration of the State of Alarm, which restricted access to Spanish territory, inbound flows reduced massively, but there was also a de facto suspension of the possibility of requesting asylum, and procedures for those already in the country were also suspended.

The European Commission adopted guidelines for all Member States, requesting that asylum procedures be maintained. However, in Spain asylum procedures were deemed non-essential, all deadlines were frozen, and as a positive measure it was decided that nobody would be returned or expelled during this period. The Office for Asylum and Refugees, part of the Ministry of the Interior, has continued to work on the applications that were already in the system, but has not processed them fully and has not opened new procedures.

Meanwhile, the Ministry for Inclusion adopted various measures to ensure that entries to the reception system were maintained and that nobody was excluded for administrative reasons. And there has been an increase in the number of people who were already in Spain and applied to access the system due to lack of

resources. From 1 June, the calculation of deadlines was resumed, leading to a rise in the number of people who have had to leave the system.

Arrivals by sea have fallen, although numbers arriving in the Canary Islands have risen, with the aggravating factor that those arriving have been unable to submit requests for international protection. The Canary Islands route had already become busier before the pandemic, and numbers continue to rise despite the restrictions on mobility between Mauritania and Marruecos. According to UNHCR data as of 30 May, some 2,555 people reached the Canary Islands in the first five months of 2020.

Reception centres on the islands are overcrowded and the system is overwhelmed as a result of the refusal to transfer people to the mainland. The requirement to comply with compulsory quarantine means that new arrivals have to be accommodated in emergency facilities provided for this purpose. And the lack of a shared protocol for arrivals has led to uneven responses and a lack of coordination by the authorities. As a result of all these factors, there is great concern that the Canaries will become a long-term reception territory while lacking the mechanisms and instruments it needs to perform this function.

In Spain's North African enclave of Ceuta, arrivals ceased during the pandemic. And in Melilla, the Temporary Accommodation Centre for Immigrants (CETI) has become more overcrowded than ever, exceeding capacity by more than 1,000 occupants. The centres in both Melilla and Ceuta were locked down as a precautionary measure, and transfers to the mainland were suspended, with all that this implied.

In both Ceuta and Melilla, temporary spaces were prepared (sports centres, industrial hangars, the bullring or the mosque, some with insanitary conditions) to house foreigners who had found themselves trapped, young people who had just come out of the minors' system or those who had scaled the border fence while the lockdown was at its height. The authorities' resistance to transferring people to the mainland has given rise to a

series of problems that have been repeatedly denounced by organizations such as the Spanish Commission to Assist Refugees (CEAR).

One of the most widely applauded measures during the pandemic was the closure of Spain's Foreigner Internment Centres (CIE). During this period, it has been shown that there are alternatives to depriving people of their liberty when they have not committed any crime and the sole cause is an administrative irregularity. Positive measures such as deploying resources specialized in humanitarian aid, managed by the Ministry for Inclusion, and care for and identification of new arrivals at these facilities, should be considered as alternatives, with the aim of implementing a protocol of action to facilitate the permanent closure of the internment centres, which have been the focus of criticism for decades.

Another of the key measures adopted by the government was the approval of a basic living income (IMV). This provision represents a historic achievement for the Spanish welfare system, as the subjective right of the individual, in addition to any other provisions that may exist. However, it excludes people who have requested international protection and are excluded from the asylum system or who have exhausted the procedures of the national reception system. Including this group among those eligible for the provision would prevent marginalization and the risk of poverty, which is acute given the combination of the difficulties arising from the fact that they have been obliged to flee their countries as a consequence of persecution or conflict, compounded by the fact that they lack family support networks.

We also believe that migrants in an irregular situation, many of whom cannot be expelled, should also be covered by the basic living income, as this is one of the groups at greatest risk of social exclusion. CEAR has requested the implementation of urgent measures to regularize and increase the flexibility of the measures already established in the existing regulatory framework, with the aim of guaranteeing the rights of foreigners in Spain under equal conditions, while also recognizing their skills, dedication and commitment to society at a

challenging time when all social security contributions from workers will aid the recovery of State funds that is so necessary to social and economic reconstruction.

It is essential that economic and social support that has already been approved and any that may be established in the near future do not constitute a bureaucratic barrier that makes it difficult for people to apply for and receive such support, and makes them administratively vulnerable.

The new normal and the impact on asylum

In summary, the pandemic has been a key factor in aggravating the conditions of life of people who need international protection, rendering their situation more precarious and vulnerable. The real problem for refugees is not COVID-19 but everything that hides behind it and that has become worse: fear, uncertainty, insecurity, poverty, hatred and xenophobia.

But it is also important to note that this crisis has provided an opportunity to show, very visibly, the positive contribution that migrants and refugees make to Spanish society. During the pandemic we have seen how they have performed some of the most difficult and most exposed jobs. Highlighting their positive contribution is the best weapon in the fight against the discourse of xenophobia and hatred which is the worst of the pandemics facing our society.

In conclusion, COVID-19 must not be used as an excuse to apply more restrictive migration control policies. Closing borders and restricting mobility has had a particularly severe impact on access to the right to asylum, and we cannot allow this situation to become the new normal. Human rights must be protected under all circumstances; they are the only thing a democratic society cannot place in quarantine.

The European Union as a global player

José Enrique de Ayala

Clearly, the COVID-19 pandemic is going to have certain geopolitical repercussions, either consolidating or accentuating pre-existing trends or slowing or counteracting others. In some cases it will be a temporary phenomenon, but in others it may well be more enduring. The necessary isolation measures, the competition for scarce and indispensable resources for treating the sickness, the slow or inadequate response on the part of international authorities have all prompted a certain withdrawal into national positions at a time when globalisation had reached a considerable degree of development, but was already being called into question by some social or cultural sectors. Certain analysts believe we are at a watershed moment that will send globalisation into retreat in favour of greater protectionism and isolation that were already emerging before the crisis in some countries such as the United States. Yet it will be difficult for this trend to catch on beyond temporary trade wars since cultural, communications, economic, social, and political globalisation is inevitable and unstoppable. What the pandemic has shown is that the institutions of global governance we have at our disposal (the United Nations, Breton Woods) are neither sufficient nor suited to managing global crises, or for laying down and applying universal rules. Their reform is a challenge for us all in the years ahead.

The decline of US leadership, which began when President Donald Trump first broadcast his message of

national egoism, has only intensified during the health crisis, both because of the utter absence of support for other countries and organisations (the WHO, for instance), which he has not foregone criticising—with or without good reason—, and because of the disastrous management on home soil. China for its part has also seen its reputation diminish over the doubts raised about its initial handling of the pandemic and the tardy and incomplete information it has provided. The two powers are going to vie for global leadership, particularly in the trade and technology fields, in a struggle that will play out in cyberspace above all. Yet probably, once the pandemic is over, it will be even more difficult than before for a bipolar world to form around them, as neither appears to have sufficient ascendancy or political appeal to lead the world, or a substantial part of it. Other international players will act alongside them as regional poles of attraction of greater or lesser importance.

The EU'S future foreign and security policy

Without doubt, one of those poles will be the European Union, which could play a hugely important role in the future, striking a geopolitical balance between the two predominant powers and in relation to its main neighbours—Russia, the Middle East, Africa—, as well exerting

substantial global influence based on its political and social model, which has considerable appeal in many parts of the world. But if that is to happen, it must first overcome its internal problems and act in a united, solid manner starting at home and then on the international stage. When there is still no association agreement with the United Kingdom, with nationalist and anti-European movements on the rise in many member states, the pandemic is leaving deep economic wounds, especially in the southern countries—Italy, Spain—that have yet to fully recover from the Great Recession starting in 2008. It is also testing an essential but still weak internal solidarity without which the European project has little chance of prospering.

The EU needs to resolve these internal problems and bolster its unity to project its influence abroad as an independent strategic player on a global level if it wishes to survive and command respect in tomorrow's world. This is not new, though the health crisis has served to underscore it. For years, perhaps decades, there has been talk of the need for an integrated and credible Common Foreign and Security Policy (CFSP) that gives the EU the geopolitical role befitting its economic and demographic weight, one which allows it to defend its interests and its values with a certain guarantee of success. Yet the truth is that common positions and action are rare and, in most cases, merely rhetorical or irrelevant. In every significant matter for Europe—the Ukraine crisis, the nuclear deal with Iran, or the conflict in Libya—it has been the national governments of the most important countries in the Union that have taken the initiative, have brokered the agreements, or have played an active part in them. While the community institutions—the European Commission—are always present *as well*, they never take the lead role, their contribution being limited to that of supporting actors.

It is hard to put together a solid and effective CFSP when strategic concepts among member states are at times quite different, for various historical, geographical, or political reasons. Poland's highly wary position on Russia is hard to reconcile with that of Hungary, a sym-

pathiser of Moscow, even though the two countries form part of the Visegrad Group. Naturally, nor is interest in North Africa the same in Sweden as it is in Spain. Sometimes, positions even clash, such as those of France and Italy on the Libya issue, effectively paralysing joint action. Harmonising these criteria and perceptions is an arduous task in which everyone must give ground, and it will take many years. Furthermore, for some European governments and political players interested in economic union but resistant to political union, foreign and defence policy constitute the last bastion of their sovereignty, even if that sovereignty is more theoretical than real. Lastly, historical inertia prompts the most important ones to cling to their fading power by seeking to continue addressing their interests on the world stage individually. Take Germany when it strikes a bilateral trade deal with China, or Italy when it signs its own migration agreement with Libya, in the belief that their individual action will be more effective than working collectively within the Union.

It is an illusory conception. No European country, no matter how important, can compete in the global big league on an equal footing with its two main players. In the foreign and security policy field, the principle of subsidiarity should be reversed: only what is not possible to do at EU level should be done by the member states. The reason is quite simple: effectiveness. The EU certainly can play at the top level. No country in the world, not even the major powers, nor any multinational company no matter how powerful, can ignore the common position of a political entity that—without the United Kingdom—has 450 million inhabitants and is the second-biggest global economic power, accounting for over 18% of the world's (nominal) GDP. On all that we can reach a minimum agreement we should act together, as the only guarantee of commanding respect.

The biggest obstacle to implementing the CFSP is the rule of unanimity. It is incredibly difficult for 27 national governments, conditioned by a wide variety of external and internal political factors, to agree. Unanimity means that ultimately one single country, even a small

one, can condition the foreign policy of the big ones and that is why the latter prefer to go it alone. What's more, a foreign power will not find it too hard to convince a member state to vote against a resolution that harms it, especially if it has shared interests with that country, which means that European autonomy will remain an unrealisable dream until the rule is changed.

The problem is compounded by the fact that on the rare occasions that the EU has one message it speaks with different voices. Responsibilities in the field of foreign and security policy are shared out in the EU, without it being truly clear who does what. In principle, responsibility should fall to the High Representative for Foreign Affairs and Security Policy (HR), Josep Borrell—acting on behalf of and under the authority of the European Council—, who in turn is a Vice President of the Commission. However, the Treaty on European Union (TEU) confers to the President of the European Council the Union's external representation abroad on issues concerning common foreign and security policy, "without prejudice to the powers of the High Representative." And they exercise it, as we have seen in the case of the Libya conflict, on which Charles Michel has stepped up his contacts and meetings (which, meanwhile, has not stopped German Chancellor Angela Merkel from calling the Berlin summit and taking a leading role). Commission President Ursula von der Leyen, for her part, also represents the EU in international meetings and summits, such as the G20, and there are several Commissioners who have powers in the broad area of foreign and security policy. While the TEU confers on the HR the responsibilities that rest with the Commission in the field of external relations and the coordination of the other aspects of the Union's external action, this coordination does not always happen in the most suitable way. That is why clarifying the distribution of powers—and abiding by it—would be a major step forward for improving the efficiency of common action and, above all, for determining the courses of action that the CFSP must pursue.

The challenges of European foreign policy

The EU must have a presence throughout the world and on many occasions it is sought out for it in regions where it is appreciated for its cooperative and commercial nature and as a champion of human rights, making no attempt to dominate. One of those regions is Latin America and the Caribbean, where there are several very unstable countries, such as Haiti, Venezuela, or Bolivia, in which the Union is the biggest foreign investor and, out of self-interest and for historical and cultural reasons, it has a major role to play. In May 2019, the Council adopted a series of conclusions on relations between the two regions that underscored that they should collaborate more closely to promote democracy, the rule of law, respect for human rights, and to preserve and promote peace and security, multilateralism, and a rules-based international order. Good intentions that have been voiced for years, but which so far have produced few practical results in the political field.

But if there is one geographical area where the EU must focus its common action in the years to come, it is without doubt Africa, a continent that by the end of the century, according to United Nations estimations, will have 4.5 billion inhabitants, 40% of the world's population, whose principal pole of attraction will be Europe. Europe's security and economy will depend to a large extent on the stability and prosperity of the African continent. Within the continent, the most important region for Europe is—for obvious reasons—the north, that is the southern rim of the Mediterranean and its geographical continuation, the Sahel. They are highly unstable countries with precarious political systems that could cause multiple problems in the security and economic fields, because of jihadi terrorism, organised crime, uncontrolled migration, and the cutting of energy resources. Right now, Libya poses the biggest problem, one that has deteriorated in the military aspect over the last year and which the EU is incapable of resolving or even keeping under control, owing precisely to its lack of unity, allowing other players such as Russia or Turkey to step

in to defend their own interests. But nor can we forget that Algeria is a long way from political stability and serious problems could flare up there at any moment. Not to mention the explosive situation in the countries of the Sahel. In May 2019, the European Council declared it a priority zone and in April 2020 a summit was held, by videoconference because of the pandemic, with the G5 Sahel countries (Burkina Faso, Chad, Mali, Mauritania, Niger) focusing on security and development issues.

The Middle East zone is also extraordinarily important. An open confrontation there would be catastrophic for Europe given the consequences it might have in the shape of uncontrolled mass migration, as already occurred in Syria in 2015, and of the interruption of hydrocarbons supplies that remain essential to our economy. Here neither, in the face of Washington's unilateralism, has the EU proved capable of exerting an influence on the solution to the Syrian conflict—in spite of the fact that many member states became involved militarily—or of upholding its position in the nuclear deal with Iran. It was not even consulted about Trump's plan to reduce the Palestinian state to a kind of Bantustan split into islands under Israeli control. Once again, the EU is playing catch-up to US policy, even though it suffers the consequences more than its US ally. Turkey's position in this zone is worrying too, particularly in Syria. In more general terms, the EU must define its position and its relationship regarding Turkey, whose policy increasingly diverges from Europe's in many spheres.

Finally, but no less importantly, the EU must look east, to the countries included in the Eastern Partnership: Armenia, Azerbaijan, Belarus, Georgia, Moldavia, and Ukraine—a collection of states that comprise the as yet unfinished chapter following the end of the Cold War, whose geopolitical affiliation is not yet clear and which need the EU to consolidate their economies and probably their sovereignty too. Of course, the burning issue here is the war in Ukraine, which the EU has not been able to resolve either. While it remains a low-intensity conflict, it continues to destabilise this area of the conti-

nent and to mar relations with Russia. It appears that at the end of 2019 we witnessed the beginning of a détente, with an exchange of prisoners, but there is still a long way to go to resolve the conflict, in which the EU should also act with one voice, with caution but firmly.

All these issues are enormously complex and require deeper analysis. Here, however, for reasons of space, we are going to focus on the three most important challenges currently facing European Foreign and Security Policy and which can only be tackled with the utmost effort from the member states and the community institutions: Russian interference in European affairs, the unstoppable economic penetration of China, and the deterioration of the transatlantic bond.

Russian interference in European affairs

Relations with Russia are and will be a priority of European policy in the coming years, for many reasons. Firstly, because it is the only power with which the EU has borders, through five of its member states (two of them with the enclave of Kaliningrad). Moreover, in 2018 Russia was the third country from which the EU imported most and the fourth to which it most exported, with a deficit for the EU of 83 billion euros. For Russia, the EU is its main trading partner, in terms of both imports and exports. There is an evident interdependence and neither of the two sides can give that up, particularly Russia. Moscow has also become an international player of prime importance, whose cooperation is essential in certain key issues affecting Europe, such as the Syrian conflict, the nuclear deal with Iran, and even the Libyan civil war lately. On some issues the EU may be more or less on the same wavelength as Russia, such as the struggle against terrorism and organised crime, against climate change, or against the proliferation of weapons of mass destruction, and cooperation may be positive for both sides.

The legal foundation of relations between the EU and Russia is the Partnership and Cooperation

Agreement (PCA) in force since December 1997. This agreement was completed at the Saint Petersburg summit of 2003, when both parties agreed to boost cooperation with the creation of four common spaces: an economic space, a common space of freedom, security and justice; a space on external security; and a space on research, education and culture. The CPA was supposed to last for 10 years and be replaced by another, but since Putin came to power, in 2000, Russia's policy has become more reticent, if not aggressive, and a new agreement has not been possible, so the original PCA has been renewed automatically each year since 2007, though in practice many parts of it are obsolete.

This situation of less understanding, which had already deteriorated with the war in South Ossetia in 2008, took a definite turn for the worse with the unlawful annexation of Crimea by Russia in 2014 and the evidence that Russia was supporting rebel combatants in eastern Ukraine in the wake of the pro-European revolution in the country. The Union revised its relations with Russia and imposed sanctions in several areas. In the political sphere, the periodical bilateral summits were suspended, as was dialogue on matters relating to visas and the talks on a new PCA; Russia was excluded from the G8, and the process of Russia's accession to the OECD and the International Energy Agency was put on hold. In the economic sphere, the sanctions are very broad and cover from limiting access to the Union's capital markets for certain Russian banks and companies, particularly from the energy sector, and the suspension of new financing operations in Russia by the European Investment Bank and the European Bank for Reconstruction and Development, to a ban on arms exports and imports and an embargo on the transfer of technology in the hydrocarbons sector, as well as specific sanctions imposed on Crimea and others of a personal nature affecting certain authorities.

These sanctions have been extended and updated since 2014—the last time was in December 2019 —, taking them up to 31 July 2020. The European Council in June 2019 issued an urgent appeal to resume talks with

a view to applying the Minsk agreements, which are supposed to resolve the conflict in the Ukrainian region of Donbass, and to take measures aimed at restoring trust between the sides. Actually, and although Russia responded with sanctions of its own on European agri-food products, dialogue, while low-key, has continued and the Union has applied a policy of “selective engagement” towards Russia. If the conflict in eastern Ukraine were settled, relations would probably improve right away, especially following the departure of the United Kingdom, one of the greatest advocates of a hard line.

