

# EU 27 BULLETIN

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Future of the **EU27**



The EU27 Bulletin provides an update on institutional proposals, major policy speeches by EU leaders and decisions adopted by the EU institutions on a fortnightly basis. Each bulletin has a tripartite structure focusing on developments in the European Commission, the European Parliament and the Council respectively. We also look ahead to what developments may emerge over the coming weeks.

## European Commission

### College of Commissioners takes solemn oath as New Year begins

Following a delayed start and the Christmas break, the real work begins for the new European Commission under President von der Leyen. On 13 January 2020, the College of Commissioners took their formal oath to respect the EU treaties and the EU Charter of Fundamental Rights. This solemn undertaking is symbolic of the Commission's role as Guardian of the Treaties. Following the ceremony, President von der Leyen said that her Commission would be held to higher standards of transparency, independence and accountability than ever before.

### Commission calls for realistic approach to negotiations on the future relationship

The UK is one step closer towards leaving the EU on 31 January 2020, after the Withdrawal Agreement secured majority support in the House of Commons. It will now be debated in the House of Lords where it is also expected to be approved. In parallel, the consent vote on the Withdrawal Agreement in the European Parliament has been scheduled for 29 January 2020.

Meanwhile, further details are emerging about the next stage of negotiations on the future relationship, which needs to be agreed within a tight 11-month window in the absence of a further extension. UK Prime Minister Boris Johnson has said he will not seek an extension to the transition period, and that he is optimistic that some form of Canada style free trade agreement can be agreed before 31 December 2019. In the view of the Prime Minister, this would entail the elimination of tariffs on goods as is the case under the EU-Canada agreement, in addition to agreement on services and the use of technology to facilitate customs checks. In what could be a major future sticking point, the Prime Minister indicated his opposition to any form of regulatory alignment with the EU, commonly referred to as level playing field provisions.

Conversely, the Commission President, Ursula von der Leyen, refuted these claims during a visit to London on 8 January 2020. She emphasised that alignment with the EU's standards on the environment, labour, taxation and state aid, is a necessary prerequisite for "high quality access" to the EU Single Market, and that the level of regulatory alignment will dictate the proximity of any future EU-UK relationship. She also emphasised the indivisibility of the EU's four freedoms.

Equally, EU representatives have called for realism in terms of what can be agreed before 31 December 2020. During a speech in Stockholm on [8 January 2020](#), the EU's lead negotiator, Michel Barnier, stated that while a basic agreement is possible within 11 months, more time will be required to flesh out all aspects of the future partnership. This suggests that

the EU's previous mantra of 'nothing is agreed until everything is agreed' will not work for this stage of negotiations. Rather, the EU will have to prioritise agreement on key issues such as trade in goods and fisheries to avoid a cliff edge Brexit, followed by additional agreements covering wider sectoral cooperation.

Greater clarity has also emerged on the EU's negotiating structure, which will be overseen by a new Taskforce for Relations with the UK, under the leadership of Michel Barnier. The EU is set to formally adopt its negotiating position and the mandate of this taskforce at the General Affairs Council of 25 February 2020, before formal negotiations can begin. In the meantime, a presentation circulated by the new Taskforce to EU27 diplomats on 13 January 2020, indicated that the EU will prioritise the establishment of an ambitious free trade area with zero tariffs, quotas or restrictions, conditional on the UK's compliance with level playing field provisions. The EU also intends to couple agreement on fisheries with any agreement on the economic partnership. Crucially, the Taskforce emphasised that there is a "limited margin" to go further than current EU Free Trade Agreements without offering the benefits of Single Market membership.

### Commission unveils details of investment pillar of European Green Deal

On 14 January 2020, the Commission presented its plans for the European Green Deal Investment Plan. With ambitions to raise at least €1 trillion in sustainable investment over the next 10 years, the Commission hopes that this investment plan will finance the objective of achieving climate neutrality by 2050. According to the Commission's [proposals](#), approximately half of this figure (€503 billion) would be drawn from the EU's long-term budget for 2021-27, although this is conditional on the outcome of the budget negotiations. The remainder would be financed through a combination of public and private investment through the [Invest EU programme](#) (approximately one third of the total) and national budgets. The Commission's ambition is that initial funding will trigger a wave of green investments across the EU.

