

## The EU's 2019-24 political cycle: mid-term assessment and outlook

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### Theme

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### Summary

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### Analysis

#### A political cycle between two crises

On 1 December 2019, in her first statement as President of the European Commission, Ursula von der Leyen said: '(t)his place [the House of European history] shows the road that has led us here. It shows the treasure that we have inherited. A continent in peace. The liberation from tyranny. A single market with unprecedented economic opportunities. Greater rights and liberties than in any other place in the world.'

Von der Leyen's statement reflected the pervading optimism at the time. The EU had been able to overcome a Great Recession, which originated in 2008, shattered the EU's cohesion and even threatened the Euro's own survival. The Union had also shown a remarkable degree of unity throughout the Brexit negotiations. And a record high turnout in the European elections of 2019, set to give way to a new institutional cycle in Brussels, seemed to clear the way for a new beginning in European integration.

Barely a few months after von der Leyen's uplifting statement, on 11 March 2020 the World Health Organisation (WHO) declared COVID-19 a pandemic. The EU faced a health emergency almost without competences. Some of the core foundations of the European project were again at risk, as certain member states began closing their borders in an uncoordinated way, thus threatening Schengen and the Single Market itself.

Two years later, with the EU eager to look past the pandemic and focus on post-COVID economic recovery, Russia's invasion of Ukraine brought inter-state war back to Europe. Von der Leyen's mention of a continent at peace suddenly rung hollow, whilst former Commission President Jean-Claude Juncker's references to the EU confronting a

context of permanent crisis seemed vindicated. After the Great Recession, Brexit and COVID, Ukraine kept the Union on a crisis footing.

To be sure, the EU and its member states do not always have the luxury of deciding which challenges they should focus on. But they can surely decide how to tackle them. In fact, some of these challenges partly stem from the EU's own reaction to previous crises. Thus, for instance, the EU's response to the economic and financial crisis may have exacerbated the breach between North and South, damaged intra-European cohesion, and fuelled populism and Euroscepticism across Europe. The share of Eurosceptic parties in the European Parliament jumped from an average of 20% to 29% in the European elections of 2014 (Desilver, 2019). According to the spring Eurobarometer of 2014, the trust of Europe's citizens in the EU shrunk to 31%, its lowest level compared with previous years (European Commission, 2014).

Despite initial hesitations, the EU and its member states have arguably provided a united, bold and solidary response to the COVID-19 pandemic. The emission of joint debt, the joint procurement of vaccines and the establishment of the COVID Certificate all proved that, when faced with a challenge, the EU can be effective while preserving its internal cohesion and protecting those who are most vulnerable. Indeed, trust in the EU has returned to pre-Great Recession levels, at 47% (European Commission, 2022a).

The EU's response to Russia's invasion of Ukraine deserves to be mentioned too. According to the latest Eurobarometer (European Commission, 2022b), a majority of Europe's citizens approve of the European response. But it may be too soon to draw any meaningful conclusions about European unity in the face of Russian aggression. Ongoing haggling over the reach of sanctions –and the dubious alignment of certain member states vis-à-vis Russia– continues to cast a shadow over European unity. Much in the same way that the pandemic defined the first part of the 2019-24 EU political cycle, the war in Ukraine may come to dominate the remaining part.

### Thinking beyond COVID and Ukraine

Arguably, the COVID and Ukraine crises have both reinvigorated calls for European strategic autonomy. For one thing, the pandemic triggered questions about supply-chain security, and underscored European dependencies in critical goods. Against that backdrop, the Commission promoted a debate on the need for a European industrial policy, even as it insisted on its commitment to free trade. The concept of 'open strategic autonomy' seemed to provide a reasonable synthesis. More recently, the successive crises in Belarus and Ukraine remind us that, in an increasingly competitive geopolitical context, any policy area (including migration, energy and trade) can be 'weaponised'. This realisation incentivised the EU to conceptualise 'strategic autonomy' as broadly as possible, ie, beyond the narrow and traditional remit of security and defence. Indeed, if anything, recent crises compel the EU to grapple with a new Migration and Asylum Pact, the management of Schengen's external borders and the need to reduce energy dependencies.