However, in important political circles in Moscow the EU is not perceived as an independent entity, but as part of a hypothetical “West” that is identified more or less with NATO, and therefore with the United States, and which constitutes a threat, if not directly to its security at least to its freedom of action. That is the reasoning that prompts the Russian regime to act by different means to promote division at the heart of the EU, supporting any fragmentary movement or one which might weaken it. Russia is trying—particularly over the last decade—to increase its influence in certain European countries by forging political and even financial links with the most Eurosceptic and populist parties. It applies to ties with the far left too, such as Syriza in Greece, but primarily to the far right, which is where most of these tendencies sit, as is the case of the Freedom Party of Austria, Alternative for Germany, France's National Rally (formerly National Front), Hungary's Fidesz (in government) and Jobbik, or Bulgaria's Ataka. All of them would appear to have close ties with and in many cases funding from Russian agencies, with the sole purpose of weakening the EU. The last known instance was the transcription published in 2019 of a meeting in Moscow in which representatives of Italy's far-right League, led by Matteo Salvini, were apparently offered “tens of millions of dollars” in funding.

Meanwhile, there is evidence of cyberattacks from Russia looking to cause disruption in European systems and institutions. Moreover, Moscow openly uses its news agencies and media outlets and covertly employs strike

teams on social media (linked to its intelligence services) to promote or support through manipulation and fake news any political movement that might weaken the EU, from Brexit to the secession of Catalonia, taking in backing for the parties most akin to its interests—and the disparagement of those against them—in European electoral processes.

While Russia is not the only country that employs these practices, naturally the EU must be more effective and firmer in protecting itself from these unacceptable attempts at destabilisation. And it must also stand firm in the defence of the sovereignty of the countries that make up the Eastern Partnership and their freedom to establish the alliances and agreements that they deem fit. In any case, as has been demonstrated in the Ukraine crisis, it would be delusional to think that these countries can attain lasting stability and full sovereignty without considering Russia's interests in the region at all.

The constitutional changes in Russia, which culminated in July, could give rise to Vladimir Putin's continuation in power, though this is far from certain right now. With him or with another president—in whose election he would doubtless play a major role —, Moscow's foreign policy is not going to change much. Always looking towards two horizons, east and west, like the eagle on the country's emblem. Always trying to divide its rivals, or weaken them, to gain advantage, as all the rest do, naturally. For the EU, the geopolitical gain of drawing Russia towards the West and away from China is fundamental. European effort must be geared towards convincing Russia that a strong EU poses no threat. On the contrary, it could be a solid and reliable partner whose collaboration could be useful in the defence of the interests of both parties in a world that without doubt is going to be dominated by the United States and China.

Confrontation is in neither side's interest. If eastern Ukraine is successfully pacified, reincorporating the region of Donbass under Kiev's authority, the time would be right for the EU to readdress the negotiation of a broad and ambitious agreement with Russia that would take in—along with trade and energy issues—the security

of the European area, including the common neighbourhood, and cooperation on matters of global security. But for that to happen, more than ever the EU needs to act as a single bloc, with one voice, making the most of its combined potential.

The unstoppable economic penetration of China

Over the last three decades, China has risen spectacularly like no other country in modern history to become an economic and technological power to rival the United States, which it could surpass in both fields in the next few years, despite certain vulnerabilities regarding its territorial and social cohesion. For the EU, China in 2018 was its second biggest trading partner in terms of exports and the first in terms of imports, with a European deficit of 185 billion euros, while for China, the EU is its main trading partner. The relationship then is indispensable for both sides, which have committed to a comprehensive strategic association, expressed in the EU-China 2020 Strategic Agenda for Cooperation. However, so far they have not been capable of concluding a trade treaty at that level, while individual countries such as Germany—the biggest European exporter to China—have signed bilateral agreements on their own.

Since Xi Jinping came to power, China has begun a new more proactive era on the international stage, in which it has set out to gain global influence, basically through economic penetration aimed especially at the funding and construction of infrastructure projects and leadership in information and communications technologies (5G, artificial intelligence). Beijing portrays itself as a champion of free trade, in contrast to Washington's protectionist stances, although it places huge restrictions on investments and the access of foreign firms in its territory.

As far as Europe is concerned, this penetration began in 2012, with the launch of the 16+1 framework, formed by China with 16 Central and Eastern European

countries, including 11 states of the EU (Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Rumania, Slovakia, and Slovenia), as well as the Balkan states that are not EU members (Albania, Bosnia Herzegovina, Macedonia, Montenegro, and Serbia). They became 17 in 2019 with the incorporation of Greece. This association has been geared above all towards the construction of infrastructures by Chinese companies, funded by Chinese loans.

In 2013, Xi Jinping launched a much more ambitious project: the Belt and Road Initiative, BRI, which consists of creating a strip of land corridors across Asia as well as a sea route for trade use from Asia to Africa, with both ending in Europe. This would speed up China's economic penetration into the three continents (its presence in Latin America too could be linked to this initiative, at least in its goals). This expansion is bolstered by an enormous diplomatic deployment in 276 cities across the world and by the creation in 2016 of the Asian Infrastructure Investment Bank, of which 84 countries were members by August 2019, including Germany, Spain, France, Italy, and the United Kingdom. In November 2019, China announced that 138 countries had joined the BRI in one way or another, including Russia, New Zealand, and even Syria. With regard to the EU, as well as the 12 member states from the 17+1 group that joined the BRI automatically, others have gradually signed up, such as Portugal, Luxembourg, Austria, Hungary, and, the most important, Italy, the eighth biggest economy in the world and the first OECD member and founding member of the EU to join the Chinese initiative, in March 2019. These accessions take the shape of memorandums of understanding that are partly opaque, which means that there is no guarantee they abide by the regulations in force in the EU.

While Chinese penetration was initially limited to the economic field, with the express waiver of any geopolitical implications, the truth is that since they are state investments, Beijing is acquiring a growing influence that may limit the independence of the European countries and European economic autonomy. A prime

example would be COSCO Shipping taking over the Greek port of Piraeus and the port of Valencia (Spain), two of the most important in the Mediterranean. If a country were not able to pay off the Chinese loans, Beijing would inevitably hold power over it. Meanwhile, excessive economic dependence on China could produce significant destabilisation in Europe every time there is a crisis in the Asian giant, as occurred recently with the coronavirus epidemic. Finally, Chinese investments are a clear threat to EU cohesion, from the moment they do not pass through the filter of the community institutions and the conditions are different for each country.

Despite that, the EU has not been able to devise a comprehensive strategy to tackle the growing Chinese presence in Europe. In March 2019, the European Commission and High Representative issued a joint communication titled "EU-China: A Strategic Outlook," proposing 10 actions to improve relations that basically established that the EU should deepen its engagement with China to promote common interests at a global level, such as effective multilateralism and the fight against climate change, and with the goal of securing fair and reciprocal conditions that govern bilateral trade relations with clearly defined rules and principles, to the benefit of both parties.

Indeed, the chief problem when it comes to addressing community relations with Beijing is the issue of reciprocity. In China, there are, in the words of the communication, "onerous requirements" such as the obligation to create joint ventures with local firms or the transfer of key technologies to Chinese counterparts as a prior condition for EU companies accessing the Chinese market. The exports of many EU products are subject to discriminatory and unpredictable procedures that cause long delays. One of the sectors where the lack of reciprocity in terms of market access is particularly acute is financial services. While Chinese financial technology and online payment firms, credit card providers, banks, and insurance companies are expanding their presence in the EU, European operators are denied access to the Chinese

market and investments are subject to severe restrictions. It seems that there could begin to be some relaxation on this matter, as the Chinese securities regulator is apparently analysing the potential for raising the limit on foreign ownership in the companies listed in the nation, to over 30%, but there is no decision yet.

In some European countries there is growing concern—strongly fanned by Washington—about the predominance of Chinese companies such as Huawei or ZTE in the information and 5G communication networks. Their links with the political power of a non-democratic regime like China could cause security and confidentiality problems over the next few years, though for the time being this is no more than a hypothesis.

Another sticking point is respect for human rights. The Chinese authorities are extremely sensitive to political criticism from European leaders or in media outlets and, of course, to any support for the independence of Taiwan or the secessionist aspirations of Tibet and Xinjiang. An illustration of the former is the diplomatic tension between the Swedish government and the Chinese Embassy in Stockholm, which would appear to have directly and repeatedly pressed several Swedish media outlets not to publish criticism of the Beijing regime or report on the lack of respect for human rights in its country. On the Taiwan issue, the threat of cutting trade relations with any country that recognises the Republic of China is explicit and that is why there are no EU countries on the meagre list (15) that do.

The health crisis caused by the COVID-19 pandemic, which started in China, has also been a source of friction, since—according to some European foreign ministries—Beijing provided tardy and insufficient information about the spread and danger of the epidemic outbreak. There have also been certain problems with some medical supplies from Chinese companies, though the government came to the albeit limited aid of some European countries, such as Italy, even before the European partners.

What is increasingly clear is that bilateral relations make the Europeans weaker. The strategic outlook document mentioned earlier reiterates that both the EU and

its member states can only achieve their goals in relation to China if they display an unshakeable unity, which—as we are seeing—is far from real. This unity of action could only be achieved through maximum transparency among member states and sharing information about what the BRI means for each of those committed to it. Without an effective and coherent common strategy, the European countries will always be in a position of inferiority in relation to the Asian giant.

The deterioration of the transatlantic bond

The United States has been Europe's staunchest ally since World War II and is currently the EU's main trading partner (the first in terms of exports, the second in imports), with a surplus for the EU of 139 billion euros in 2018. But regrettably it has become one of the main external headaches for the Europeans right now. The gloomiest forecasts about the effects that President Donald Trump's policies might have on the transatlantic bond, such as those of previous European Council President Donald Tusk ("with friends like that, who needs enemies?"), have been more than borne out. In three years we have gone from having a much sought-after—and ambitious—Transatlantic Trade and Investment Partnership within our grasp to being the object of protectionist measures such as unwarranted tariff hikes on European products, violating the rules of the World Trade Organisation (WTO), some of which (in the agrifood sector) took effect in 2019, while others hang like a sword of Damocles over European industry, such as the one that could affect car exports.

Trump has supported and promoted Brexit all he could, he has had no qualms about describing the EU as an "enemy," criticising the project of European construction or its policies (on migration, for instance), or openly backing any party, country, or leader that might undermine European unity, be it Nigel Farage, Geert Wilders, Marine Le Pen, or the Polish government. This hostility stems from the simple yet well-founded idea

that a united Europe will be harder to manipulate and bend to his interests—the same idea that Russian and China have.

The policy of the current US administration is contrary to the European position on nearly all matters affecting the two sides. The EU champions a rules-based international order and Trump detests that approach because he thinks it limits his freedom of action (or imposition) as the hegemonic power. The current President of the United States has made a firm commitment to unilateralism and is ready to ignore, if not blow apart, any supranational regulation or institution that stands in the way, directly or indirectly, of his interests, blocking, for example, the recruitment of new judges to the WTO's dispute settlement body, which was rendered inoperative for this reason in late 2019. This means that the institution, which has governed global trade by objective rules since 1995, is stripped of its fundamental purpose in favour of the law of the jungle. Also taking effect in 2020 is the withdrawal of the United States—the world's main polluter—from the Paris Agreement on climate change, which the previous administration signed in 2016. Climate change is one of the top priorities of European policy and probably the gravest risk facing the planet.

The agreement (Joint Comprehensive Plan of Action) signed in 2015 with Iran by the members of the Security Council, plus Germany and the EU, to put a halt to its nuclear programme in exchange for the gradual lifting of sanctions, where there is room for improvement certainly but which was working reasonably well, has been literally swept aside by the sole will of Washington, which unilaterally withdrew in 2018 with absolutely no regard for the opinion and wishes of its European allies, as on the rest of the issues we mention. Behind this decision are the interests of the United States' allies in the Middle East: the Gulf monarchies, and, above all, Israel, which is conditioning its policy in the region—even more so than ever before. This is evident in such radical decisions running counter to a peaceful settlement as moving the US Embassy to Jerusalem, the withdrawal of funds from the United Nations programme for Palestinian

refugees, or the preposterous peace plan presented in Washington in January, which includes the annexation of a third of the West Bank. For Israel—and for Trump, who has to pay the obligatory toll to the powerful Jewish lobby in an election year—Tehran is the head of the Shi'i serpent coiling around the region and the only enemy they have left. The Israeli right, perfectly represented by the corrupt Netanyahu, does not have the slightest interest in a peaceful settlement that allows the Iranian regime to survive and grow stronger as a regional power. What applies here, once again is "the worse, the better," since the deterioration of the crisis could allow Israel to launch an attack that the Pentagon has halted until now.

Still, the worst thing is that Washington tries (and usually succeeds) to place an extraterritorial reach on its sanctions. In other words, forcing non-US companies operating in third countries to act in accordance with its decisions under the threat of being penalised in their relations with the United States. In the case of Iran, despite the fact that the EU has tried to save the nuclear agreement by every means possible, introducing a mechanism to sidestep the sanctions (Instrument in Support of Trade Exchanges), most European companies have gradually renounced doing business with Tehran. This in turn has pushed the government of the ayatollahs into reneging on its commitments, treading dangerous ground.

With disregard for any limit in the exercise of his power, Trump is taking the liberty of opposing the construction of the Nord Stream 2 gas pipeline between Russia and Germany under the Baltic Sea, which has nothing to do with the United States except perhaps that it might sell more liquefied gas to Europe. He places sanctions on the European companies that are building it on European soil, which clearly infringes upon the sovereignty of Berlin, in theory one of his main allies. He has tried to impose on Europe a veto of the Chinese firm Huawei's participation in the development of 5G technology, which some European countries have rejected. He has threatened reprisals if the big US tech companies are sanctioned in Europe and halted the introduction of the so-called "Google tax" in some cases.

In short, after openly declaring his hostility towards the EU, the current President of the United States wants the European states to follow his decisions taken without prior consultation with them; to accept his unilateralism and boycott of supranational institutions and agreements, to remain silent in the face of his erratic international policy. And he expects US firms not to be subject to European regulations when they operate in Europe, while he demands that European companies are subject to the regulations of the United States—and its policies—when they operate anywhere in the world, Europe included, which altogether constitutes an abuse of a dominant position that the EU—despite its proven patience—cannot accept much longer.

What can the EU do in the face of this? There is only one remedy, the same one that applies to its relations with Russia and China: standing firm in unity. If we Europeans form a solid, unwavering front, en bloc, the current US administration will find it very hard to ride roughshod over our interests on issues that concern us. Otherwise, it will know no bounds, as it has been demonstrating. The EU has no alternative in the scenario we have described but to become an autonomous global power, as recommended in the Global Strategy for Foreign and Security Policy approved in 2016, allowing it to be independent of the United States in the shortest time possible and obtain from Washington the respect and attention that an ally deserves.

The transatlantic bond must and will be maintained, because it is based on deep-seated common interests and values and is good for both sides. Naturally, it can have its up and downs depending on the position of who is in power on one side and the other and at present it is probably at its lowest point since the end of World War II. November's presidential election is incredibly important for the future of this bond. The re-election of Trump, which seemed a virtual certainty a few months ago, now looks more doubtful because of recent events such as the racial unrest and, above all, the dreadful handling of the health crisis and the economic and social effects it is going to have on a country where social

cover is still wanting. However, it is going to depend a great deal on the mobilisation of Democrat voters, particularly minorities, since Joe Biden, the Democrats' candidate, fails to stir much enthusiasm either. We cannot rule out a victory for Trump, because he can do a lot to ensure that the economy does not slump too far before the election and he will make the most of the disturbances to complement his traditional message on the right to be selfish with another that is easy for many to understand: law and order. It would be terrible news for the EU, since one of his phobias is the idea of a united Europe that can escape Washington's sphere of influence or be less susceptible to it.

In any event, no matter who wins the election and even bearing in mind that a Democrat administration in Washington would favour understanding between the two sides of the Atlantic to a large extent, lessons can be learned from this crisis that go beyond the mere political juncture and which we shall have to consider in great depth. The first is that Europe cannot depend either politically or militarily on an external power over which it has absolutely no control and whose interests may diverge from its own at any moment, leaving the Europeans defenceless and incapable of a response, as we are seeing now.

The second, which was already evident before the current crisis, is that the transatlantic bond cannot be the same one forged at the end of World War II, because things have changed a lot since then on the European stage. Suffice to say that the USSR, which posed an existential threat to Europe, is no more and the European countries ruined and destroyed as a result of the war have transformed into a Union that comprises the second biggest economy in the world in nominal terms. The balance of power has shifted. Many of the foundations of the transatlantic bond—including NATO in its present form—are obsolete because of that and, moreover, largely corrupted by an abuse of dominance on the part of the United States and a disregard for European interests and opinions in the last few years, which is unacceptable to Europe. Nor can Washington expect to have the same

prerogatives over the European nations as when it was the sole guarantor of its survival, or Europe mean to continue being a mere consumer of security at the expense of the American ally. Only on the basis of full strategic autonomy, defence included, can the EU rebuild a lasting, healthy and solid bond with the United States that is adapted to the current reality, based on equal standing and mutual loyalty, and beneficial for both sides.

Conclusion

In his first appearance in the European Parliament in December 2019, High Representative Josep Borrell said that our unity is the requisite for our survival and that the EU is obliged to take on the role of a global superpower or risk turning into the “playground” of the others. It would be hard to express our current reality any better. We are witnessing a stark geopolitical power struggle. A rules-based international order is vital for the EU, because under the law of the jungle there is little we can do given our system, which makes us free but also more vulnerable. Russia via politics, China via the economy, and the United States via both instruments are trying to divide the EU, weaken it, exert influence over the part they find most receptive to capitalise on it and further their interest on a global level and in Europe too. Europe must begin to act like a strategic global power. Either we become a respected player, which clearly hangs on unity, or we will be a plaything in the hands of those who struggle for global power.

Of course, the priority right now is to recover from the ravages caused by the pandemic, hopefully with an emphasis on the social balance that was lacking in the 2008-2012 crisis. We must make the most of this crisis to build the much talked about social Europe, which has produced such meagre results so far. This imperative action must be complemented by action on climate change and on developing the digital economy, which the Commission had already identified as priorities before the arrival of the coronavirus. These are three major challenges that we must rise to. But we must add one more: the global challenge, the EU’s outreach as a unique player on the world stage, with one voice and strategic autonomy. Without it, the other goals will not be met, or achieving them will always be subject to what others decide.

The road is hard, and it will not be short. As we said at the beginning, there are significant differences in strategic perceptions, governments that still believe they can play a relevant role in the world, and institutional dysfunctions. Getting 27 states to agree is difficult and too cumbersome in a world where we must react with increasing speed. We must drop the rule of unanimity. It will not be easy to make the EU a strong, credible, and autonomous global player. Yet is an inescapable necessity, because that is where a good part of the wellbeing and security of our citizens is in play. It is also a noble project that is worth taking on, because our having a more stable, more peaceful, and fairer world in the future—not just the Europeans, but all of us—depends on it too.

Brexit: withdrawal of the United Kingdom and negotiation of its future relationship with the EU

Mercedes Guinea Llorente

Introduction: Brexit Acts I and II

In this report we are going to deal once again this year with another chapter in the Brexit saga. This time we would like to carry out a double exercise: analysing the two different political processes that constitute Brexit. The first, which we might call Act I, took place from the referendum in 2016 to 31 January 2020, and was a constitutional political process considering that the aim of the negotiation was a change in the European polity in a direction contrary to the habitual one—a reduction in the number of member States.¹ In this analysis, we make

an overall political assessment of the constitutional process of reduction.