### The Just Transition Mechanism

A core part of this investment plan is the Just Transition Mechanism (JTM), a €100 billion funding mechanism within the €1 trillion total, to ensure a socially and financially just transition to climate neutrality. The Commission wants €7.5 billion of the MFF for 2021-27 to be dedicated to funding this mechanism (this is not foreseen in the Commission's current MFF proposal), complemented by Invest EU and EIB investment, and Member State co-financing. The mechanism would be allocated according to three criteria: 1) the scale of the transition required, especially for the highest coal dependent regions, 2) the scale of social challenges in terms of job losses, and 3) the level of economic development and investment capacity.

The distribution of funding under the JTF mechanism is likely to be fiercely contested. According to media reports, divisions already surfaced between EU27 Ambassadors during a meeting on 15 January 2020. Net contributors to the EU budget want to see some form of return for their investment. Equally, the supporters of CAP expressed concern that the fund would divert money away from agriculture as part of the wider budget negotiations.

The most coal dependent Member States such as Poland, argued that they should be the primary recipients of the fund. For many coal dependent countries, the promise of this funding mechanism was crucial for winning their support for the 2050 climate neutrality target. Nevertheless, these same countries have already expressed concern that the mechanism will simply re-direct existing EU funding from areas like cohesion policy, which is already at risk of cuts. These divisions will likely add another layer of complexity to negotiations on the MFF, as all Member States seek some form of redress for taking the difficult steps to address climate change.

### New Secretary General of the European Commission appointed

Ilze Juhansone has been confirmed as the new Secretary General of the European Commission. Ms Juhansone joined the Commission in 2015 as Deputy-Secretary General and subsequently served as Acting Secretary General following the departure of her predecessor Martin Selmayr. Prior to this, Ms Juhansone served as Latvia's Permanent Representative

to the EU during Latvia's first Council Presidency. Ms Juhansone is the eighth Secretary General of the European Commission, and as a Latvian national is representative of one of the smaller Member States. She was one of three candidates in the running for the position, alongside France's Jean-Eric Paquet, Director of the DG for Research and Innovation, and Spain's Daniel Crespo, Director of the DG for Environment.

### Commission launches consultation on EU wide minimum wage as part of wider social package

The Commissioner for Jobs and Social Rights, Nicolas Schmit, has announced the opening of the first phase of consultations on the introduction of fair minimum wages in the EU. This is consistent with President von der Leyen's objective to introduce a legal mechanism to ensure fair minimum wages within the first 100 days of the Commission's mandate.

Nevertheless, the standardisation of wages in the EU is viewed with great scepticism by some Member States, particularly Denmark, Sweden and Finland, which operate a collective bargaining model of wage coordination. In recognition of this, the [initial document](#) circulated by the Commission emphasises that any future legislative initiative "would not seek the introduction of a statutory minimum wage in countries with high coverage of collective bargaining and where wage setting is exclusively organised through it."

In tandem, the Commission adopted a [Communication](#) outlining further details of its social agenda, entitled 'A strong Social Europe for just transitions'. This includes 22 proposed social initiatives over the next two years, including in the first quarter of 2020 the introduction of a European Gender Equality Strategy, an Updated Skills Agenda for Europe, a new Industrial Strategy and a Demography Report. The Commission is currently inviting proposals from EU citizens and stakeholders on new policy or legal initiatives needed to facilitate the implementation of the EU Pillar of Social Rights. These will form the basis of a new Social Action Plan for 2021.

### Commissioner Hogan looks to 'reset' EU-US trade relations

Commissioner for Trade, Phil Hogan, travelled to Washington on 14 January 2020 in an attempt to 'reset' the tense trading relationship between the EU and the US. After three years of tariffs and ongoing trade disputes, Commissioner Hogan hoped to dissuade the US from imposing further sanctions on EU goods following ongoing disputes over Boeing-Airbus and France's new digital services tax.

Commissioner Hogan met with senior US trade officials, including US Trade Representative Robert Lighthizer. His initial assessment of the meeting was positive, although the US did not commit to avoiding further tariffs. The meeting indicates the EU's desire to stem the tide of aggressive trade measures to allow it to pursue a positive trade agenda with third countries like Australia and New Zealand, and soon to be third countries such as the UK. It also points a desire to build some form of consensus on future reform of the WTO with the US, a key priority for the new Commission.

### President von der Leyen delivers speech at Dublin Castle

Commission President von der Leyen visited Dublin on 15 January 2020. As one of the President's first visits to a European capital since taking office, the visit has been interpreted as a significant show of solidarity with Ireland, which the President described as "the green heart of our previous Union". At a formal dinner hosted by the Taoiseach in Dublin Castle, President von der Leyen delivered an address in which she evoked the significant benefits of EU membership for Ireland.