In hindsight, the COVID-19 and Ukraine crises have not quite overshadowed the strategic priorities initially identified by the Commission for the 2019-24 cycle. Quite the opposite. The European Green Deal, the digital transformation, and the need for a stronger and more independent Europe in the world appear to have been reinvigorated in light of the COVID and Ukraine crises. But has the Commission delivered on its commitments? According to the latest state of play on the progress of the priorities announced by President von der Leyen in 2019 (Bassot, 2022), of the more than 500 initiatives indicated, more than half (57%) have already been submitted (288). Among these 288, almost half (47%) have already been adopted (135). In addition, a wide range of new instruments have been launched, including the European Recovery Instrument.

Among some of the key milestones achieved so far, the Digital Services Act and the European Climate Law arguably stand out. However, much remains to be done during the second part of the current cycle. Among the objectives espoused by von der Leyen in the Political Guidelines for 2019-24, pride of place goes to the Banking Union, a common corporate tax base and a carbon border tax. However, a dynamic and unpredictable geopolitical context has brought other important issues to the fore, such as the need to rethink the EU's enlargement priorities, the future European Chips Act and the reform of its fiscal rules.

Finally, now that the final conclusions on the Conference on the Future of Europe have been presented, the European institutions are responsible for analysing and assessing the implementation of the proposals. Although the discussion around the reform of the Treaties has been placed at the centre of the debate, a recent assessment by the Council (2022) states that only 18 of the 320 measures will require Treaty change. Moreover, a significant number of proposals are already being addressed by EU institutions. In many ways, the crises have forced the EU and its member states to adopt decisions that are already ambitious enough. So, although it could be said that the Conference on the Future failed to deliver any innovative ideas, this scenario could also make it more feasible to follow up and implement the Conference's conclusions without provoking rejection; rather the opposite, it could enhance the confidence of citizen participation in the process. This is especially relevant taking into account that the Conference started with no clear purpose and that the EU's leaders had little interest in an initiative leading to ambitious changes. The Commission has already said that, following the final report of the Conference, it would be announcing a first set of proposals in September 2022.

### The development of a new political context

This institutional period has accompanied one of the main political changes in the EU: the end of Angela Merkel's rule. The departure of the leader who had governed the previous crises in the EU has left a vacuum of power. Moreover, in the context of the war in Ukraine, Germany's economic links with Russia and its energy dependence have raised questions about Berlin's leadership. Whereas Macron's strong defence of European strategic autonomy could reinforce his role, the French President has his own weak points in this regard too. Macron's view on strategic autonomy, in many cases envisaged as a zero-sum gain in relation with NATO and the US, is not backed up by a strong consensus in the EU. The fact that Macron has lost his majority in the French National Assembly could also have consequences regarding the strength of his mandate

and thus for his role in the EU. Furthermore, France and Germany's insistence on maintaining a dialogue with Putin is not welcomed by their Eastern counterparts.

Beyond the EU, the war in Ukraine has also deeply impacted the balance of power in the European continent as a whole (Grygiel, 2022): the consequences of the invasion have hit Europe's main countries, such as Russia and Germany, which will struggle to regain their influence in the continent. It remains to be seen which country or countries emerge with more power in the war's aftermath. So far, states like Poland and the UK seem to be filling the gap with their pro-active stance in responding to Russia's challenge in the east. It will also be interesting to see how the concept of the 'European political community' proposed by Macron evolves as a possibility of enhancing cooperation with non-member states, especially after the recent application for membership of Ukraine, Moldova and Georgia, which have impacted in EU's stance towards the Eastern partnership.

Furthermore, it remains to be seen how Europe's institutions strike a balance between supporting countries that have been especially affected by the current events while maintaining a tough stance when protecting the rule of law within the EU. As mentioned above, Poland has been one of the most pro-active member states in responding to Russia's challenge in the East. During the Belarus crisis, Poland had already gained relevance as the main defender of the EU's border integrity. Now, Poland has appeared as one of the main supporters of Ukraine against Putin's aggression. However, the recent approval of the Polish recovery and resilience plan is not good news in a scenario of continued democratic backsliding in the country. Orbán's victory in the recent Hungarian general elections shows that a conciliatory approach to this kind of defiance does not work. This is also a step back after the launch of the conditionality mechanism against Hungary, especially considering the continued delay by the Commission to activate it. It is important to add that the rule of law dispute affects other areas and dossiers: Hungary and Poland are getting used to blocking other legislative proposals –as occurred when negotiating the European Recovery Instrument– as a blackmailing strategy. This is not only a challenge to the rule of law within the EU but also to the Union's identity and political cohesion.