The mutation of Europe took place on 1 February 2020, the effective withdrawal date of the United Kingdom (UK). Although the process has not yet been completed, the European Union (EU) once again has 27 States. Its territory, population and wealth have been reduced and, as far as the EU is concerned, the United Kingdom has become a third-party State. This situation is not yet all that perceptible, as the legal effects have been delayed due to the transitional period lasting throughout 2020, which means EU law continues to apply in the UK in an exceptional way.

This year new negotiations have begun between the EU and the UK—Act II of Brexit—in which the legal framework to govern mutual relations from the end of the transitional period on 1 January 2021 is being discussed. These are substantially different negotiations—international ones with a third-party State—and their aim is to consider a possible association between the EU and the UK, covering economic, political and security matters. Our perspective will, as always, be that of the EU, particularly taking into account the distinctive features of its political model, halfway between an international organisation and a political system of its own.

¹ We have dealt with Act I of Brexit in several chapters of our reports on the state of the EU over the last few years. See Guinea Llorente, M.: “El *brexit*: las negociaciones de retirada del Reino Unido de la Unión Europea”, in: López Garrido, D. (ed.), *Informe sobre el estado de la Unión Europea 2017. Relanzar Europa*, Madrid, Fundación Alternativas-Friedrich Ebert-Stiftung, 2017, pp. 105-114; Guinea Llorente, M.: “Las negociaciones del *brexit* en la primavera de 2018: avances y perspectivas futuras”, in: López Garrido, D. (ed.), *Informe sobre el estado de la Unión Europea 2018. Los Estados europeos ante las reformas de la Unión*, Madrid, Fundación Alternativas-Friedrich-Ebert-Stiftung, 2018, pp. 55-67; Guinea Llorente, M.: “La incertidumbre del *brexit*: *quo vadis Britannia?*”, in: López Garrido, D. (dir.), *Informe sobre el estado de la Unión Europea 2019. El Parlamento Europeo ante unas elecciones trascendentales*, Madrid, Fundación Alternativas-Friedrich-Ebert-Stiftung, 2019, pp. 123-134.

Brexit Act I: withdrawal of the UK with a treaty

On 1 February 2020, almost four years after the Brexit referendum, the treaty for the withdrawal of the UK from the EU came into force, and the much-heralded exit of the UK from the European political structure took place.² This was also the culmination of a complex, unprecedented constitutional process: the first reduction in the size of the EU. This took place in the best possible way because, in the end, the negotiations were completed and the agreement between the two parties was ratified, which meant the UK's withdrawal was legally regulated.

Johnson's renegotiation

The withdrawal regulated by treaty was fortuitous, due to the constitutional crisis in the UK as a result of the division between political forces over this issue. Although we cannot spend too long on these vicissitudes, which continued throughout 2019, it should be recalled that the negotiation period had to be extended on three different occasions and the withdrawal postponed to three different dates.³ The impasse could only be resolved by the replacement of Theresa May at the head of the British government by Boris Johnson in June, the renegotiation of the Withdrawal Agreement and the calling

of early elections on 12 December 2019 as an indirect route towards unblocking its approval by the British parliament.

Johnson did not introduce many amendments to May's Withdrawal Treaty, but the ones he made were politically and legally important. The most important of them relates to the Northern Ireland protocol, considering that the regulatory alignment with the EU accepted by May had been the subject of important criticism by the hard Brexiteers, as they saw it as an unacceptable concession of sovereignty. Johnson's model establishes a double jurisdiction system for Northern Ireland under which goods circulating between the UK and this territory which are going to stay there will be governed by British law, but EU law will apply to those destined for the Republic of Ireland. In the case of the latter, this involves the need to create a border in the Irish Sea and carry out Customs procedures.

The other differential aspect relates to the commitment to maintain European regulatory standards (what is known as the "level playing field"), a commitment legally accepted by May in the Withdrawal Treaty which Johnson moved into the Political Declaration, without legally binding effects. This reaffirmed a different model of Brexit between Johnson and May, as he prioritised political motivations linked to sovereignty over avoiding economic damage.

A political assessment of the negotiation

The withdrawal of the UK has been the first (and we hope it will be the last). As in all constitutional processes there are few written rules, although many have emerged during the practical negotiations. In the withdrawal negotiation process, the hard-line position of the British government, which was attempting to "have its cake and eat it", made the EU aware that bad negotiations could destroy European integration. In fact, if the UK achieved conditions as a non-member equivalent to those of a member recovering its sovereignty, other

² Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, *DO C 384*, of 12/11/2019, p. 1.

³ See: Council of Europe (art. 50): *Decision taken in agreement with the United Kingdom, extending the period under Article 50(3) TEU*, 22 March 2019, (EUCO XT 20006/19); Council of Europe (art. 50): *Decision taken in agreement with the United Kingdom extending the period under Article 50(3) TEU*, 11 April 2019, (EUCO XT 20013/19); Council of Europe (art. 50): *Decision taken in agreement with the United Kingdom extending the period under Article 50(3) TEU* 28 October 2019, (EUCO XT 20024/2/19 REV 2).

member States would immediately follow, as there would be no incentive for remaining in the EU and complying with the laws agreed by all. For this reason, immediately after the referendum, member States and institutions created a common front to negotiate with a single voice, without divisions, protecting the EU from potentially fatal erosion. For the Europeans, the feature of the whole process has been the unity between all member States within the intergovernmental and other common institutions.

From the first steps of the process, a series of rules was agreed. On the European side these were genuine red lines with the aim of protecting the European political model. Some tied down the negotiation procedure and the others affected its substance. They have arisen from the negotiation mandate formally adopted by the European Council but emanating from a prior consensus with the other two institutions: the European Commission and the European Parliament. These rules, which have also been extended into the second negotiations, are: the balance of rights and obligations of member and non-member States; the difference in the status of members and non-members; the unity of the four freedoms making up the internal market; the preservation of political and legal autonomy and the proper operation of the EU; and avoiding altering relationships with third parties.

Michel Barnier and his team deserve praise for the way they conducted the negotiations. From an internal point of view, their obsession with maintaining the cohesion of the EU block through transparency and daily contact with the institutions and the member States has turned out to be crucial for getting round the UK's attempts to negotiate bilaterally and apply the rule of "divide and conquer". From a negotiation point of view, control of the procedure (the breakdown of the negotiations into two successive phases: withdrawal and association) and the setting of the agenda have given him important advantages that have been translated into the success of a Withdrawal Treaty, which greatly minimises damage to States and individuals. Barnier's technical

skill has allowed him to lead every discussion and, in fact, he worked from the beginning on the legal texts proposed by the Commission, which means they have been discussed from the perspective of European rather than British interests.

EU-1: political effects of reduction

In quantitative terms, Brexit and the reduction to an EU-1 undoubtedly involve a weakening of the EU and a loss of its specific importance at international level. Since 1 February, the EU has lost one of its big States, its second largest economy and an important actor on the international stage—a permanent member of the UN Security Council. Its population has been reduced from almost 512,400,000 people to 444,570,000—in other words, the European market has lost almost 62 million consumers with considerable purchasing power.⁴ Just through British withdrawal, the EU's Gross Domestic Product has contracted by 15.2% to 13 trillion euros, putting us behind the United States. In commercial terms, the EU has suffered a 14.1% reduction in exports to the rest of the world and 13.6 in imports, which has important effects on its muscle as a trading power.

Although the qualitative effects are more difficult to see initially, they cannot be underestimated. The UK's withdrawal will also affect the EU in aspects like the culture and political philosophy of the group, balances of power, leadership, relations with third parties, decision-making and vetoes, as well as the challenges raised by the discontinuity of the territory.

Brexit and the reduction of the EU have also undoubtedly shed light on some of the weaknesses of the European integration process. The first of these is that

⁴ All these figures have been calculated from those offered by Eurostat: Eurostat: *Key figures on Europe, 2019 Edition*, available at: <https://ec.europa.eu/eurostat/documents/3217494/10164469/KS-EI-19-001-EN-N.pdf/33ab6c0c-a0c6-5294-3948-b1fb9973d096> (last consulted: 2 September 2020).

the member States' lack of cohesion of around the political project leads to problems, and reluctant parties cannot be dragged along forever. The second is the lack of knowledge of the EU among its citizens and their lack of connection to it, which means they are susceptible to believing messages thrown out by populists. These two problems, which ultimately suggest deficits in the socialisation of integration, have not disappeared with Brexit, so States and institutions would do well to reflect on them and try to find solutions before they explode into new crises.

However, and although it may seem paradoxical, the reduction process as a whole has strengthened the EU in that its States and institutions, facing a moment of truth, have opted to protect this political system. Over the last few years, which have been full of political turbulence and crisis, in which the member States have not always been in agreement, Brexit has been the exception, as all of them have lined up behind negotiator Michel Barnier to provide absolute support without divisions in their action.

In addition, over the last few years Brexit has led to a relaunch of integration in new areas—defence and social policy—for two different reasons.⁵ Firstly the member States needed to show that integration remains alive and vital and is capable of responding to its citizens' needs. Secondly, in the areas where the steps forward have been taken, the UK had, in the past, exercised its veto, for reasons of sovereignty in the case of defence and because of its different model in the case of social policy. In these two areas, getting rid of the "dog in the manger" has allowed the first steps to be taken in new areas of integration.

It is also considered that the terms of the debate on the adoption of the Next Generation Europe—the joint

economic recovery fund due to the COVID-19 crisis—could never have been what they were if the British had been around the negotiating table.⁶ There is every reason to doubt whether the British would have accepted the Hamiltonian moment involved in jointly contracting debt to finance reconstruction—a huge step forward in European sovereignty and solidarity between Europeans. Ultimately, EU-1 is weaker because it is smaller and less wealthy, but at the same time it is stronger because its members are more cohesive and are showing greater capacity for action.

Brexit Act II: negotiation on future relations in the times of COVID-19

With the departure of the UK, Brexit as such is no longer at the top of the EU's political agenda. Instead, it has moved into a new stage, what we call Act II. This second phase, starting on 1 February 2020, is substantially different from the first one. The EU is no longer negotiating with a member State in a constitutional process—in other words on its political configuration. Now the negotiations are with a third-party State which is no longer present in the European institutions in an international process governed by articles 217 and following of the Treaty on the Functioning of the EU. The purpose of the negotiations is different too. Now they concern future relations between the EU and this third party.

In principle, the negotiations should not be substantially different from others that have led to the hundreds of international agreements the EU is party to. However, the starting point, the discussion and the purpose are different. Any normal commercial or political negotiation starts with very different legal systems that need to be brought together with the incentive of obtaining benefits for the two parties. In this case, the opposite situa-

⁵ We studied this issue in: Guinea Llorente M. and Díaz La-fuente, J.: *El cumplimiento de la Comisión Europea con sus ciudadanos. Un balance de resultados de la VIII legislatura del Parlamento Europeo y recomendaciones para el futuro*, Madrid, Movimiento Europeo and Marcial Pons, 2019.

⁶ European Council: *Conclusiones de la reunión extraordinaria*, 17-21 July 2020, (EUCO 10/20).

tion applies: in the areas under discussion the starting point consists of identical legal systems which have to be separated, and the purpose is to try to maintain relations of interdependence despite the gradual divergence of regulations which will occur. The initial withdrawal decision brings about disintegration and UK's current desire to approve its own rules will increase this disintegration. The purpose of this negotiation is not to obtain gains but rather to limit the inevitable losses. And it must be borne in mind that if there are no clear gains to sell at home it will be very difficult for any negotiator to accept concessions.

Starting point: the transition period

Although legally the UK ceased to be a member State on 1 February 2020 and, according to Article 50 of the EU Treaty, EU treaties and laws cease to apply to this State, a transition period was agreed in the Withdrawal Treaty at the UK's request. This means that, exceptionally, EU law continues to apply in the UK even though it is no longer a member. The transition period was conceived with the aim of providing the British administration, businesses and individuals with a gentle adaptation process, serving as a bridge towards the framework of future relations governed by a future association agreement. The idea was to avoid legal vacuums and insecurity as costs resulting from having to adapt to different legal frameworks in a short period of time.

During the transition period, the UK maintains all its rights and obligations under the EU Treaty, except for institutional participation aspects. It receives EU policies as it has done until now and continues to be a party to the international treaties signed by the EU with third parties. However, during this period it is free to negotiate its own international treaties with third parties in areas where the EU has powers, although these cannot come into force until the completion of this transitional phase.

Considering its purpose, the transitional period is designed to last for the same time as the negotiation

and until the new legal framework becomes operative. The Withdrawal Treaty therefore initially extends it until 31 December 2020 but includes the possibility in Article 132 that the Mixed Committee—the body responsible for applying the agreement—can extend it for one or two years in a decision that had to be adopted before 1 July 2020. However, the British government decided unilaterally not to request such an extension, seeing the continuation of binding links with the EU as being against British interests.⁷ The European side maintained the need to extend this period for up to two years⁸ considering there was no progress in the negotiations to achieve an agreement and ensure legal security for all parties.

This need is also clear to the experts,⁹ but the British government once again decided to prioritise sovereignty over avoiding economic damage. Therefore, if there is no agreement in force by the end of the transition period, relations with the UK will come to be governed by existing international law in each area. This puts excessive pressure on to conclude an agreement before the end of the year, a scenario which in any context is illusory considering that European experience shows us that free trade agreements have been the result of long, complex negotiating processes.

⁷ This was confirmed by the British negotiator, David Frost, in a tweet: "Extending would simply prolong negotiations, create even more uncertainty, leave us liable to pay more to the EU in future, and keep us bound by evolving EU laws at a time when we need to control our own affairs. In short, it is not in the UK's interest to extend." Frost, D.: [DavidGH-Frost]. (16 April 2020). Twitter. <https://twitter.com/DavidGH-Frost/status/1250796638987333632>

⁸ Barnier, M.: *Remarks following round 3 of negotiations for a new partnership between the European Union and the United Kingdom*, 15 May 2020. Available at: https://ec.europa.eu/commission/presscorner/detail/en/speech_20_895 (Last consulted: 30 August 2020).

⁹ Lowe, S.: "Why the UK should extend the transition period", *Centre for European Reform*, 20 April 2020. Available at: <https://www.cer.eu/insights/why-uk-should-extend-transition-period>. (Last consulted: 30 August 2020).

Difficult negotiations interrupted by the COVID-19 crisis

As established in the Withdrawal Treaty, negotiations on the future association agreement began shortly after Brexit. They did not begin from scratch as the two parties had already agreed the aims, scope and areas of negotiation in the Political Declaration on future relations negotiated and approved at the same time as the Withdrawal Treaty.¹⁰ This declaration has no binding legal effect but it does form an important starting point for making progress in the discussions. It suggests as an objective an ambitious, close association in the areas of the economy and security, based on common values and principles making it possible to maintain existing interdependencies.¹¹

In line with the philosophy of the Declaration and in the context of previous guidelines from the European Council,¹² the EU Council adopted the negotiation mandate and directives of 25 February, following the Commission's proposal.¹³ The Council's directive developed the philosophy of the Declaration, detailing the various elements. It proposes to achieve a single legal negotiation framework including an ambitious economic association based on a free trade agreement provided that equivalent regulatory conditions are respected,

making it possible to ensure free competition. This is what is known in the jargon as the "level playing field".

This agreement must also include a fisheries agreement ensuring mutual access to waters and stable quotas, as well as an ambitious, stable cooperation agreement on issues such as police and judicial cooperation and foreign policy, security and defence, based on common values such as the protection of human rights. With this single agreement, the EU also seeks to regulate a governance structure overseeing its application, which could be adapted in time to resolve any differences that may arise. The Council subordinated progress with the negotiations to full respect for and proper implementation of the Withdrawal Agreement.

The new Commission decided to maintain Michel Barnier at the head of the negotiations, also extending the institutional management structures and the relationship dynamics generated at the previous stage which had given such good results. The mandate adopted by the Council fully coincides with the terms put forward for the new association by the European Parliament.¹⁴ In this new phase of negotiation the alignment between the positions of the three institutions and the support of the member States was repeated, maintaining the united front that had characterised the first stage of Brexit.

Alongside this, the British Government also approved its own negotiating position¹⁵ and the first differences became clear. Instead of a single agreement, the UK proposed an ambitious free trade agreement in line with Canada's, plus an undetermined number of sectoral agreements on other issues. Great emphasis was placed on all issues linked to British sovereignty and independence, confirming that the UK would not accept any

¹⁰ *Political Declaration setting out the framework for the future relationship between the European Union and the United Kingdom*, DO C 384I, of 12/11/2019, pp. 178-193.

¹¹ In last year's report, we analysed the most important aspects of the Political Declaration agreed by May and accepted by Johnson without significant alterations. See: Guinea Llorente, M.: "La incertidumbre del brexit...", *Op. cit.*, pp. 128-130.

¹² European Council (Art. 50): *Guidelines*, Brussels, 23 March 2018 (EUCO XT 20001/18).

¹³ See respectively: Council of the EU: *Council Decision authorising the opening of negotiations with the United Kingdom of Great Britain and Northern Ireland for a new partnership agreement*, Brussels, 25 February 2020, (5870/20) and Council of the EU: *Annex to Council Decision authorising the opening of negotiations with the United Kingdom of Great Britain and Northern Ireland for a new partnership agreement*, 25 February 2020 (5870/20 AD-D1REV3).

¹⁴ European Parliament: *Resolution of the European Parliament, of 12 February 2020, on the proposed mandate for negotiations for a new partnership with the United Kingdom of Great Britain and Northern Ireland*, Strasbourg, 12 February 2020 (B9-0098/2020).

¹⁵ HM Government: *The Future Relationship with the EU. The UK's Approach to Negotiations*, February 2020, CP211.

agreement compelling it to align with European regulations or institutions. Finally, the fact that issues linked to foreign policy, security and defence were omitted was highly significant.

The first round of negotiations was held in the first week of March. As well as the chief negotiators' meeting (Barnier for the EU, David Frost for the UK), 11 technical working groups were set up to deal with the different areas of negotiation.¹⁶ There was no working group on foreign policy issues because of British opposition to negotiating any agreement on this issue, and this was a first setback for the Europeans. As Barnier reported, this first round served for setting out positions, identifying points of convergence and clarifying divergences.¹⁷ However, differences he described as "very serious" also emerged on four points: equivalent conditions or the "level playing field", not accepted by the British; police and judicial cooperation on criminal issues which needed to be sustained by sufficient guarantees of respect for fundamental rights; the structure of the agreement—a single one or multiple sectoral ones; and the fishing agreement, which the British want to be renewed every year.