The President also gave interesting insights into how she views the role of Ireland in a post-Brexit EU. President von der Leyen described Ireland as a bridge towards America, the home of a vibrant start-up culture and a resilient economy. The President added that these attributes make Ireland an important ally in the Commission's quest to make the EU digitally sovereign. The solidarity shown towards Ireland in preventing a return to the hard border will continue during the next

phase of Brexit negotiations according to the President. In return, the Commission President welcomed the solidarity demonstrated by Ireland towards other Member States during the refugee crisis.

### Rule of law: Commission calls for disciplinary measures against Poland

On 14 January 2020, the Commission asked the Court of Justice of the European Union to introduce interim measures to prevent the further deterioration of the rule of law in Poland. Specifically, the Commission asked for the suspension of the disciplinary chamber of the Polish Supreme Court citing concerns over judicial independence. The move is part of an ongoing infringement procedure against the Polish Government which was launched in April 2019 following the introduction of a new disciplinary regime for the Polish judiciary. The Polish Government responded angrily to this development, saying that national judicial reforms are outside the competences of the European Commission.

## European Parliament

### MEPs support European Green Deal but express concern over investment plan

The first plenary session of 2020 and potentially the last with the UK's 73 MEPs, took place from 13-17 January 2020 in Strasbourg.

One of the most important items on the agenda was a vote on the European Green Deal. A [resolution](#) outlining the Parliament's position on the deal was adopted comfortably with 484 votes in favour, 136 against and 95 abstentions. In this resolution, MEPs continued to push for greater climate ambition on the part of the European Commission. This includes increasing the EU's 2030 emissions reductions targets to 55% compared to 1990 (the Commission proposed at least 50%); introducing an interim 2040 emissions target; creating binding national targets for energy efficiency and renewable energy; and establishing a carbon border adjustment mechanism at WTO level.

One of the priorities for Parliament has consistently been the importance of ensuring a just and socially inclusive transition. Many MEPs expressed support for the ambitious sustainable investment plan presented by the European Commission (see above). Nonetheless, some expressed concern about the lack of new funding sources and the reliance on the outcome of the complex MFF negotiations. The Socialist group for example, called for new resources to be generated from the introduction of new tax revenues in the digital and financial sectors. Equally, Johan Van Overtveldt of the ECR and the Chair of the Budget Committee, warned the Commission against "recycling" money destined for other purposes.

In a separate resolution, the Parliament adopted its position on the EU's biodiversity strategy for 2030. 2020 will be an important year for the theme of biodiversity – the UN Biodiversity Conference (COP15) will be held in Kunming, China in October 2020, where agreement is expected on a new global biodiversity framework. In preparation for this conference, MEPs argued that the EU must lead the way. They proposed dedicating 10% of the EU's long-term budget for 2021-27 to the protection of biodiversity and ensuring at least 30% of EU territory is protected from development. The Parliament also called for the COP15 to agree legally binding biodiversity targets to mirror the Paris Agreement.

### Lingering concerns over Citizens' Rights provisions of Withdrawal Agreement

The European Parliament has expressed concern over the implementation and monitoring of the citizens' rights provisions of the Withdrawal Agreement. In a [resolution](#) adopted on 15 January 2020, MEPs identified a number of issues in relation to the UK's EU Settlement Scheme, which allows EU citizens living in the UK to apply to stay in the UK after Brexit. They also questioned the independence of the UK's proposed monitoring authority and called on EU27 Member States to act generously towards UK nationals living on in their territories.

Throughout the negotiations, the protection of citizens' rights has been one of the European Parliament's biggest priorities. Through this resolution and others, the Parliament has made clear that it will seek the necessary assurances before giving its consent to the final deal, currently scheduled for 29 January 2020, and that it will continue to advance the protection of citizens' rights in the next phase of negotiations.

On 17 January 2020, it was announced that Mr Verhofstadt MEP (Renew Europe, BE) will be replaced as the Parliament's lead negotiator for the future relationship by David McAllister MEP (EPP, DE). Mr McAllister is half German and half Scottish and currently chairs the Parliament's Foreign Affairs Committee. He will lead a new UK Coordination Group, which will replace the Parliament's Brexit Steering Group.