The emergence of the COVID-19 pandemic in mid-March halted the negotiations and subsequent rounds were not resumed until 20 April, by video-conference. This format, lacking direct contact, is not particularly favourable to facilitating negotiations. Between April and June there were three more rounds which, instead of achieving real progress, merely served to underline the differences on the four core issues and negotiator Barnier's frustration when he saw that the UK was insist-

ing on moving away from what it had previously accepted in the Political Declaration.¹⁸

On 15 June 2020, as established in the Political Declaration, a top-level political summit was held between the EU and the UK, also by videoconference. The EU was represented by the presidents of the European Council (Michel); the Commission (von der Leyen); and the European Parliament (Sassoli), and the UK by Prime Minister Boris Johnson. They repeated their intention to reach an agreement in principle soon and decided to step up negotiations during the summer.¹⁹ However, they did not manage to unblock any of the substantial themes of the negotiations. Between July and August, three more rounds have been covered, offering nothing more than the incompatibility between the UK's red lines (the legislative and judicial autonomy of the UK and control of fishing) and the EU's negotiating objectives, to growing frustration among the European negotiators.²⁰

And when the September negotiations were about to begin, the British government dropped the bombshell of a new law on the internal market that openly breached the protocol on Ireland included in the Withdrawal Agreement.²¹ The British government's own recognition of this has undermined the EU's trust in its opposite number as the culmination of the deterioration in the relationship.

¹⁶ These groups are: 1. Trade in goods; 2. Trade in services, investment and other issues; 3. Equitable conditions for open, fair competition; 4. Transport; 5. Energy and civil nuclear cooperation; 6. Fishing; 7. Mobility and social security coordination; 8. Police and judicial cooperation in criminal matters; 9. Cooperation on certain issues; 10. Participation in EU programmes; 11. Horizontal provisions and governance.

¹⁷ Barnier, M.: *Remarks by Michel Barnier after 1st EU-UK negotiation round*, Brussels, 5 March 2020. Available at: https://ec.europa.eu/commission/presscorner/detail/en/speech_20_402 (Last consulted: 30 August 2020).

¹⁸ Barnier, M.: *Remarks by Michel Barnier after 1st EU-UK negotiation round*, Brussels, 5 June 2020. Available at: https://ec.europa.eu/commission/presscorner/detail/en/speech_20_1017 (last consulted: 30 August 2020).

¹⁹ *EU-UK Statement following the High Level Meeting on 15 June 2020*. Available at: <https://www.consilium.europa.eu/en/press/press-releases/2020/06/15/eu-uk-statement-following-the-high-level-meeting-on-15-june-2020/>, (last consulted: 30 August 2020).

²⁰ Barnier, M.: *Remarques de Michel Barnier suite au septième round de negotiations*, Brussels, 21 August 2020. Available at: https://ec.europa.eu/commission/presscorner/detail/en/statement_20_1511 (last consulted: 30 August 2020).

²¹ On this issue, see: Barnard, C.: "The Internal Market Bill: When EU Law is not EU Law", *The UK in a changing Europe Commentary*, 10 September 2020. Available at: <https://ukan.deu.ac.uk/the-internal-market-bill-when-is-eu-law-not-eu-law/> (last consulted on 10 September 2020).

Future prospects by way of conclusion

The possibility of reaching an agreement on future relations by December today seems remote to all but the most optimistic observers. After six months of negotiation, the two parties' positions on the substantive elements of the relationship are antagonistic and have not moved. In both cases, they also involve the red lines drawn up by the parties. On the European side, too, Brexit is not the only issue: its political priority has been displaced by the pandemic.

In the last few weeks, the negotiating climate has also worsened and there has been a loss of trust in the British government because of its lack of consideration for the commitments acquired in the Withdrawal Treaty, which amounts to a lack of respect for international law. In this Brexit Act II it has become clear that Johnson's model is not the same as May's and that he accepted the Political Declaration merely because he was in a hurry to conclude the matter, even though he had no intention of sticking to it. For ideological reasons, Johnson does not want to accept any limits on British legal sovereignty even if this leads to serious economic losses.

Although the lack of an association agreement on 31 December will lead to losses for the European and Spanish economies, this is nowhere near comparable to what would have been involved in the UK's withdrawal without an agreement. Very substantial elements, such as citizens' rights, the continuity of judicial relations, or the Northern Ireland peace process have been satisfactorily resolved. This is why the EU's fundamental interest is in respect for the existing agreements. If this does not happen, all legal and judicial mechanisms available to it must be used.

Considering that there is little hope of an agreement, over the last few months the Commission has undertaken urgent work to prepare for the contingency of there not being one, encouraging member States to step up their campaigns to provide information and assistance to all those affected economically and socially. It has even included an item to compensate those

harmed by Brexit in the next Multiannual Financial Framework.²²

Despite the above, and however much relations with the British government cool, we cannot forget that sooner or later there will have to be a return to the negotiating table. The level of interdependence will soon make it clear that trading under WTO terms or having to use other minimums under international law leads to huge losses, and new negotiations will have to be undertaken. For this reason, although Act II of Brexit may end in disastrous failure, there is nothing to rule out the opening of an Act III after a time.

Recommendations

- Given the limited possibilities of an Association Agreement being reached by 31 December 2020, European institutions, Member States, and economic and social stakeholders should intensify their efforts to prepare for this contingency.
- European institutions must use all mechanisms to prevent violations of the Withdrawal Treaty, both those included in the Treaty itself and other informal measures.
- As the United Kingdom is a third state and an important neighbour, the EU needs to discuss and formulate a common, coherent, consistent foreign policy towards it, including the possibility of returning to the negotiating table to discuss an Association Agreement.
- In light of the fact that the underlying cause of Brexit is the lack of solidarity and commitment to the European project on the part both of elites and of society as a whole, the EU should address the need for a solid communication strategy aimed at its citizens, a strategy that should involve national governments.

²² The item for dealing with the adverse consequences of Brexit has been provided with 5 billion euros.

The European Union as a key player to fight COVID-19 and gaining strength in world politics

Francisco Aldecoa Luzárraga

General considerations

Since the last article that I published a year and a half ago in the previous edition of the State of the EU, the role of the European Union in the world has been reinforced as a consequence of actions that were taken to fight coronavirus and that has had an effect on new international leadership.

This is due to the new political cycle that came about as a consequence of the May 2019 elections where the European Union bolstered both its original and practising legitimacy, setting out its main international goal as reinforcement of the European Union's role in the world. I will subsequently analyse the relevance of the spread of coronavirus throughout the world, still completely out of control. This is working as a catalyst for the EU's federal advancement as I will explain in point four.

Below, I will analyse the international response to COVID-19 that has given the European Union new leadership as an international player and thereby develops the concept of strategic autonomy and its extension dur-

ing coronavirus times. I shall finish with the conclusion that is the title of this article. It is important to highlight the relevance of the United Kingdom leaving the European Union on 31st January this year, one month before the pandemic was declared, so that the EU might be able to give an in-depth unitary response by means of the Recovery Plan and, in turn, with important international consequences in the fight against COVID-19. These decisions would have been impossible if the United Kingdom was still a member of the EU.

The new political cycle as a consequence of the elections on 23rd-26th May 2019 and bolstering the "EU's role in the world".

Over the last four years, the European Union's situation has been improving substantially and progressively, particularly since the Brexit referendum on 23rd June 2016, as this brought about cohesion among Member States, institutions and citizens, as reflected in successive

Eurobarometers, which confirmed that citizens began to support the European project as they had not done for a decade, or possibly two.

Consequently, it came as no surprise to us that citizen participation in the European Union as a whole, in the European Parliament elections on 26th May 2019, rose 9 points from 42% to almost 51%. This is a highly substantial rise that puts the brakes on successive drops over the last 20 years, giving election participation levels equivalent to the time before amplification to the centre and east of Europe, meaning the 1999 elections. This figure is high despite participation below 35% in the United Kingdom and Eastern countries, otherwise the average would be over 60%.

The nominations for the senior staff adopted by the European Council on 2nd July were a consequence of the results of the European elections on 23rd-26th May 2019 and the decisions taken subsequently by the European Council on 20th June concerning the new Strategic Agenda 2019-2024. This designated the liberal Prime Minister of Belgium, Charles Michel, as the new President of the European Council; the EPP German Defence Minister Ursula Von der Layen was proposed as President of the European Commission and was sworn in on 16th July by the European Parliament; and France's Christine Lagarde as President of the European Central Bank.

The Council also proposed the Spanish Minister of Foreign Affairs, the socialist Josep Borell, as the EU High Representative for Foreign Affairs and Security Policy and Vice-President of the European Commission, which was approved by the European Parliament Committee on Foreign Affairs on 7th October 2019. From this meeting, informally, the proposal also emerged for the presidency of the European Parliament, finally chosen on 3rd July by the same Chamber, going to the Italian socialist David Sassoli. With all this, the new European political cycle was deemed to have begun, as in some way the background to the new political cycle had already got going back in 2016, as mentioned.

The inaugural address by the new President of the Commission, Ursula von der Leyen, given on 16th July

2019 and approved by the European Parliament, outlined her programme. It was an innovative speech, bringing in the spirit of European relaunch and change in paradigm, as it was moving from the concept of a union of citizens and States to the union of citizens, bringing to life the President's words: "I was born in Brussels as a European, finding out only later that I am German with roots in Lower Saxony. And that is why there is only one option for me: to unite and strengthen Europe."

Throughout her speech she spoke directly to the citizens and not to the Member States, as had been usual until then. It is important to mention that the President of the European Commission received only just enough backing from the House, as her absolute majority was just 9 votes, despite doubts raised in the last few days. Afterwards, this majority grew as a consequence of agreements with 3 other main political parties who supported her: Socialists, Liberals and Greens, along with the EPP.

The politicization of the new term's political system was confirmed. This is the consequence of applying Article 17.7 of the TEU which stated that the President of the Commission should be proposed by considering the electoral results. It also required approval from the European Parliament, thereby increasing the Commission's effective control. These results confirm this politicization, implying that a separate common political space is being constructed from the States, ratifying in practice that the European Union is a Union of Citizens and States.

The election results also confirm that the problem of the extreme populist and Eurosceptic parties is a particular issue for the Member States and not so much for the European Union, as these parties are successful in Italy and the United Kingdom with quite a margin and in France, with less. However, in the heart of the European Union, the Identity and Democracy Party, that includes Salvini and Le Pen (deeply divided political group), came fifth with 73 MEPs, although there are MEPs among the Non-Attached group, the 29 MEPS led by Nigel Farage, the main architect of the Brexit vote. They will disappear

when the United Kingdom leaves the European Union after Brexit, reducing the far-right group. Therefore, they currently have extremely limited capability to govern the European Parliament and the whole institutional system of the European Union.

As the surveys forecast, although Spanish public opinion or media failed to reflect this, almost 70% of seats are divided between 4 major political powers: People's Party with 179 MEPS, the Socialist Party with 153 MEPs, Liberals with 106 MEPS and Greens with 74 MEPS. Therefore, from the outset there were 512 MEPs with the same strategic vision on the future of the European Union and ready to share more sovereignty. This proportion grew when the United Kingdom withdrew.

The results of the European elections initiated a new political cycle, that did not come into complete practical effect until 1st December 2019, when the new European Commission term of office began. On this date, in principle, the United Kingdom should already have withdrawn, although a third three-month extension had been requested, until 31st January 2020. However, support from the aforementioned political forces was confirmed and, in addition, that the European relaunch in the pipeline over the last three years, since the Brexit referendum on 23rd June 2016, would still be maintained irrespective of the situation of the United Kingdom.

In any case, this confirms that the United Kingdom's withdrawal is providing an opportunity to relaunch the European Union and that it is almost as difficult for a member country to withdraw as it is to enter. Furthermore, its withdrawal is not having any effect on other members, as might have been thought at the start, nor does it hold any sway in the design of the new European political cycle. In addition, over three years, we have gone from thinking that Brexit was going to cause an existential crisis within the EU to understanding that the "existential crisis" might befall the United Kingdom. The reunification of Northern Ireland has already been suggested, plus the call for a second referendum regarding Scotland leaving the United Kingdom in 2021, which would mean the end of the United Kingdom as a single

State, should the Scottish independentists win.

The new European Commission presided over by Ms Ursula Von der Leyen was definitively constituted after replacing the three Commissioners censored by the European Parliament, and this confirmed the new political cycle. It comprises 27 commissioners belonging to the 4 political forces that represent 70% of the House: 9 social-democrats (from Spain, Portugal, Italy, Netherlands, Malta, Luxemburg, Finland, Sweden, Slovakia), 9 People's Party (from Latvia, Germany, Bulgaria, Austria, Greece, Ireland, Croatia, Cyprus, Romania), 6 liberals (from Denmark, Belgium, France, Czech Republic, Slovenia and Estonia), 1 green (from Lithuania), 1 conservative (from Poland) and 1 independent (from Hungary). Recently, on 7th September, the Irish commissioner was replaced by the Vice-President of the European Parliament, Mairead McGuinness, who takes the portfolio for social services, previously held by Dombrovskis, who in turn became the commissioner for trade, making a European Commission which practically boasted parity of representation (14-13).

The structure of this Von der Leyen Commission is run by three Executive Vice President Commissioners and the High Representative and Vice-President of the European Commission, plus another four Vice-Presidents. These first Vice-Presidents, previously announced by the European Commission, reflect the four major priorities for the new Strategic Agenda, based on three internal axes and one international axis. The internal axes are: 1) "European Green Deal", led by the first Executive Vice-President, Frans Timmermans, who is attempting to structure a very ambitious green agenda, for which he will coordinate seven commissioners; 2) "An economy that works for people", led by Valdis Dombrovskis, who will coordinate six commissioners and will attempt to recover the European social model; 3) "Shaping a digital future for Europe" run by Margrethe Vestager, with five commissioners and the aim of making Europe more technologically competitive.

The international axis is run by the High Representative and Vice-President, Josep Borrell, with the objective of "a

stronger Europe in the world” and therefore he will coordinate with five other commissioners work on international matters. This structure aims to reform the Union profoundly to make it more economically and technologically competitive and reduce the gap with the United States and China, without forgetting the European social model with the aim of improving international presence. It was therefore essential for the European Union to undergo a comprehensive internal reform to meet these objectives.

Finally, it should also be highlighted that, as reflected by the new political cycle, this Commission is committed to making an in-depth change in its organisation and its policies, to meet innovative objectives that will make the Union much more competitive economically, commercially, socially and technologically. It is also committed to the decision to make changes to treaties, that might resolve their limits in several fields, to achieve these goals such as Democracy, Fiscal Union, Foreign policy for security and defence, Migration, etc. To do this, the President of the European Commission committed to calling a European Conference in 2020, with citizen participation, to tackle constitutional reform, in other words the treaties, and the Croatian Vice-President was given this task.

The as-yet uncontrolled expansion of coronavirus growth throughout the world

Since the World Health Organisation (WHO) officially declared the worldwide pandemic (occurrence of a disease that affects many people over a very wide area, Collins dictionary) due to COVID-19, a little over six months ago, on 11th March, Europe and the world have been flogged like never before, not for at least a century when the so-called “Spanish flu” killed around 50 million people in 1918.

At a European level, the pandemic is reasonably under control despite the latest outbreaks in September; and the epicentre has moved to both North and South

America, where the figures are shooting up. We should thereby emphasise that right now this spread means that more than 400,000 new people are infected every day in the world and more than 7,000 die on a daily basis, while the European Union is barely reporting ten thousand infections and there are only around 500 deaths a day. This can be calculated at around 10% of infections and possibly half the deaths. The infections are high due to more checks and PCR swab tests than in other geographic areas.

The most serious aspect is that right now, six months after the pandemic was declared, it is at its worst point, for now, and expanding and growing uncontrollably throughout the world. Specifically, over the last three months, infection has risen from 11 to 32 million, meaning that it has tripled. Therefore, it is taking less time to infect a million people. Currently, one million people have officially died, although it is calculated that the real figures are at least double, given that demographic statistics in less-developed countries are not reliable for the living and even worse for the dead.

The most prudent estimations over one year, as this is when we might imagine first having a vaccine to be applied almost universally, are that the previous figures would have multiplied by at least three or even five, in such a way that around several hundred million people will have been infected and a little over 10 million will have died. During 2020, it is expected that around 50 million people will be infected and more than 2 million will die. However, this pandemic, for the time being, has an equivalent lethality level to deaths in armed conflict in 2018 according to the WHO, a little over one million, possibly reaching the 3 million fatalities from traffic accidents; and less, for now, than the 8 million killed by smoking according to the WHO in 2019 and of course, it does not come anywhere near the 18 million who died of hunger in 2019 according to the FAO.

These figures show that Europe’s weight in this pandemic, its epicentre at one point, with 80% of infections and deaths in the months of March and April, will reach minimum worldwide rates as the total calculation for

2020 will probably be around 5%. Data from the rest of the world, particularly China, is severely under-reported, among other reasons because it is exceedingly difficult to measure it in these countries.

In other words, the epidemic is being largely controlled in Europe but not throughout the world, as it is at its worst point, for now. In Spain, it is not yet sufficiently clear that this “tsunami” is passing in the European Union and, despite the great pain and high number of victims that affect so many people, around 3 million and close to 200,000 deaths, it will have limited relevance in world figures. However, it has caused a tremendous political effect to the extent that we are fighting it relatively correctly and quickly, at least compared to other crises, as in 2008 or to responses from other international players.

Political advancement of the EU as a consequence of COVID-19, as confirmed in the Recovery Plan

Over the last few months, rare acceleration has been seen in European construction, as a consequence of the world pandemic caused by Coronavirus. This acceleration represents a leap equivalent to the work of several terms of office, in a little under one year since the start of the new Commission’s term. To face the social and economic consequences caused by COVID-19, the European Union and the Member States have coordinated and joined forces to work through this epidemic crisis by advancing its economic, political and social model. I am proposing seven phases that have taken place since the start of the Commission’s term of office, conditioned from the second phase by the WHO’s declaration of the Coronavirus as a worldwide pandemic on 11th March this year:

a. The Union’s clear course before the arrival of coronavirus

The EU faced the epidemic just when it had set a clear course and was consolidating itself as a global player, both in the internal and international perspective as a consequence of the new political cycle. This political cycle arose from the results of the May 2019 elections, as we have seen, and the new European Commission, born from the political commitment derived from the elections, is presided over by Ursula von der Leyen. The new Commission had begun its term of office on 1st December 2019, with great legitimacy, as it was supported by 60% of the house when sworn in on 27th November 2019.

Therefore, the coronavirus crisis came at a time when the EU was beginning to apply its new political programme. This had priorities that are not only compatible with finding a way out of the health crisis, economically and socially, but that help to fight it. The international goal was to make “a stronger Europe in the world”. COVID-19 is making it easier to apply the priorities of this new Commission. In other words, it is becoming a catalyst that helps and accelerates meeting programmatic priorities, particularly to strengthen its place on the world stage.

b. Lack of coordination and unilateral decisions

In late February and early March, there were three weeks when the Member States and the Union were somewhat in disarray, as the Member States were each making their own opportune decisions without consulting each other and the EU institutions barely played a role. This situation was widely reported in the media and elicited certain nationalism, as each Member States’ responses were only intended for their own country.

The media was thereby full of headlines and fundamental explanations at that time crying out that “we can’t expect anything from Europe”, “yesterday was just

another example of the European Union's lack of capability", "the EU cannot cope with the circumstances", "the EU has not activated and is not going to activate the necessary measures", "Europe is late to the party and indecisive, it's no surprise that citizens want to leave Europe", "European division 5 against COVID-19." What it actually showed was just the division in the European Council, which cannot be extrapolated to the Union as a whole. There are many more examples of similar headlines from a wide range of newspapers.

c. Convergence and coordination from the institutions

On 13th March, a convergence process began in the Member States' response with the Communication from the European Commission on the EU's fight against Coronavirus. On 18th March, the ECB thereby decided to back Member States' liquidity up to 750,000 million Euro and, above all, it left the door open to bring in new measures, if required, to support them. A few weeks later, the Eurogroup held on 9th April, adopted the decision to support the fight against the economic and social effects of the epidemic for a value of 540,000 million Euros. However, the media insistently harks back to the first three weeks of the crisis when coordination was lacking, ignoring the relevant progress over the last five months. The pandemic was declared on 11th March and Spain began to lock down three days later.

d. The new boost from the European Parliament

In our opinion, this phase began on 17th April with an important resolution from the European Parliament entitled "EU coordinated action to combat the COVID-19 pandemic and its consequences" that went unnoticed among the Spanish media. It was approved by a large majority of 395 votes for and 171 votes against, 128

abstained. This action, with support from the three major political forces (people's party, socialists and liberals), proposed a joint solution to the crisis, presenting health, social, economic and international measures, among others. We consider that the most important was the approach that perceived the economic solution as bound to a vast amplification of the European Union budget.

Subsequently, the European Council held on 23rd April echoed this philosophy, as it is clear that 24 out of the 27 members of the council belong to the three political forces upholding this resolution. In addition, the Eurogroup proposal was approved with a value of a little over half a billion Euros with the aim of being able to apply the aid quickly, in this case particularly in the form of loans, to face the economic and social effects generated by the epidemic crisis. At the same time, a road map was set up and the European Commission was asked to draw up a proposal for the Multi-annual Financial Framework for the next 7 years (2021-2027).

The European Parliament resolution of 15th May compiles the main measures in the following fields: European solidarity in the health sector; European solutions to face the social consequences; common measures to face the economic effects; decisions to be adopted to protect democracy, rule of law and fundamental rights; supportive external action by means of international cooperation, etc.

In short, a stronger and more effective Union to protect European citizens. This resolution gives a united response to the crisis from the European Parliament, representatives of European citizens with support from over 500 MEPs.

e. The European Commission's proposal for a daring economic and social Recovery Plan

This began on 27th May when the European Commission presented its proposal for a plan to combat the crisis that involved determining the basic instrument for economic and social recovery, entitled "Socio-economic re-

covery plan.” This new proposal works from a community budget that is double the amount for the previous period, which is wonderful news. It was still pending approval in the European Council at its summit on 16th and 17th July, taking place in person.

Let’s not forget that the European Council held in February this same year failed to reach an agreement on proposals of around 1.05% of the total GDP of the European Union. In this case, the proposal is double, in other words 2% of European GDP. The difference is that it is going to be used through different measures and a recovery fund to address the effects of the epidemic crisis mainly through investments, 2/3, and to a lesser extent loans, 1/3, that will be called “mechanism for new generations” totalling 750,000 million Euros, of which 500,000 million will be capital transfer and 250,000 loans.

We do not recall an institution that doubled its budget from one year to the next. It is something that we never ever imagined and, in any case, it is possibly the only positive consequence of the pandemic, as the increase in the budget is something that we have been defending from the European Movement for a long time but that has never been contemplated. However, something important remains to be agreed, which is how to achieve double the revenue without asking the Member States to make a larger contribution.

f. Approval of the Recovery Plan by the European Council at the extraordinary European Council meeting from 17th to 21st July

In the end, the European Council met on 17th, 18th, 19th, 20th and 21st July in one its longest sessions ever known, finally reaching a definitive agreement at 5 am on 21st July. This agreement compiled the substantial elements of the European Parliament’s proposals that had been brought to life in the Recovery Plan proposed by the European Commission. Nevertheless, there were still some ‘ts to be crossed’ as happens in all international

negotiations that require all parties to bend a little.

What is relevant is that the plan would go ahead, that it was a federal advance commitment, a reflection of “European sovereignty” and solidarity among its members and with its citizens, due to its amount, 750,000 million Euros, more than half of which was committed through investments, 390,000 million Euros, and the rest in loans; to the pooled risk managed by the European Commission in the markets and, therefore, financed by some type of community debt, bound to the Multiannual Financial Framework 2021-27, that had been almost doubled. In other words, for the first time in history the community budget had been doubled, as we have been defending in our publications, something unimaginable even just back in February.

The Recovery Plan approved by the European Council highlights the fund’s link to new European generations and, in addition, it is linked to the European Commission’s new policies, such as the Green Deal, sustainability, social policy, digital policy, etc. that would have to be necessarily included in the national development plans. In any case, we must insist on the progress from the European perspective, not only in the national mindset, as reported by the media in Spain.

The “ts to be crossed” are the refunds to the so-called “frugal” nations, that were expected to disappear after the British cheque; the emergency brake; the disappearance of the democratic conditionality for some central-eastern European countries; the non-approval, for now, of the new tax figures for own resources; and the reduction of some community entries that we hope will be corrected in the Parliamentary sessions in September and October.

g. Limited repercussion and certain disinformation fed by the outbreaks throughout Europe

It is early days to know the incidence of this important decision, but possibly this will not make it difficult to

implement, as it is the consequence, as we mentioned, of a process where they have made it possible, working with the European Council, the European Parliament and the Commission, plus State participation. However, it received little media attention, above all because it was already the end of July and in the month of August, when fresh outbreaks of the epidemic throughout Europe blurred the relevance of the decision.

During late July and the month of August, the media was not able to report properly on the extremely important progress and benefits implicated by the recovery plan carved out by the European Council, or explain the political scope of the decision and its incidence on the political model. Consequently, perhaps we now required something even more difficult: the European Conference, with participation from organised civil society. It will cover the treaty reform required to put this ambitious plan into action, as we are all aware that administrating and managing a plan of these proportions involves reinforcing the decision-making process for the European Union's institutional system.

This especially requires that the unanimity concept should disappear at the heart of the European Council and the Union Council; the increase of attributions from the European Commission and a reduction in its size; progress in the Banking Union and the Fiscal Union; widening competences in the fight against pandemics; migration and asylum; development of the social model and working conditions; and in foreign policy for security and defence. This will also involve improving democratic quality control instruments such as article 7 of the TEU, among other matters.

Approval is pending from the European Parliament that we hope will not be problematic as they actually came up with this initiative. On the other hand, ratification is needed from Member States who require a new spending ceiling to be set. Because there was unanimous agreement in the European Council, ratification by the Member States does not seem to be too much of an obstacle. Now, organised civil society and the European Movement must create media impetus to highlight the

relevance of the 21st July agreement and our entire political process.

The international response to COVID-19 gives the European Union new leadership as an international player

The recent worsening of the stand-off between the United States and China, as a consequence of Coronavirus has strengthened the third pole which, in the new world dynamics, is the European Union as a European Federation under construction. This comes right in the midst of its relaunch with a daring strategic agenda, grounded in shared values—whose priorities are the sustainability pact, the digital agenda, the solidity of the social model—that the Von der Leyen Commission is implementing thanks to its enormous political legitimacy, as mentioned earlier. This might even be described as practising legitimacy now, due to implementing the Recovery Plan.

The agenda is prioritising “a stronger Europe in the world” outwardly, led by Josep Borrell in charge of European diplomacy and Vice-President of the Commission. Borrell realised that to consolidate this third pole in the world, they have to talk to the Chinese and the Americans in the language of power—economic, commercial, technological, defensive, etc.—and now also in the fight against the virus. Let's not forget that the European Union's most important power today is the regulatory power that allows it to reform international standards, strengthening multilateral world governance against these two selective forms of unilateralism.

Therefore, to achieve “A stronger Europe in the world”, Europe must be stronger on the inside with more cohesion between Member States, closer to its citizens, reinforcing the European Federal dimension, that makes it possible to improve decision-making, overcoming the unanimity issue in the Foreign Affairs Council, for topics such as sanctions and concerning worldwide governance, including security and the fight

against epidemics. This is a pre-condition to make the EU's political and strategic autonomy effective against third parties.

Perhaps the most relevant aspect is that the current President of the Commission, Ursula von der Leyen, and the HR are managing to transform a real problem, the most important in almost 70 years' history of building Europe, into a lever that can be used to fight the spread of Coronavirus worldwide, at the same time as they make it possible to meet the strategic priority set at the beginning of her term of office to make "a Stronger Europe in the world" and the HR is exerting his competence with different initiatives, proposals and decisions.

How are these initiatives revealed? They appear in many ways. This could be highlighted in the explanation and grounding given by the HR himself, in an article published in a variety of international media, back on 5th April, stating that "we need a common approach to the pandemic and aid for the most vulnerable populations, above all in developing countries and in conflict zones." In a specific and more exhaustive way, the HR and the European Commission are determining the strategic lines in the joint Communication presented on 8th April entitled "Communication on a Global EU response to COVID-19" where, through a wide range of perfectly designed initiatives, it announces the use of 15,000 million Euros to fight the virus; now this quantity has more than doubled.

In that Communication, it stood out that the European Union has particularly set its sights on the States most affected by the epidemic to provide health aid. These countries are the EU's neighbours: the Western Balkans, the Middle East, Northern Africa and the rest of the continent, part of Asia and Latin America and the Caribbean. The focus is on the most vulnerable countries. This is an immediate response to a health crisis and the result of humanitarian needs and the capability to respond to the epidemic and the socio-economic impact of the crisis.

In terms of bringing peace, we might mention that the HR then adopted the proposal by the Secretary General of the United Nations (UN), Antonio Guterres,

from 13th March, calling for a ceasefire on international armed conflicts or conflicts with international repercussions and both the EU's Foreign Affairs Council and its diplomatic branch have pushed for and have at least achieved some truces, although it is difficult to know which cases were passed to the EU.

However, there has been at least a declaratory drive as in the case of the Ukraine, where there is a tense calm; in Yemen and Afghanistan there is a ceasefire and even an exchange of prisoners; in Syria there is a ceasefire, although unstable and progress has been made in Cameroon, Southern Sudan, Central African Republic, among other examples. There is a ceasefire in Colombia's internal conflict. However, clashes have worsened in Libya over the last few weeks. It should be noted that there is a certain inflection in the reduction of armed conflict, albeit small, and not always as successful as we might like.

On this occasion, it is one of the first times that the European Union has been one step ahead of other international players, in this case, proposing to manage a health crisis with such great repercussions for security. Among other reasons, perhaps this is because the European Union is the international player in the best position to do this, as it has the necessary capacities to tackle this crisis, including the economic, technological and particularly the health perspective where we are also the top world power.

In this respect, on 4th May, President von der Leyen presided over a Virtual Conference of donors that was jointly led by France, Germany, United Kingdom, Japan and Saudi Arabia. These countries are already offering 8,000 million Euros to fund health equipment on disadvantaged continents such as Africa and Latin America to slow down the spread of the virus. For all these reasons, we can say that "Europe is becoming stronger in the world". This was also an opportunity for international solidarity which is one of the shared values, article 3 of the TEU.

More recently, in mid-May, the European Union demonstrated its leadership once again at the World Health Organisation Assembly. It proposed a resolution

that received majority backing, distancing it from the intransigent position of the Chinese government and the excessively accusatory position of North American diplomacy. This resolution called for an independent investigation into the crisis which originated in China. It was backed by most of the assembly, particularly by the main states such as Japan, Canada, India, Australia, among many others.

Strengthening strategic autonomy as a consequence of coronavirus

The external dimension of the European Union is going to receive a great boost as the consequence of drafting and applying the Global Strategy for Foreign and Security Policy on 28th June 2016. Its main contribution was to state the principle of strategic autonomy. Thanks to its application, decisive measures have been taken over the last four years in European Foreign Policy deployment, mainly to implement the European Defence Policy, with PESCO as one of its most important instruments.

Regarding the European Union as a strategic player, the Strategy incorporates the innovating principle of “strategic autonomy” that it does not define but whose meaning can be inferred. Maybe their most important contribution is that it transfers the legal obligation of a defensive alliance set in Article 42.7 of the TEU to a political commitment, when it mentions that the Union’s aim is to promote peace and will guarantee security for its citizens and its territories. This specifies the Treaty’s legal commitment as a top strategic goal, that brings a qualitative change to the defence policy scope. It changes from crisis management operations abroad to defending citizens and territories that implies territorial defence, until now the exclusive responsibility of the Member States or, when appropriate, NATO for the Member States that belong to it.

Consequently, it is important to highlight that one of the fundamental aspects of developing the Global Strategy is the European Defence Policy that until then

had been subject to a significant veto from the United Kingdom. There has been considerable progress over the last three years, possibly more than achieved over the last decade, to get this policy up and running. The United Kingdom has made it difficult but not prevented its validity and this is setting up the European defence policy, thanks to the Global Strategy.

As a consequence of coronavirus, this strategic autonomy principle is being extended to other fields and is taking on a new dimension so it is going to be particularly important in the field of security and defence as compiled in the letter from the four ministers of defence (German, French, Spanish and Italian) to maintain, strengthen and develop our ability to act and react autonomously, as a Union, and in the spirit of solidarity or aid and assistance, as appropriate, whenever necessary. In addition, it reaffirms the full conformity with the decision-making autonomy of the European Union with other organisations, particularly referring to NATO.

In this way, the idea of strategic autonomy is being extended to other fields such as health, technology, or even taxation and the economy and particularly the political world. In this way, the programme presented by the German Presidency for the second semester of 2020 uses the concept of autonomy to refer to action in the health field and the fight against the epidemic when it mentions that “we want to agree on specific measures to increase the EU’s autonomy to guarantee medical supplies among Member States.”

The terrible crisis is acting as a unifying factor in the European Union, particularly in its international projection, as worldwide policy needs to intensify the EU’s common efforts, developing a European crisis management system and a common strategy to fight Coronavirus. In this way, to the extent that intense common actions are taken in the fight against the epidemic and new initiatives are proposed throughout the world, this will also consolidate its strategic autonomy. So, we might conclude:

- World politics needs decisive international action from the European Union to bring back a return to multilateralism, as this is in deep crisis. This is due to

the fact that it is practically the only important player that can defend worldwide governance and the need to make world politics more robust based on regulations, and that promotes more demanding international regulations on key points such as promoting Human Rights and democracy, climate change, sustainable development, reduction of armed conflicts and the fight against poverty and inequality, plus the reduction of international armed conflicts, progress in world disarmament, worldwide trade based on regulations and strengthening the International Criminal Court.

- The European Union must fight the worldwide epidemic, not only internally but also internationally. Above all, Europe should be considered as better prepared than anyone with the economic, political, social, cultural, technological and even health potential to do so. Since the Union had come through several previous health crises, such as “mad cow disease”, it has taken necessary measures to be ready to fight health crises.
- Finally, the EU has great responsibility and a great opportunity to lead the fight against the epidemic, as it is the top economic power, top commercial power and also leads development and food aid. It is particularly relevant in international forums, it funds almost half the United Nations costs, the specialised Agencies and 3+1+1 of its States take part in the G20, as well as the European Commission, among other weighty forums and international organisations. If the challenge before us, on this occasion, were an armed conflict of international dimensions, we could not say the same thing.

The Conference on the Future of Europe Fit for Purpose in a COVID-19 World takes on a new dimension

The need for the Conference emerged even before the elections on 23rd-26th May 2019, but its results will be a

historical milestone that confirm the need to advance the European model. The President explained this when she was sworn in on 16th July, announcing the need to implement the Conference and clearly profile its nature and goals, intrinsically linked to the new political cycle. In this speech, President von der Leyen committed to calling the Conference on the Future of Europe where she would highlight that organised civil society (such as the European Movement) will participate in equal conditions with the European institutions, determining the possibility of treaty reform.

The new economic and social framework promoted in the European Union over the last few months as the result of COVID-19, such as doubling the community budget through the multi-year financial framework 2021-27, requires advancement of the European institutions’ competences and particularly, strengthening the European Commission working towards a federal horizon. Different constitutional questions must be addressed such as reducing the number of Commissioners, improving participation from regions in the decision-making process, overcoming the unanimity issue within the Council in fields such as foreign policy and taxation, as well as developing the Banking and Fiscal Union, amplification of competences in social policy, in immigration, defences, etc. that are going to require the treaties to be reformed.

The new situation helps us understand the decisive will to advance the Union’s model, and the Conference will be the place to do this. This is what the Vice-President of the European Commission, Dubravka Šuica, said in the Financial Times, on 13th April: “The health crisis and the response from the European Commission must bring dialogue on the future of Europe to the forefront. Treaty reform that had been ruled out in principle, as a complex task, should now however be considered given the circumstances.”

Regarding the questions to be addressed by the Conference to resolve the European Union’s strategic capacity as an international player, the need to overcome the unanimity issue should be considered as a

central theme for foreign policy topics within the Council, and transform it by qualified measures. In addition, the High Representative's powers and competences should be reinforced alongside his competence to coordinate with the other commissioners who oversee the external aspect of the European Union. PESC ties with the field of the Union's competences and external relations should also be strengthened.

Consulate protection should also be stepped up so it might be provided from EU embassies, among many other aspects. Concerning coronavirus, competences will have to be reinforced as compiled in article 168.5 of the EU Operations Treaty that mentions, among other things, the chance of ordinary legislative procedure to adopt promotion measures intended to protect and improve human health and, in particular, to fight severe cross-border health measures, to sound the alarm in the event of these threats and fight them, as well as measures that directly target public health...

In the field of the PESC and the Common Security and Defence Policy, their intervention capacity should be reinforced, and a general centre of operations should oversee both Defensive Alliance instruments and the crisis management operations plus the link between the two. In this respect, we would have to consider that military crisis management operations should be prepared to act in more hostile and unstable environments, such as dealing with the consequence of COVID-19 in areas such as North Africa and the Sahel where terrorist groups are gaining strength.

However, we hope that the German Presidency, which began on 1st July, can reach an agreement along these lines. In this respect, the words of the German Chancellor, Angela Merkel, on 18th May, were highly insightful regarding the importance given to the European Conference during the German Presidency, particularly considering the need for advancement of the European Commission's powers in the form of amendments to the treaties, to be able to address the consequence of Coronavirus.

The dawn of the supranational community Europe recognises the heritage of the European idea, and the

political heritage of the federalist projects—from initial pooling of sovereignties—that will take specific shape as European unity projects in the Schuman Declaration of 1950. The great contribution made by this Declaration is to transform a problem—the threat of war—into a political project. Now, in the Conference on the Future of Europe, we have to face up to a new equivalent challenge and transform this great problem, the threat of coronavirus, into strengthening the European political project through a new stage that moves forward towards Europe's federal horizon.

Conclusions: the European Union is becoming an essential player in world politics, reinforcing its leadership

In this article, I have analysed how the European Union is in a better position today than other players to face challenges posed to international security by coronavirus. This is due to the fact that, precisely over the previous four years, the EU had strengthened itself as a diplomatic, standard-based, security and even defensive player, all the necessary conditions to address the new international situation from a better position than the dominator, the United States and contender, China.