### Parliament outlines vision for the Conference on the Future of Europe

The European Parliament became the first EU institution to outline its position on the proposed Conference on the Future of Europe. Since Commission President von der Leyen announced her intention to hold the Conference, there has been much debate between the three main institutions over the scope and organisation of the conference, which is due to begin on 9 May 2020 and last until summer 2022.

In a [resolution](#) adopted on 15 January 2020, MEPs presented their vision for the Conference, which they argue should be a bottom up process, that seeks to align EU legislative proposals with citizens' concerns. The ambitions of the Parliament are high, President David Sassoli described the Conference as the opportunity to usher in "a new era of reforms" for the EU.

In regard to procedural aspects of the conference, the Parliament proposed structuring the Conference on the basis of thematic citizens' agoras or fora, comprised of representative groups of 200-300 citizens chosen at random from a variety of backgrounds, including stakeholders at different levels of governance and civil society representatives. The Parliament also considers, that in addition, at least two youth agoras should be held. The conclusions of these agoras would then be presented at a Conference Plenary to the EU institutions. As the process must be citizen driven, the Parliament called for a commitment to treaty change, if so required, from the other institutions.

The Parliament envisages a complex web of governance for the Conference. The President of the European Parliament, European Council and European Commission should serve as high level patrons of the Conference, while organisational oversight would be directed by a Steering Committee comprised of representatives from the three institutions. The Steering Group would be supported by an Executive Coordination Board responsible for the day-to-day management of the Conference.

In addition, Parliament would like to see the appointment of a Conference President, who would act as the public face of the Conference. According to unconfirmed media reports, the Parliament has put forward Guy Verhofstadt MEP, former leader of Renew Europe, for this role. This follows a meeting of the Parliament's highest decision making body, the Conference of Presidents (COP), on 16 January 2020, in which it was decided that Mr Verhofstadt would lead the Parliament's Conference team, supported by Manfred Weber of the EPP and a member of the S&D group.

Nevertheless, it must be remembered that the Commission and the Council are yet to put forward their position on the organisation and leadership of the Conference and that the final details will need to be agreed jointly by the three institutions.

### Parliament criticises effectiveness of Article 7 procedure

The European Parliament has strongly criticised the Council's handling of the rule of law procedure under Article 7. In a [resolution](#) adopted on 16 January 2020, the Parliament argued that despite Hungary and Poland being under the



Article 7 procedure at present, respect for rule of law has deteriorated. MEPs pointed to specific failings in the hearings procedure, which they argued is “neither regular nor structured”.

For the process to be effective in protecting the rule of law, the Parliament called for the Council to set clear recommendations and deadlines for the countries concerned. Equally, it called on the Commission to make greater use of applications for interim measures before the CJEU and fast-track infringement procedures. In view of the Parliament’s sense of alienation from the Article 7 procedure, it is unsurprising that the resolution calls for the Parliament to have more of a formal role in the hearings procedure, which currently relies on Member States’ willingness to take action.

Finally, the Parliament’s resolution emphasised the urgency of the creation of a permanent mechanism on democracy, the rule of law and fundamental rights, based on an annual independent review process and the potential introduction of the principle of conditionality in regard to receipt of EU funds.

### Parliament committees to undergo post Brexit reshuffle

In preparation for the withdrawal of UK MEPs on 31 January 2020, the Parliament voted to alter the size of its 20 Committees. Under these plans, the powerful Environment, Public Health and Food Safety (ENVI) Committee will remain the largest in the Parliament, gaining an additional five members. The Industry, Research and Energy Committee (ITRE), and the International Trade Committee (INTA) will also enjoy a post-Brexit boost, gaining six and two members respectively.

While a final list of Committee members will not be confirmed until the UK’s 73 seats have been redistributed, there are a number of UK MEPs in prominent positions who will need to be replaced. Notably, Lucy Nethsingha (Renew Europe), who is currently chair of the Legal Affairs Committee (JURI), and Chris Davies (Renew), chair of the Committee on Fisheries (PECH).

## Developments in the Council

### First tests for geopolitical EU

The new High Representative for Foreign Affairs and Security Policy, Mr Josep Borrell, convened an extraordinary meeting of the Foreign Affairs Council on 10 January 2019, to address recent events in Libya, Iraq and Iran. The consensus among EU Foreign Ministers was that the EU should be actively involved in promoting de-escalation and political solutions to these conflicts. Ministers granted HRVP Borrell a clear mandate to contribute to these objectives through continued diplomatic efforts with all parties.