The German Presidency programme began by mentioning that the COVID-19 pandemic has raised a fateful challenge and that "in an increasingly polarised world, European politics must also strengthen the capability to act outside Europe to defend European interests and assume our responsibility in the world. We defend an international order based on regulations and human rights and we want Europe to take part in developing rules and regulations internationally." Recently implemented, it strengthens the need to give the European Union a more solid role as a regulatory and security power.

The European Union is possibly the only global player in the world system that is promoting effective international cooperation against COVID-19, although insufficient given the size of the problem, reinforcing the

multilateral system that has been severely affected over the last few years, particularly the last 6 months of crisis. Thanks to this, the European Union is becoming essential in terms of slowing down Coronavirus on a worldwide scale and, consequently, it is reaping new leadership in world politics, at a particularly difficult time.

The EU is reinforcing the worldwide multilateral system in all areas, as China and the United States face off against each other. The EU particularly seeks multilateral cooperation to combat the pandemic within the World Health Organisation (WHO), keeping its distance from the other two global players, and taking a clear position among multilateral organisations and in the G20. It aims to lead the fight, particularly in developing countries, in Africa, Latin America and the Caribbean and SE Asia, where the effects of COVID-19 are catastrophic and the trend will worsen if large-scale international action is not launched.

During World War II, the military powers, particularly the United States, gained new worldwide leadership and

the multilateral system was implemented from their designs, connected to the United Nations that has effectively managed the world ever since. We do not know how much the pandemic will grow and how far its effects will reach. However, if it lasts several years with lethal international effects, players with the capacity to face this threat to world security, such as the European Union as a regulatory, diplomatic, development and humanitarian player, are going to earn an essential and irreplaceable leadership role to address this new international situation.

We might conclude that over the last few months, while policies have been channelled and advanced to alleviate the economic and social effects of COVID-19 through the Socio-Economic Recovery Plan, the European Union has been playing an important international role leading the fight against the spread of coronavirus, turning it into an essential power to recover global governance based on regulations.

Improving European governance 2019-2024

José Candela and Carlos Carnero

Priorities and ideology in the institutions

Priorities

The Second of July 2019 marked the beginning of the ninth legislative term of the European Parliament (2019-2024). On 16 July, Germany's Ursula von der Leyen was elected President of the European Commission, with 382 votes (out of 733 votes cast), thus becoming the first woman to hold the post in the history of the European Union. On 27 November, the President of the Commission gave her first speech to the Parliament¹, in which she unveiled the content of the European Agenda for the Union², outlining the Union's political priorities for this new five-year period.

There is a significant message from the political-institutional point of view in this maiden address: the

top priority will be the battle against climate change via the "European Green Deal". The European Green Deal³, says the President of the Commission, "is our new growth strategy" This marks a fundamental change in the Union's customary political strategy. Until now, the "strategy for economic growth and jobs" was a rather economic strategy. From now on, it could be an environmentalist strategy. Economic growth and job creation must come about as a result of policies that do not run counter the priority goal of combating climate change and which promote its attainment. The strategic goal is to secure zero net emissions of greenhouse gases in 2050, making Europe "the first continent in the world to be carbon neutral" through the investment of at least 1 trillion euros over 10 years, with half of the investment coming from the EU budget⁴.

Devised and adopted before the spread of COVID-19, this grand political strategy of the Union is the underlying priority and runs through each and every one of the

¹ Speech by Ursula von der Leyen to the European Parliament on 27 November 2019: https://ec.europa.eu/info/sites/info/files/president-elect-speech_es.pdf

² Von der Leyen, U.: *My agenda for Europe*: https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf

³ European Green Deal: https://eur-lex.europa.eu/resource.html?uri=cellar:b828d165-1c22-11ea-8c1f-01aa75ed71a1.0004.02/DOC_1&format=PDF

⁴ *Ibidem*.

policies (agriculture and fisheries, single market, industry, trade, social affairs, and so on⁵).

The recovery plan for Europe in the face of the crisis caused by COVID-19 adopted by the European Council of 21 July 2020 has historic political significance, both qualitatively and quantitatively. Yet formally speaking, it is exceptional and to be implemented temporarily, only substantially affects the Union budget and does not alter the list of major political priorities already adopted in 2019, as the European Council itself underscores: “Next Generation EU and the Multiannual Financial Framework 2021-2027 will help transform the EU through its major policies, particularly the European Green Deal, the digital revolution and resilience”⁶. In other words, the European Council, Commission and Parliament believe that the crisis has served to underscore the soundness of the future guidelines already laid down before the pandemic, and they remain unchanged.

The rest of the Union’s political priorities for the five-year period 2019-2024 were described at the end of 2019 in the European Commission document *Political Strategy Priorities*⁷.

These priorities are:

- An economy that works for people.
- A Europe fit for the digital age.
- Promoting the European way of life.
- A stronger Europe in the world and.
- A new push for European democracy.

⁵ This rise of the struggle against climate change to the top of the Union’s list of priorities is simply complying fully with a regulation already existing in the Treaty on the Functioning of the EU, Article 11, which stipulates that “Environmental protection requirements must be integrated into the definition and implementation of the Union’s policies and activities, in particular with a view to promoting sustainable development.” See: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:12012E/TXT&from=es>

⁶ Conclusions of the European Council of 21 July 2020, page 1: <https://www.consilium.europa.eu/media/45124/210720-euco-final-conclusions-es.pdf>

⁷ Priorities of the Commission’s Political Strategy for 2019-2024: https://ec.europa.eu/info/strategy/priorities-2019-2024_en

Ideology in the institutions

The Parliament

The turnout in the elections to the European Parliament of May 2019 was the highest for 25 years⁸. As a result, and like many national parliaments, the European Parliament’s ninth legislative term (2019-2024), while there has been no massive reduction in the traditional two-party majority (European People’s Party; EPP and Party of European Socialists; PES), will be a term of constant multiparty negotiation among the eight political groups and in the 22 parliamentary committees, since the traditional EPP-PES majority is no longer absolute⁹. Among the eight political groups, the EPP is still the most numerous (182 seats; 24% of the total). The second-biggest group is still the Progressive Alliance of Socialists and Democrats (S&D), which won 154 seats, or 20% of the total¹⁰.

The EPP-S&D majority, then, only amounts to 44% and it falls short of half plus one of the seats (376 votes, or 353 after Brexit). The two-party dominance of the Parliament is over, at least as far as this ninth legislative term is concerned¹¹.

This reduction in two-party dominance became clear in the first major institutional negotiation scenario:

⁸ Spain increased the turnout by 21% over the elections of 2014 (the second biggest increase after Poland, 22%). Our country also achieved a respectable sixth place in the descending order of member states by number of voters, with a turnout of 60.73%, 10 percentage points above the Union’s average turnout. Belgium was first, with an 88.47% turnout and Slovakia came last, with 22.74%. See the breakdown by country at: <https://www.europarl.europa.eu/election-results-2019/en>

⁹ See the distribution of deputies by member state and political group at: <https://www.europarl.europa.eu/meps/es/search/table>. The following interactive graphic from the European Parliament allows one to calculate possible combinations of majorities in the current term: <https://www.europarl.europa.eu/election-results-2019/es/herramientas/calculadora-de-mayorias/>

¹⁰ See the breakdown of the EP by political group at: <https://www.europarl.europa.eu/election-results-2019/en>

¹¹ Following the withdrawal of the United Kingdom from the European Union on 31 January 2020, the number of seats in the European Parliament has gone from 751 to 705.

choosing the President of the Commission in November 2019¹². The lead candidate from the political group that won the election (the German Manfred Weber, from the EPP) did not garner sufficient support inside the Parliament to secure his appointment as President of the Commission.

Immediately after, the European Council, obliged by the treaties to take into consideration the results of the elections¹³, proposed and persuaded the Parliament to accept, in November, the Defence Minister from Angela Merkel's government (Ursula von der Leyen, a member of the CDU, a party incorporated in the EPP) as President of the Commission for five years.

The European Council

At the apex of the Union's political power, the new political cycle is getting underway against a backdrop of widespread government stability given the absence of scheduled legislative or presidential elections in the near term (see **Table 1**). Quite another issue is the degree of government stability inside the states, as in only 12 of the 27 is one party governing alone; in the remaining 15 there are coalition governments.

The European Council with which this new political cycle has begun has been headed since the end of the year by a member of a centre-right party too: former

Belgian Prime Minister Charles Michel.¹⁴ The full-time Presidents of the European Council to date have been more technicians than politicians, obliged by the institution's decision-making system to engage in extensive negotiation (the European Council nearly always expresses itself by consensus, not through voting).

As **Table 1** shows, in its current form the political ideology of the heads of state and government of the member states is less diverse than that of the European Parliament¹⁵. Most are on the centre right; parties in the EPP group govern alone in five states and form part of 10 coalition government and parties in the S&D group, while they form part of eight governing coalitions, govern alone in just four states. On the far right at the present time are the usual state representatives of just two members of the European Council: the head of the government of Poland (whose party is in the ECR group) and the head of the government of Hungary (whose party may be expelled from the EPP group).

The predominant trend then is a coalition government and there are even governments formed following an agreement among parties with different or even opposing ideologies¹⁶.

At this early stage of the legislative term, therefore, we should not expect significant changes in ideological

¹² For the consequences of Ursula von der Leyen's election in terms of the European Commission's legitimacy, see: Bertoncini, Y. and Chopin, T.: *Le choix des gouvernants de l'Union, pour un meilleur équilibre entre démocratie et diplocratie*, Institut Jacques Delors, November 2019, pages 9 and onward: <https://institutdelors.eu/wp-content/uploads/2019/11/le-choix-des-gouvernants-de-lunion-pour-un-meilleur-equilibre-entre-democratie-et-diplocratie.pdf>

¹³ Article 17.7 of the Treaty on European Union states that "Taking into account the elections to the European Parliament and after having held the appropriate consultations, the European Council, acting by a qualified majority, shall propose to the European Parliament a candidate for President of the Commission. This candidate shall be elected by the European Parliament by a majority of its component members."

¹⁴ Currently, the centre right occupies the presidency of two of the Union's three main institutions: the Council and the Commission. Since July 2019, the Parliament has had a President (David Sassoli) from the centre left, belonging to the Italian Democratic party. An exceptional occurrence in the Union's alternating bipartisan institutional power is that the last three full-time Presidents of the European Council, the last three Presidents of the Commission and, until July 2019, the last two Presidents of the Parliament have been from the centre right.

¹⁵ To compare the ideological orientation of the European Council with that of the previous year, see the 2018 edition of this Report at: https://www.fundacionalalternativas.org/public/storage/publicaciones_archivos/01a4787382b17849e36974e4ac008dfa.pdf, page 26.

¹⁶ See, for example, the cases of Italy, where the government formed in September 2019 comprises Ministers from the Democratic Party (forming part of the S&D European group) and the difficult to categorise 5 Star Movement, and of Austria, where the government formed in January 2020 comprises Ministers from the rightist Christian Democrats and the leftist Greens.

Table 1. Ideological orientation and attitude towards Europe in the European Council (situation on 1/9/2020)

Member states	Party or coalition in government ^a	Ideological orientation of head of state ^a	Ideological orientation of head of government ^a	Usual representative of state at European Council meetings ^b	Attitude of usual representative of state at European Council meetings ^c	Presidential or general elections in 2020
Germany	PP + S&D	S&D (Frank-Walter Steinmeier)	PP (Angela Merkel)	HG	E	-
Austria	PP + IN	LV (Alexander VAN Der Bellen)	PP (Sebastian Kurz)	HG	E	-
Belgium	PP+ RE (ag)	-	RE (Sophie Wilmès)	HG	E	-
Bulgaria	PP	PS (Rumen Radev)	PP (Boyko Borisov)	HS	E	-
Cyprus	PP	PP (Nikos Anastasiadis)	PP (Nikos Anastasiadis)	HS	E	-
Croatia	S&D + PP	S&D (Zoran Milanović)	PP (Andrej Plenković)	HS	E	-
Denmark	S&D	-	S&D (Mette Frederiksen)	HG	E	-
Slovakia	RE + PP	RE (Zuzana Caputová)	PP (Igor MATOVIČ)	HG	E	General elections in February
Slovenia	PP + RE	S&D (Borut Pahor)	PP (Janez Janša)	HG	E	-
Spain	S&D + UE	-	S&D (Pedro Sánchez)	HG	E	-
Estonia	PP + RE + S&D	PP (Kersti Kaljulaid)	RE (Jüri RÄTAS)	HS	E	-
Finland	S&D + RE+ G + UE + IN	PP (Sauli Niinistö)	S&D (Sanna Marin)	HS	E	-
France	RE + S&D + PP + NI	RE (Emmanuel Macron)	PP (Jean Castex)	HS	E	-
Greece	PP	IN (Katerína Sakellariopoulou)	PP (Kyriakos Mitsotakis)	JG	E	Presidential elections in March
Hungary	PP	PP (János Áder)	PP (Viktor Orbán)	JG	N	-
Ireland	RE	S&D (Michael Higgins)	RE (Micheál Martin)	JG	E	General elections in February
Italy	NI + S&D	S&D (Sergio Mattarella)	IN (Giuseppe Conte)	JG	E	-
Latvia	CR + RE + PP	CR (Egils Levits)	RE (Arturs Krišjānis Karinš)	JG	N	-
Lithuania	IN + G	Nausėda)	IN (Saulius Skvernelis)	JE	E	General elections in October
Luxembourg	RE + S&D + G	-	RE (Xavier Bettel)	JG	E	-
Malta	S&D	S&D (George Vella)	S&D (Robert Abela)	HG	E	-
Netherlands	RE + PP	-	RE (Mark Rutte)	HG	E	-
Poland	CR	CR (Andrzej DUDA)	CR (Mateusz Morawiecki)	HG	N	Presidential elections in June
Portugal	S&D	PP (Marcelo Rebelo de Sousa)	S&D (António Costa)	HG	E	-
Czech Republic	RE + S&D	S&D (Miloš Zeman)	RE (Andrej Babiš)	HG	E	-
Romania	PP	PP (Klaus Iohannis)	PP (Ludovic Orban)	HS	E	-
Sweden	S&D	-	S&D (Stefan Löfven)	HG	E	-

^aThe abbreviations appearing in this column refer to the 8 political groups in the European Parliament at present of which the domestic parties form part and, in turn, to which the people who usually represent the member state in the European Council belong, namely: PP: Group of the European People's Party, S&D: Group of the Progressive Alliance of Socialists and Democrats in the European Parliament, RE: Renew Europe Group, G: Group of the Greens/European Free Alliance ID: Identity and Democracy Group, CR: European Conservatives and Reformists Group, UE: Confederal Group of the European United Left/Nordic Green Left NI: Non-Inscrpts Group. The abbreviation IN means independent. The - in the third column means states that are monarchies. (ag) means acting government.

^bThe acronyms that appear in this column mean: HS: Head of State, HG: Head of Government.

^cThe abbreviations that appear in this column mean: E: more Europeanist stance, N: more nationalist stance. Source: authors' own.

direction compared to the tenure of Tusk (the full-time President of the European Council from 2014 to 2019). It remains to be seen, however, how things will develop in the chancelleries of several member states that, thanks to the voters, remain reluctant to accept the far right.

Table 2 shows the distribution of ideological dominance among the members of the European Council in relation to the population.

As we can see in Table 2, only four political groups from the Parliament have heads of state or government in the European Council who are members of parties making up those groups: the EPP (10), RE (7), S&D (6) and ECR (1). We can also see that European citizens, who only indirectly legitimise the members of the European Council (via the national elections), are faced with an ideological dominance that is distributed differently to the one resulting from the European elections. Indeed, in the European Parliament the percentages of representation of the right (referring to those four European political groups) amount to 46.8% (EPP + RE + ECR = 352 seats out of 751, including the British), while in the European Council they amount to 66.6% (18 positions out of 27). The only European group on the left present in both the Parliament and the European Council (the S&D) holds only 20.5 percent of parliamentary power (154 seats out of 751) and 22.2% of the power in the European Council (just six posts out of 27).

Lastly, bearing in mind the relationship between population and seats in the European Council, the conclusion is clear: the ideological dominance of the European right (adding together the three groups mentioned above) over the European population is by far greater than that exercised by the left (S&D group): 67.33% of the European population against just 18.07%¹⁷.

¹⁷ Given that to take decisions the European Council does not usually vote but almost always expresses itself by consensus, the method used for drawing up Table 2 does not take into account the system of weighting votes in the Council laid down in the Treaties, but merely the factual relationship between the ideology of its members and the population concerned.

The European Commission

Headed for the first time in history by a woman, the Von der Leyen Commission was formed in November 2019 with no sharp break in the traditional EPP-S&D two-party dominance.

Having stated, as the new President has done since her first address, that the top priority is not so much economic growth as the battle against climate change, the new Commission may stand at the forefront of the progressive executive powers on a global level, countering the climate passivity or denial of the current administrations of the US, Russian and Chinese superpowers. If it proves successful, it may come to be known as the Green Deal Commission, since that is the most prominent European political programme for the next five years.

Aside from this good news for the progressive trend of current Europeanism, we must bear in mind two elements that may temper this initial optimism: from the point of view of legitimacy, the ideology of the members of the College of Commissioners; and from the point of view of effectiveness, the new structure of the Union administration.

Just like in the Parliament and the European Council, the predominant ideology of the Von der Leyen Commission is rightist.

Of the 27 Commissioners (one per member state), 17 stand on the right, of who 11 belong to parties in the EPP group: Von der Leyen (Germany), Dombrovskis (Latvia), Šuica (Croatia), Schinas (Greece), Hahn (Austria), Hogan (Ireland) who resigned in August 2020, Gabriel (Bulgaria), Breton (France), Kyriakides (Cyprus), Vălean (Romania) and Várhelyi (Hungary); four belong to parties from the RE (Renew Europe) group: Vestager (Denmark), Jourová (Czech Republic), Reynders (Belgium) and Simson (Estonia); one belongs to a party from the ECR (European Conservatives and Reformists): Wojciechowski (Poland) and one who belongs to no party but is close to the ideology of the RE group: Lenarčič (Slovenia).

Table 2. Ideological dominance over the European population according to the party of the representative of the state in the European Council [situation on 1/9/2020]

Member state	Population, by millions of inhabitants ^a	% of population out of total population of EU 27	Ideology of usual representative of state at European Council meetings ^b	Position of usual representative of the state at European Council meetings ^c	% of population under the ideology of the representative of the state in the European Council: EPP	% of the population under the ideology of the representative of the state in the European Council: S&D	% of the population under the ideology of the representative of the state in the European Council: RE	% of the population under the ideology of the representative of the state in the European Council: CR	% of the population under the ideology of the representative of the state in the European Council: IN	Political groups from the EP of which the governing parties form part ^d
Germany	83,019213	18,58	PP (Angela Merkel)	HG	18,58					PP + S&D
Austria	8,858775	1,98	PP (Sebastian Kurz)	HG	1,98					PP + EN
Belgium	11,467923	2,57	RE (Sophie Wilmès)	HG			2,57			PP+ RE
Bulgaria	7,000039	1,57	S&D (Rumen Radev)	HS		1,57				PP
Cyprus	0,875898	0,20	PP (Nikos Anastasiadis)	HS	0,20					PP
Croatia	4,076246	0,91	PP (Kolinda GRABAR-Kitarović)	HS	0,91					PP + S&D
Denmark	5,806081	1,30	S&D (Mette Frederiksen)	HG		1,30				S&D
Slovakia	5,450421	1,22	PP (Igor Matovič)	HG	1,22					RE + PP
Slovenia	2,080908	0,47	IN (Marjan Šarec)	HG					0,47	PP + RE
Spain	46,934632	10,50	S&D (Pedro Sánchez)	HG		10,50				S&D + UE
Estonia	1,32482	0,30	PP (Kersti Kaljulaid)	HS	0,30					PP + RE + S&D
Finland	5,517919	1,23	PP (Sauli Niinistö)	HS	1,23					S&D + RE+ G + UE + IN
France	67,028048	15,00	RE (Emmanuel Macron)	HS			15,00			RE + S&D + PP + NI
Greece	10,722287	2,40	PP (Kyriakos Mitsotakis)	HG	2,40					PP
Hungary	9,772756	2,19	PP (Viktor Orbán)	HG	2,19					PP
Ireland	4,904226	1,10	RE (Micheál Martin)	HG			1,10			RE
Italy	60,359546	13,51	IN (Giuseppe Conte)	HG					13,51	NI + S&D
Latvia	1,919968	0,43	RE (Arturs Krišjānis Karinš)	HG			0,43			CR + RE + PP
Lithuania	2,794184	0,63	IN (Gitanas Nausėda)	HS					0,63	IN + G
Luxembourg	0,613894	0,14	RE (Xavier Bettel)	HG			0,14			RE + S&D + G
Malta	0,493559	0,11	S&D (Robert Abela)	HG		0,11				S&D
Netherlands	17,282163	3,87	RE (Mark Rutte)	HG			3,87			RE + PP
Poland	37,972812	8,50	CR (Mateusz Morawiecki)	HG				8,50		CR
Portugal	10,276617	2,30	S&D (António Costa)	HG		2,30				S&D
Czech Republic	10,6498	2,38	RE (Andrej Babiš)	HG			2,38			RE + S&D
Romania	19,401658	4,34	PP (Klaus Iohannis)	HS	4,34					PP
Sweden	10,230185	2,29	S&D (Stefan Löfven)	HG		2,29				S&D
TOTAL EU 27:	446,834578				33,35015	18,06958	25,48281	8,498181	14,59928	

^aEUROSTAT figures on 1 January 2019: <https://ec.europa.eu/eurostat/databrowser/view/tps00001/default/table?lang=en>

^bThe abbreviations appearing in this column refer to the 8 political groups in the European Parliament at present of which the domestic parties form part and, in turn, to which the people who usually represent the member state in the European Council belong, namely: PP: Group of the European People's Party, S&D: Group of the Progressive Alliance of Socialists and Democrats in the European Parliament, RE: Renew Europe Group, G: Group of the Greens/European Free Alliance ID: Identity and Democracy Group, CR: European Conservatives and Reformists Group, UE: Confederal Group of the European United Left/Nordic Green Left NI: Non-Inscrits Group. The abbreviation IN means independent.

^cThe acronyms appearing in this column mean: HS: Head of State, HG: Head of Government.

^dSource: author's own.

The remaining 10 stand on the left, nine of who belong to parties forming part of the S&D group: Timmermans (Netherlands), Borrell (Spain), Šefčovič (Slovakia), Schmit (Luxembourg), Gentiloni (Italy), Ferreira (Portugal), Dalli (Malta) Johansson (Sweden) and Urpilainen (Finland) and one belongs to a party from the Greens/European Free Alliance: Sinkevičius (Lithuania).

The structure and organisation of the new Commission laid down by its new President carry a certain risk of ineffectiveness.

Required by the Treaties to give portfolios to all the member states, as well as the President the new Commission is made up of 26 Commissioners (equivalent to the a minister's post on a national level), which justifies one or several executive management powers for each of its members. However, eight Vice Presidencies have also been created. Three of them are executive, forming an internal triumvirate in the Commission that in turn raises the institution's hierarchical levels to three. The impact of this on its degree of effectiveness remains to be seen. What is more, some of the Vice Presidencies largely have no other powers than those of coordination, with no direct command over general management or essential services.

Furthermore, some of the portfolios created involve no more than a small amount of management or even have a less clear description than the preceding and similar portfolio in the Juncker Commission. For example, "crisis management" (previously humanitarian aid) and "international partnerships" (previously development)¹⁸.

Perhaps a more reasonable alternative would have been to create just six Vice Presidencies (one for each of the six political priorities of the 2019-2024 period) and to restructure the organisation of the Commission's

general management and services accordingly (following the wise Aristotelian tradition of first the ends and then the means). The experience of ineffectiveness of the Barroso and Juncker Commissions should have carried more weight than satisfying the member states when it came to devising the new structure of the Union's government.

In any case, the effectiveness of the Von der Leyen Commission's management (insofar as that effectiveness is demonstrated by the effective accomplishment of its main purpose, namely the defence of the Union's general interest and, therefore, by preserving its institutional independence from the states) has already been put to the test in one of its first major political acts: the launch of a new Conference on the Future of Europe.

The Conference on the Future of Europe

Before the spread of the COVID-19 pandemic, the Union had planned to launch, on 9 May (Europe Day) 2020, a Conference on the Future of Europe, a fresh opportunity to complete the political reforms provided by the Lisbon Treaty in 2010, or to come up with new ones, the need for which has been made clear by the global crisis affecting the climate, migration, the economy and representative democracy in the last decade.

As a result of the critical situation across the Union as of March, the launch of the Conference on the Future of Europe was postponed indefinitely.

However, in a resolution in June this year the European Parliament proposed launching the Conference in the autumn¹⁹ and, in its chief political-institutional criticism, it regretted that the Council has not yet taken a stance on the Conference, for which reason it urged the Council to overcome its differences and promptly adopt a position on the format and organisation of the Conference.

¹⁸ For a critical analysis of the relationship between structure and politicisation of the Von der Leyen Commission, see: Blockmans, S. and Gros, D.: *From a political to a politicised Commission?*, "Policy Insights (Thinking ahead for Europe)" Magazine, no. 2019/12, a publication of the CEPS (Centre for European Policy Studies), Brussels, September 2019. Available at: https://www.ceps.eu/wp-content/uploads/2019/09/PI2019_12_SBDG_Politicised-Commission.pdf

¹⁹ European Parliament resolution of 18 June 2020 on the European Parliament's position on the Conference on the Future of Europe: https://www.europarl.europa.eu/doceo/document/TA-9-2020-0153_ES.pdf

We must state from the outset that this Conference is not a Convention in the sense of Article 48.3 of the TEU and its purpose is to recommend to a “Conference of representatives of the governments of the member states” the adoption of a certain revision of the Treaties.

The European Parliament has been formally requesting the staging of a Convention for three years²⁰.

In March 2019, President Macron proposed staging a Conference on the Future of Europe with the capacity even to make proposals for reforms of the Treaties²¹.

In accordance with the French initiative and other initiatives from the Parliament, the Council and the Commission²², on 25 July 2019 Ursula von der Leyen, then a candidate for President of the European Commission, said: “I want European citizens to play a leading and active part in building the future of our Union. I want them to have their say at a Conference on the Future of Europe, to start in 2020 and run for two years”.²³

On 25 November, Merkel and Macron sent their fellow members of the European Council a “non-paper”

titled “Conference on the Future of Europe Franco-German non-paper on key questions and guidelines”.²⁴ In it, they backed the idea of staging the Conference put forward in July by Von der Leyen and proposed what its broad outline should be. According to that initiative, the Conference should be chaired by a “senior European personality”²⁵ assisted by a “steering group” made up of representatives of the European institutions, the member states and “experts/civil society”.²⁶

For its part, the European Parliament passed a resolution on the Conference on the Future of Europe in January 2020, requesting leadership of the process and broad citizens’ participation in the deliberations, as well as issuing a non-exhaustive list of issues to be addressed:

- European values, fundamental rights and freedoms.
- Democratic and institutional aspects of the EU.
- Environmental challenges and the climate crisis.
- Social justice and equality.
- Economic and employment issues, including taxation.
- Digital transformation.
- Security and the role of the EU in the world.²⁷

Presumably, the health and economic crisis in the Union triggered by COVID-19 will feature and be tackled across the agenda and list of issues to be addressed in the Conference, possibly this autumn. As the European Parliament has stated, this crisis has made the need for a reform of the European Union all the more clear and, at the same time, it has demonstrated the urgent need

²⁰ See section 85 of the European Parliament resolution of 16 February 2017 on possible evolutions of and adjustments to the current institutional set-up of the European Union: https://www.europarl.europa.eu/doceo/document/TA-8-2017-0048_ES.html?redirect. In these pages, the defence of the need for a Convention has been constant since 2011, only a year after the entry into force of the Lisbon Treaty. See, for example, the following Reports of the Fundación Alternativas and the Friedrich Ebert Foundation on the state of the European Union: I (2011), page 33; II (2012), page 101; IV (2015), page 121, and, especially: V (2016), pages 120 to 123 and VIII (2019), pages 144 and 145.

²¹ “Mettons en place une Conférence pour l’Europe afin de proposer tous les changements nécessaires à notre projet politique, sans tabou, pas même la révision des traités. Cette conférence devra associer des panels de citoyens, auditionner des universitaires, les partenaires sociaux, des représentants religieux et spirituels. Elle définira une feuille de route pour l’Union européenne traduisant en actions concrètes ces grandes priorités.” <https://www.elysee.fr/emmanuel-macron/2019/03/04/pour-une-renaissance-europeenne>

²² For recent deliberative precedents linked to the Conference on the Future of Europe 2020-2022, see the 7th Report on the State of the European Union (2018) by the Fundación Alternativas and the Friedrich Ebert Foundation, pages 19 to 29: https://www.fundacionalternativas.org/public/storage/publicaciones_archivos/01a4787382b17849e36974e4ac008dfa.pdf

²³ Speech by Ursula von der Leyen to the European Parliament on 16 July 2019, page 10: https://ec.europa.eu/commission/sites/beta-political/files/opening-statement-plenary-session_es.pdf

²⁴ See full text at: <https://www.politico.eu/wp-content/uploads/2019/11/Conference-on-the-Future-of-Europe.pdf>

²⁵ The Conference of Presidents of the political groups in the EP meeting in Strasbourg during the plenary session of January nominated Belgian liberal and federalist MEP Guy Verhofstadt as candidate to chair the Conference on the Future of Europe.

²⁶ *Sic* in the Franco-German text.

²⁷ See European Parliament resolution of 15 January 2020 on the European Parliament’s position on the Conference on the Future of Europe: https://www.europarl.europa.eu/doceo/document/TA-9-2020-0010_EN.html. N.B.: We refer to the text in English of this European Parliament resolution (provisional text) because the text in Spanish contains translation errors.

for an effective Union, which means that the Conference process should take into consideration the Union's existing instruments of recovery²⁸ and the solidarity already established, while guaranteeing ecological sustainability, economic development, social progress, security and democracy.²⁹

European participatory democracy

"Tell me and I'll forget, involve me and I'll learn" (Chinese proverb).

The most hotly debated issue, particularly in the relevant parliamentary debate,³⁰ since the Commission voiced the need for the Conference is not the agenda but citizens' participation in the Conference.

The major increase in the number of voters in the elections to the Parliament in 2019 means that European citizens increasingly want to take part in the political life of the Union. That is why the Commission, at the same time as it announced the Conference, acknowledged that "democratic participation does not stop on the day of the elections to the European Parliament".³¹

The Commission adopted its idea of the Conference on 22 January 2020 in a communication titled: "Shaping the Conference on the Future of Europe".³²

The Von der Leyen Commission envisages the Conference as a continuation of the "citizens' dialogues"

organised by the Juncker Commission³³ and is looking for the Conference to focus on two thematic areas:

- The six priorities of the EU for the 2019-2024 period (climate change, an economy in the service of the people, social justice and equality, Europe's digital transformation, promoting European values, the Union's weight in the world and shoring up the Union's democratic foundations).
- Issues specifically relating to democratic processes and institutional matters, particularly the lead candidate system for the election of the President of the Commission and transnational lists for the elections to the European Parliament.

In other words, a less ambitious agenda than the one that the Parliament has called for.

While in its conclusion the Commission communication says that it pledges to respect the conclusions of the Conference, it does not contain, however, unlike Macron's proclamation of March 2019 or the European Parliament resolution of January 2020 mentioned above, an explicit reference to the revision of the Treaties as a consequence deriving from the Conference on the Future of Europe (a revision that entails the previously mentioned passage through the Convention and the Conference of Representatives stipulated in Article 48 of the TEU). That means that the Commission's stance for the time being is rather moderate and its view of political reforms is more short-term than strategic. In that respect, at the end of the text it states the following: "*The Conference should not replace representative democracy, but serve as a means to complement and reinforce it,*" which suggests that the Commission leans towards a conservative notion of participatory democracy.

²⁸ Under this reference we might mention, chiefly, the "Recovery Plan for Europe" after the COVID-19 crisis, adopted by the European Council in July this year: <https://www.consilium.europa.eu/es/policies/eu-recovery-plan/>

²⁹ See: https://www.europarl.europa.eu/doceo/document/TA-9-2020-0153_ES.pdf, Point 2.

³⁰ See the minutes of the plenary session of the EP on 15 January 2020.

³¹ Speech by Ursula von der Leyen to the European Parliament on 27 November 2019, page 15: https://ec.europa.eu/info/sites/info/files/president-elect-speech_es.pdf

³² https://ec.europa.eu/info/sites/info/files/communication-conference-future-of-europe-january-2020_en.pdf

³³ The effort that the Juncker Commission made to organise and exploit the Citizens' Dialogues that we already duly assessed in these pages and which ran until December 2019 are going to serve little purpose in comparison with the Conference that could begin in autumn 2020. See on the subject: https://ec.europa.eu/info/about-european-commission/get-involved/citizens-dialogues_es

For its part, the European Council in its meeting of December 2019 accepted the idea of staging a Conference on the Future of Europe starting in 2020 and ending in 2022 and called on the Croatian presidency of the Council to proceed to define a Council position on the content, scope, composition and functioning of such a Conference and, addressing those elements, engage with the European Parliament and Commission on the matter. Yet it also recalled that “priority should be given to implementing the Strategic Agenda agreed in June, and to delivering concrete results for the benefit of our citizens. The Conference should contribute to the development of our policies in the medium and long term so that we can better tackle current and future challenges”.³⁴

In other words, if the Strategic Agenda of the Union, drawn up and adopted by the European Council itself according to the top-down decision-taking process, reinforces its priority nature, it could, though it is not inevitable, greatly influence the Conference, in which the bottom-up process is more viable, especially if the desire of the Parliament in this respect prevails as the method of the Conference. At the moment, the order and number of priorities of the Strategic Agenda of the Union for 2019-2024 (first economic growth, second combating climate change, and so on)³⁵ is not the same as the order and number of political priorities of the Union put forward by the Commission for the same period (first combating climate change, second economic growth and so on).³⁶

Following the European Council mandate, the General Affairs Council began to draw up its conception of the Conference in its meeting of 28 January 2020, without firming up at all the general guidance given by the European Council in December 2019. Nevertheless, the only expression that earned the unanimous support of the Ministers was the recognition of the importance

of: “putting citizens at the heart of the conference and focusing on issues that truly matter to them...”.³⁷

By May, the three institutions must come to an agreement on the purpose, makeup, timetable and agenda of the Conference, based on the basic guidelines arising from the informal meeting of the three presidencies (European Council, Parliament and Commission) of 1 February 2020 in Brussels.

In short, at the start of this new political cycle of the Union nothing or extraordinarily little is true to date about major progress in Europe’s still weak participatory democracy being assured.

Yet we might find in an expression used by President Von der Leyen in the Mission Letter to her Vice President Šuica on the preparation of the Conference (“to ensure that Europeans can shape the outcome of the Conference”)³⁸ that it is not entirely impossible that it will be the European citizens (via an ad hoc referendum, for example) who approve or reject the conclusions of the Conference, which would also be a test of added value for European direct democracy.

This possibility, which would be major progress on the road to creating participatory democracy in the Union, will not easily materialise if the most Europeanist forces in the European Parliament (since we cannot expect any glut of enthusiasm in support of direct democracy from the European Council) do not agree that this is one of the final goals of the Conference.

To be realistic, nor is it likely that the insertion of a European referendum (consultative or binding, according to the issue) into the treaties that we have championed in these pages³⁹ will directly arise from this Conference on the Future of Europe. Yet this Conference could, via

³⁴ See European Council conclusions, 12 December 2019, page 3: <https://www.consilium.europa.eu/media/41792/12-euco-final-conclusions-es.pdf>

³⁵ <https://www.consilium.europa.eu/media/39964/a-new-strategic-agenda-2019-2024-es.pdf>

³⁶ https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_es.pdf

³⁷ See General Affairs Council conclusions, 28 January 2020, page 4, at: <https://www.consilium.europa.eu/media/42345/st05573-en20.pdf>

³⁸ https://ec.europa.eu/commission/commissioners/sites/comm-cwt2019/files/commissioner_mission_letters/mission-letter-dubravka-suica_en.pdf, page 4.

³⁹ See, for example, the 3rd Report (2014) on the State of the European Union by the Fundación Alternativas and the Friedrich Ebert Foundation, page 15: https://www.fundacionalalternativas.org/public/storage/publicaciones_archivos/57d96229c46cc02b24e72395dad8842e.pdf

an appropriate contribution from the European Parliament and civil society, retrieve or launch ideas that revive the exciting process of creating and consolidating European participatory democracy that emerged during the second Delors Commission⁴⁰, was only partially gathered in the Treaties⁴¹, and stagnated after the passing of the Lisbon Treaty⁴², when urgent priorities such as financial instability, migration and Brexit monopolised the European Council's agenda.

For now, we must salute the respect shown, with certain nuances, for this participatory tradition by the three main European institutions. Indeed, among the initial speeches and political proposals of the 2019-2024 term we might find the approach⁴³ to a progressive postulate of global dimensions that we have been championing for some time, namely that representative democracy (even with the improvements in the political

process of decision-taking that arise from this Conference⁴⁴) is no longer enough to increase citizens' responsibility.

The procedures for defining, adopting and implementing the policies relating in particular to combating climate change, the number one priority of this five-year period and this decade, will fail without the involvement of European citizens as decisive political subjects in each of those three procedures.

With the current ease of voting that the Internet allows, there is no longer any excuse not to implant direct democracy into many moments and many political issues of greater or lesser importance.