The High Representative has been particularly active in addressing recent developments in Iran. This reflects Mr Borrell’s intention for the EU to play the role of international peace broker as the relationship between the US and Iran deteriorates. On 16 January 2020, Iran’s Foreign Minister, Mr Mohammad Javad Zarif met with Mr Borrell in New Delhi, following a meeting request from the High Representative. A press release issued by the EEAS said the two men engaged in “a frank dialogue” on the Joint Comprehensive Plan of Action (JCPOA), commonly referred to as the Iran nuclear deal, and that they committed to remain in close contact.

The meeting comes days after the European signatories of the deal Britain, France, the UK and Germany triggered the dispute resolution mechanism in response to Iranian infringements of the deal.

### President Michel wants EU to be part of the Foreign Policy game

Speaking to reporters during a visit to Croatia, the President of the European Council, Charles Michel, spoke about his

desire for Europe to be “part of the game” in international affairs. Citing recent interactions with President of Turkey Mr Erdoğan, President Abdel Fattah al-Sisi of Egypt and President Hassan Rouhani of Iran, President Michel highlighted in particular the importance of proactive EU involvement in the Middle East.

A second region of increasing geopolitical importance to the President is the Sahel region of Africa. President Michel used the opportunity of the recent G5 summit in Pau, France, to convene an EU-Sahel summit in late March 2020, reportedly before the European Council of 26-27 March. Leaders of the five African nations that make up the G5 (Burkina Faso, Chad, Mali, Mauritania and Niger) are said to have accepted the invitation. In preparation for this, the Council is expected to adopt conclusions on the Sahel region at the Foreign Affairs Council of 20 January 2020.

The development of a comprehensive partnership with Africa is one of the key foreign policy objectives identified in the EU’s Strategic Agenda for 2019-24. The Commission has already indicated that it hopes to introduce a proposal for a comprehensive partnership strategy on Africa by the middle of March 2020. The EU-Sahel summit will provide the EU with an opportunity to demonstrate its commitment to the development of the region.

### Croatian Presidency takes over leadership of the Council

The EU’s newest Member State assumed leadership of the rotating presidency of the Council at the beginning of January 2020, a position it will hold until 30 June 2020. The motto of the Croatian Presidency is a ‘Strong Europe in a World of Challenges’. The Presidency programme is based on four guiding pillars: 1) A Europe that develops, 2) A Europe that connects, 3) A Europe that protects, 4) An influential Europe. Further information on the priorities of the Croatian Presidency can be found [here](#).

During a presentation to MEPs on 14 January 2020, the Croatian Prime Minister, Andrej Plenković, highlighted the importance of four additional issues that are likely to be the focus of the Presidency. First, the Croatian Presidency will work to achieve a breakthrough in negotiations on the EU’s long-term budget – the MFF. Negotiations reached a dead end in December 2019, after the negotiating box put forward by the Finnish Presidency for a budget equivalent to 1.07% of EU27 GNI, failed to convince Member States on all sides of the debate. Second, following the UK’s expected departure from the EU on 31 January 2020, Croatia will work towards the swift adoption of a comprehensive negotiating mandate for the next stage of EU-UK negotiations on the future relationship. Third, the Presidency has ambitions to win support among other Member States to open accession negotiations with Albania and North Macedonia at a flagship EU-Balkans summit in Zagreb in May 2020. Fourth, Croatia will be responsible for preparing the Council’s negotiating position on the proposed Conference on the Future of Europe, a significant EU wide democratic exercise, which is due to start in May 2020.

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## What to look out for next week

- **20 January 2020:** The Foreign Affairs Council will discuss the Sahel region and the promotion of climate diplomacy and is expected to adopt conclusions on both issues.
- **20 January 2020:** Commission President von der Leyen will deliver the opening speech at the World Economic Forum's (WEF) 50<sup>th</sup> annual meeting.
- **21 January 2020:** The Economic and Financial Affairs Council will discuss ongoing OECD negotiations on digital taxation and the financial dimensions of the European Green Deal.
- **27 January 2020:** The Agriculture and Fisheries Council will meet in Brussels to discuss the post 2020 CAP reform package.
- **28 January 2020:** The General Affairs Council is expected to discuss the MFF and the Conference on the Future of Europe.
- **29-30 January 2020:** A one day plenary of the European Parliament will be held in Brussels. MEPs are expected to approve the UK Withdrawal Agreement under the consent procedure.
- **30 January 2020:** An EU Conference on Gender Equality will be held in Zagreb, Croatia.
- **31 January 2020:** The UK is expected to leave the European Union.