What is more, European participatory democracy, whose constitutional definition in the Treaty of Lisbon⁴⁵ was rather poor, is inherent in the current concept of European integration, both for reasons of legitimacy⁴⁶ and effectiveness of European representative democracy, and because of the mutual influence of these two basic principles of European governance.⁴⁷

If the Conference on the Future of Europe is organised as the European Parliament wishes, we can perhaps conclude that more (and therefore possibly different and better) ideas and a greater Europeanist spirit can come

⁴⁰ The first European Commission communication to contain the theoretical foundations of a European concept of participatory democracy is the *White Paper on European Governance* (2001): <https://eur-lex.europa.eu/legal-content/ES/TXT/PDF/?uri=CELEX:52001DC0428&from=ES>, page 7, where the principle of participation as one of the seven fundamental principles of European governance is put in the following terms: "The quality, relevance and effectiveness of EU policies depend on ensuring wide participation throughout the policy chain — from conception to implementation. Improved participation is likely to create more confidence in the end result and in the institutions which deliver policies. Participation crucially depends on central governments following an inclusive approach when developing and implementing EU policies".

⁴¹ Originating in part from the European Constitution Project, Article 11 of the Treaty on European Union contains the only basic references from the Union's primary law to effective procedures and mechanisms of participatory democracy: <https://www.boe.es/doue/2010/083/Z00013-00046.pdf>

⁴² In a survey from 2017 conducted by the Friedrich Ebert Foundation in the eight most populous European countries, 69% of the citizens consulted wanted the introduction of a European referendum to approve or reject "crucial matters of the Union". See the 7th Report on the State of the European Union (2018) by the Fundación Alternativas and the Friedrich Ebert Foundation, page 75: https://www.fundacionalternativas.org/public/storage/publicaciones_archivos/01a4787382b17849e36974e4ac008dfa.pdf

⁴³ The following words by Ursula von der Leyen, mentioned previously (see above, note 22): "I want European citizens to have their say at a Conference on the Future of Europe, to start in 2020 and run for two years", should be rewritten to say: "their say and a vote".

⁴⁴ On all of them, see the 7th Report on the state of the European Union (2018) by the Fundación Alternativas and the Friedrich Ebert Foundation, pages 28 and onwards: https://www.fundacionalternativas.org/public/storage/publicaciones_archivos/01a4787382b17849e36974e4ac008dfa.pdf. See also, for a detailed examination of the political-institutional reforms of the coming years: Kreilinger, V.: *The tangled web of EU-institutional reforms*, Hertie School (Jacques Delors Centre), October 2019, at: <https://www.hertie-school.org/en/delorscentre/publications/detail/publication/the-tangled-web-of-eu-institutional-reforms/>

⁴⁵ See above, note 40.

⁴⁶ Based on the "theory of stakeholders", already covered by the Union's primary law: see Article 11.3 of the TEU.

⁴⁷ "Representative democracy in Europe is suffering from a crisis of efficiency that further affects its legitimacy. As intolerance for due process and deliberative rationality grows, political patience wanes. If left unaddressed, bigger problems will arise", in: Blockmans, S., Russack, S. (eds.), *Representative Democracy in the EU. Recovering legitimacy*, Centre for European Policy Studies, Brussels, 2019, page 362: www.eliamap.gr/wp-content/uploads/2019/05/Representative-Democracy-in-the-EU-CEPS.pdf

from several hundred European citizens, half of them young experts in European affairs, than from some 80 officials and national deputies, three Commissioners or 135 MEPs and members of Union bodies on what needs to be done and how in European policy in the coming years. That realisation should allow us to finally get passed the sterile debate over the existence or not of a European *δῆμος* and reject the justification of neo-despotism by some members of the European Council and Parliament. The Union cannot squander the wealth of thought and the immense richness of imagination and general desire needed in times of crisis. If in 2002 the Convention on the Future of Europe let the people speak, in 2020 the Conference on the Future of Europe should, as well as granting them a voice – as Von der Leyen wants –, give them a vote and, to start with, a vote on the Conclusions of the Conference that will be drawn up in 2022.

In its legal form, European representative democracy has just turned 40⁴⁸ and, just like in the member states, it is beginning to show signs of fatigue.⁴⁹ Participatory democracy has only been around for 10 years⁵⁰ but we cannot rule out, with a well administered citizen expression before, during and after the Conference, the European institutions recognising the added value that participatory democracy can bring to the Union and in the next reform of the Treaties improving the few existing legal mechanisms and granting new space to the main and most visible instrument of citizen participation: the European referendum.

⁴⁸ The first European Parliament elected by direct suffrage was in 1979.

⁴⁹ A recent example of these signs of fatigue is the fact that the Parliament has not been able to impress on the European Council that it should be the lead candidate of the EPP list, the party that won the 2019 elections, who became President of the European Commission for the next five years.

⁵⁰ Since the appearance, in the Treaty of Lisbon (in force since 2009), of mechanisms of participatory democracy.

Other institutional issues

Because they have frequently appeared in the political debate for years and because they are still pending resolution, the following institutional issues, some more probably than others, will be addressed in the Conference on the Future of Europe:

- Introduction of transnational candidate lists for the European elections of 2024.
- Reform of the system of electing the President of the Commission (including the procedure of “lead candidates” in the European elections).
- Reform of the unsuccessful procedure of European citizens’ initiative (Article 11.4 of the TEU and 24 of the TFEU).
- The merging of the figures of the President of the European Council and the President of the Commission.⁵¹

Conclusion: improving European governance 2019-2024

In view of the growing complexity of its political life and the urgency of its first strategic priority (combating climate change), from May this year the Union will conduct a highly necessary participatory deliberation on its future that, if it means to be realistic, should focus on proposing the policies that have remained unrealised since the Lisbon Treaty and, as far as European governance is concerned, proposing a limited series of improvements, most of them achievable without the need to change the treaties, and in the following terms:

⁵¹ On these matters as a whole, see our comments in the 7th Report (2018) by the Fundación Alternativas and the Friedrich Ebert Foundation, pages 29 and onwards: https://www.fundacionalalternativas.org/public/storage/publicaciones_archivos/01a4787382b17849e36974e4ac008dfa.pdf

- The effectiveness of the Union can improve if:
 - The “community method” is revived and reinforced, which means each institution focusing on its essential tasks: the Commission, on initiating and executing the decisions; the Council and the Parliament, on adopting the legislation and the budgets; the European Council, on determining the political guidelines.
 - The Union’s general political strategy is drawn up and implemented better, avoiding contradictions between the formulation and application of the Council’s strategic agenda and the political priorities of the Commission’s term.
 - Voting by qualified majority in the Council is fostered to the greatest possible extent.
 - The terms of the three presidencies (European Council, Parliament and Commission) are better synchronised.
- The legitimacy of the Union can improve if:
 - Participatory democracy improves and instruments of direct democracy are introduced, such as, for example, the European referendum.
 - National election campaigns and debates are Europeanised via the introduction of a system of transnational candidate lists for the European elections of 2024.
 - The Parliament directly elects the President of the Commission.
 - The Commission recovers full use of its power of legislative initiative.
 - The transparency of the Council of the European Union and the European Council increases.
 - The effective accountability of all the institutions increases.

Biographies

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José Enrique de Ayala. Brigadier General of the Army, retired. Ayala holds diplomas from the Spanish

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José Candela Castillo is a member of the European Affairs Council of the Fundación Alternativas. He has been an official of the European Commission since 1986 to 2014 as member of the Cabinet of the Vice-President of the Commission and as Head of the Units of Application of Community Law and Governance in the Secretariat General of the Commission. He took part in the Group of Commissioners responsible for preparing the Maastricht Treaty in 1992, chaired by Jacques Delors and was editor of the European Commission's White Paper on European Governance in 2001 and Assistant to the representation of the European Commission in the Convention on the future of Europe that drafted the European Constitution in 2003. He has also been an advisor to the Spanish Secretary of State for the European Union. He has given numerous courses and lectures and published several chapters of collective books and articles on Community Law and Governance in journals such as the *Revue du Marché Unique Européen*, the *Revue du Marché Commun et de l'Union Européenne* or the *Revista Española de Derecho Europeo*. José Candela Castillo is Professor of Philosophy

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Estrella Galán is a third sector professional, anthropologist and social worker, an expert in Management of Social Organizations, Human Rights, Asylum, Migration and social intervention with disadvantaged groups. She is a regular contributor to the radio program *La Ventana*, Cadena SER and other media. An author and contributor to numerous articles, studies, reports and publications on Asylum and Migration, she is General Secretary of the Spanish Committee for Refugee Aid (CEAR), where she has worked since 1999.

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Gabriel Richard-Molard, born 1986 is a European Lawyer graduated from Science-Po Strasbourg and the University of Potsdam. He was awarded a Doctorate in European Law (summa cum laude) for a thesis with the title: *Die Rechtsgrundlagen der grenzüberschreitenden Zusammenarbeit zwischen Gebietskörperschaften* (The legal framework of the cross-border cooperation between local communities). He also holds a Master in European Business Law from the University of Strasbourg. He worked as a political advisor in the Bundestag, the French National Assembly and is currently political advisor for a Member of the European Parliament in the Constitutional Affairs Committee. He has been giving several lectures on cross-border cooperation and financial aspects (i.e procurement law) of the cooperation in cross border regions. He is the author of several pieces and articles on European politics, Franco German relationship in the German (*Tageszeitung*) and French press (*Libération*, *Le Monde*, *Marianne*, *Témoignage Chrétien*). He also contributes regularly with the Foundation Jean Jaurès on European Affairs. He is an alumnus from the Friedrich-Ebert-Stiftung Stipendienprogramm and from the Franco-German Zukunftsdialog.

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He has been an advisor to the Ministry of the Presidency (2011), advisor to the Spanish Socialist Delegation in the European Parliament (2014-2018) and assistant director for Political and Parliamentary Affairs in the office of Spain's Minister of Foreign Affairs, the European Union and Cooperation. He is currently a member of the Federal Committee of the Union of European Federalists and of the Executive Commission of the Spanish Federal Council of the European Movement. In 2019 he was elected as a Member of the European Parliament, where he is spokesperson for the Committee on Constitutional Affairs and full member of the Committee on Culture and Education. His activities as a parliamentarian also include the membership of the Committee on Civil Liberties, Justice and Home Affairs, and he is vice-president of the Iraq delegation, and a member of the Mashreq and Palestine delegations.

Luise Rürup has worked with the Friedrich-Ebert-Stiftung (FES) since the early nineties. In September 2020, she was posted to Madrid as the representative of the Friedrich-Ebert-Stiftung in Spain. Prior to her current post in Madrid, Luise Rürup served five years as the executive director of the FES liaison office to the United Nations/International Monetary Fund/World Bank in New York (USA). She held various assignments with FES, including head of department at HQ in Berlin (Germany), country representative and executive director, in Santiago de Chile, New Delhi (India), Erfurt/Thüringen (Germany) and Istanbul (Turkey). After studying political sciences, regional studies, philosophy and geography at the Free University of Berlin, Università di Urbino (Italy) and University of Hamburg, Luise Rürup graduated in political sciences with a diploma from the University of Hamburg. She complemented her education with a one-year vocational graduate programme at the Centre for Advanced Training in Rural Development/Internationale Cooperation in Sustainable Development (SLE/Humboldt University) in Berlin. Prior to her engagement with FES, Luise Rürup was involved in multidisciplinary research and consultancy in rural areas of Costa Rica and Tanzania. Luise Rürup is longstanding member of the German multi service union Ver.di and the German socialdemocratic party SPD.

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Acronyms and abbreviations

AfD: <i>Alternative für Deutschland</i> (Alternative for Germany)	ECRE: European Council on Refugees and Exiles
APP: Asset Purchase Programme	ECSC: European Coal and Steel Community
AT: Austria	EEC: European Economic Community
BABS: Baltic, Adriatic and Black Seas Initiative	EES: European Employment Strategy
BfArM: <i>Bundesinstitut für Arzneimittel und Medizinprodukte</i> (The German Federal Institute for Drugs and Medical Devices)	EFSF: European Financial Stability Facility
BMAS: <i>Bundesministerium für Arbeit und Soziales</i> (The Federal Ministry for Labour and Social Affairs)	EIB: European Investment Bank
BRI: the Belt and Road Initiative	EMA: European Medicines Agency
CC. OO.: <i>Comisiones Obreras</i> (Workers' Commissions)	EMU: Economic and Monetary Union
CCCTB: Common Consolidated Corporate Tax Base	EP: European Parliament
CDU: <i>Christlich Demokratische Union Deutschlands</i> (Christian Democratic Union of Germany)	EPP: European People's Party
CEAR: <i>Comisión Española de Ayuda al Refugiado</i> (Spanish Commission for Refugee Aid)	EPSCO: Employment, Social Policy, Health and Consumer Affairs Council
CEPS: Centre for European Policy Studies	EPSR: European Pillar of Social Rights
CFSP: Common Foreign and Security Policy	ESM: European Stability Mechanism
CIE: <i>Centros de Internamiento de Extranjeros</i> (Spain's Foreigner Internment Centres)	ESTIA: Emergency Support to Integration & Accommodation
CO₂: carbon dioxide	ETUI: European Trade Union Institute
COM: proposed legislation and other Commission communications to the Council and/or the other institutions, and their preparatory papers. Commission documents for the other institutions (legislative proposals, communications, reports, etc.).	EU: European Union
COMECON: Council for Mutual Economic Assistance	EUCO: European Council
COVID-19: coronavirus disease 2019	FAO: Food and Agriculture Organization of the United Nations
CR: European Conservatives and Reformists Group	FAZ: <i>Frankfurter Allgemeine Zeitung</i>
CSU: <i>Christlich-Soziale Union in Bayern</i> (Christian Social Union Bavaria)	FDP: <i>Freie Demokratische Partei</i> (Free Democratic Party)
CZ: Czech Republic	FES: Friedrich-Ebert-Stiftung
DE: Germany	Fidesz: <i>Fidesz-Magyar Polgári Szövetség</i> (Fidesz-Hungarian Civic Alliance)
DG ECFIN: Directorate General for Economic and Financial Affairs	Frontex: <i>frontières extérieures</i> (European Border and Coast Guard Agency)
DG EMPL: Directorate General for Employment, Social Affairs and Inclusion	G: Group of the Greens/European Free Alliance
ECB: European Central Bank	G20: Group of Twenty (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, United States, and the European Union)
ECDC: European Centre for Disease Prevention and Control	G5: Sahel countries Burkina Faso, Chad, Mali, Mauritania and Niger
ECOFIN: Economic and Financial Affairs Council	G7: Group of Seven (Canada, France, Germany, Italy, Japan, the United Kingdom and the United States)
ECR: European Conservatives and Reformists	G8: Group of Eight (G7 + Russia. Russia was disinvited in 2014)
	GDP: Gross domestic product
	GTAI: Germany Trade and Invest
	HG: Head of Government
	HICP: Harmonized Index of Consumer Prices

- HQ:** Headquarters
- HR:** High Representative for Foreign Affairs and Security Policy
- HS:** Head of State
- HTW:** *Hochschule für Technik und Wirtschaft Berlin* (University of Applied Sciences for Engineering and Economic)
- ICT:** Information and Communication Technology
- ID:** Identity and Democracy Group
- IEP:** Institut für europäische Politik (Institute for European Politics)
- IG BCE:** *Industriegewerkschaft Bergbau, Chemie, Energie* (Trade Union for mining, chemicals and energy industries)
- IMF:** International Monetary Fund
- IMV:** *Ingreso Mínimo Vital* (Minimum Living Income)
- IN:** Independent
- IOM:** International Organization for Migration
- MEP:** Member of the European Parliament
- MFF:** Multiannual Financial Framework
- NATO:** North Atlantic Treaty Organization
- NB:** *notate bene*
- NGO:** non-governmental organization
- NI:** Non-Inscrits Group (Non-attached members)
- OECD:** Organisation for Economic Co-operation and Development
- OMC:** Open Method of Coordination
- PCA:** Partnership and Cooperation Agreement
- PEPP:** Pandemic Emergency Purchase Programme
- PES:** Party of European Socialists
- PESCO:** Permanent Structured Cooperation
- PSOE:** *Partido Socialista Obrero Español* (Spanish Socialist Worker's Party)
- RE:** Renew Europe Group
- S&D:** Progressive Alliance of Socialists and Democrats
- SGP:** Stability and Growth Pact
- SISPE:** *Sistema de Información de los Servicios Públicos de Empleo* (Information system of public employment services)
- SLE:** *Seminar für Ländliche Entwicklung* (Centre for Rural Development)
- SMEs:** Small and medium-sized enterprises
- SPD:** *Sozialdemokratische Partei Deutschlands* (Social Democratic Party in Germany)
- SURE:** Support to mitigate Unemployment Risks in an Emergency
- TAC:** The Treaty of Aix-la-Chapelle
- TEU:** Treaty on European Union
- TFEU:** Treaty on the Functioning of the European Union
- UE:** Confederal Group of the European United Left/Nordic Green Left
- UGT FICA:** *Federación de Industria, Construcción y Agro de la Unión General de Trabajadores* (Federation of Industry, Construction and Agro of the General Union of Workers)
- UK:** United Kingdom
- UN:** United Nations
- UNED:** *Universidad Nacional de Educación a Distancia* (National Distance Education University)
- UNHCR:** United Nations High Commissioner for Refugees
- UNU-GCM:** United Nations University Institute on Globalization, Culture and Mobility
- US(A):** United States (of America)
- USD:** United States dollar
- V4:** Czech Republic, Hungary, Poland and Slovakia
- VDI:** *Verband deutscher Ingenieure* (Association of German Engineers)
- WHO:** World Health Organization
- WTO:** World Trade Organisation



Produced each year by two European foundations, the German Friedrich-Ebert-Stiftung and the Spanish Fundación Alternativas, the Report on the State of the European Union is truly special in 2020. The EU had never experienced two major crises at the same time, affecting both health and the economy, and certainly not of the magnitude unleashed by the coronavirus pandemic. They come alongside another crisis, this time political, in the shape of Brexit, the first time that a Member State has decided to leave the European Union.

The explosion of COVID-19 is unprecedented in the lifetime of the European project, or even, we might dare to venture, on the whole planet. The humanitarian consequences have been and continue to be dramatic and societies and Governments have demonstrated that they are ill-prepared to fight them. One million deaths due to the virus has caused great uncertainty, and an economic crisis that forces politicians to decide between health or economics as in the Piped Piper of Hamelin. This is a false dilemma because without health, the economy would collapse. However, some governors were swept along by production requirements, often having to rectify their decisions as new waves of the pandemic hit.

This aspect is covered in this Report, although it does not monopolise it. As usual, we are studying the state of the EU from its different perspectives.

Out of this analysis, it appears clear to us that only an integrated EU will be able to fight a tragic pandemic the likes of which the inhabitants of Europe have never seen before. These are exciting times for EU fans: the EU now has the chance to take on 21st century challenges and carry out the necessary structural transformation in its economy towards greater sustainability, inclusion and the ability to adapt.

If it is successful, the EU will come out of this stronger internally and externally, showing its strength and sovereignty as a global player, whilst remaining consolidated and supportive internally. This is certainly a colossal challenge but also a huge opportunity.

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