Nevertheless, certain political changes might bring about a certain degree of optimism: the defeat of Janez Janša in Slovenia, Boyko Metodiev Borisov in Bulgaria and Andrej Babiš in the Czech Republic are a good sign of the strength of Europeanism. The war in Ukraine has also affected the cohesion of the Visegrad group –traditionally more reluctant to move forwards towards greater European integration–. The coming Polish elections in 2023 will be crucial to test the trend. In Italy, which is holding elections in 2023, the Eurosceptic Fratelli d'Italia is leading the polls. Other countries, such as Sweden and Spain, are also holding elections before the end of the current institutional cycle.

Another important political trend has been the reinforcement of social democratic parties across the European continent, as seen after the elections in Norway and Germany and with the clear-cut re-elections in Portugal and Malta. Meanwhile, the traditional conservative parties have suffered significant defeats in elections in France and Germany. None of the EU's five biggest economies have EPP leaders and some of the

EPP leaders at the European Council come from small countries. This comes with a renewed role of the State after the recent crises and a reshaping of political priorities: member states like Germany and The Netherlands, traditionally in favour of fiscal discipline, appear to be more willing to increase public investment in a post-COVID, post-Ukraine context. Moreover, the war in the Ukraine has shaped the security and defence approach throughout the EU: Germany has called for an increase in military spending, changing a historical position; and a standing majority of Danes has voted in favour of joining the EU's defence policy, changing one of the country's opt-outs since the Maastricht Treaty in 1992. It remains to be seen how this translates into a reinvigorated Common Security and Defence Policy, especially in the framework of the recent Strategic Compass.

### The impact on the interinstitutional balance

The European response to recent crises has differed from that of the Great Recession: the ordinary legislative procedure has prevailed and, so far, decisions have included all member states, whereas the response to the economic and financial crises was characterised by intergovernmental treaties, in some cases not signed by all member states.

However, the reinforcement of the European Council, a trend that started during the Euro crisis, has deepened. *De facto*, this institution has assumed the role of setting EU policies that, according to the Treaty, actually pertained to the Council. The European Council was only supposed to deal with strategic guidance; nevertheless, debates within the European Council are far more specific and detailed, for several reasons: the increased role of the State, as mentioned above, and the complex and strategic character of current events, that may require swift decisions even beyond the formal framework of the Treaties. In this respect, the European Council has the ultimate authority and only the Heads of State or Government can ultimately bind governments, parliaments and people (van Middelaar, 2019).

Moreover, a recent study by Kelemen & Pavone shows that there has been a steady decline in infringement procedures launched by the Commission against countries not complying with the rules. The explanation lies with a political strategy of the Commission, which is giving up strict law enforcement in favour of reducing confrontation with member states and assuring the support of capitals for Commission proposals. This trend also shows how much intergovernmentalism has been reinforced (Vinocur & Hirsch, 2022).

However, the Commission has also been gaining certain importance in other ways. Following the 2008 crisis, the Commission has had a crucial role in monitoring and evaluating economic governance in member states. During the pandemic, when the Council was unable to hold in-person meetings –obstructing its traditional decision-making process by consensus–, the Commission adapted far better to the health crisis (Russack & Fenner, 2020). Furthermore, the new mechanisms adopted, such as the European Recovery Instrument, reinforced its coordinating role. RepowerEU and recent proposals to strengthen EU defence capabilities have also deepened the trend.

On the other hand, despite the reinforcement of intergovernmentalism, the Council as an institution has seen its scope reduced. Following the Lisbon Treaty, the Council shares its legislative power with the European Parliament on equal terms in more than the 90% of legislative areas. Furthermore, the European Parliament continues to gain political clout, albeit more slowly than other institutions. The European Parliament has been the most vocal institution in demanding the launch of the conditionality mechanism, even to the extent of suing the European Commission. Some MEPs have called for a vote of no-confidence against Ursula von der Leyen after the green light to the Polish recovery and resilience plan. Now, with the war in Ukraine, although the European Parliament barely has competences in foreign policy, President Metsola has proved to have a pro-active attitude in, for instance, being the first President of an EU institution to visit Ukraine in the aftermath of the Russian invasion.

Following the changes introduced by the Lisbon Treaty, it can also be said that the room for manoeuvre of the EU Council's rotating Presidency has been reduced. Such changes include the establishment of a permanent President of the European Council and a stronger role for the High Representative, who chairs the Council of Foreign Affairs – furthermore, the High Representative and his External Action Service have become increasingly autonomous–. This means that the country holding the rotating Presidency no longer has the capacity to act on behalf of the EU in the foreign arena, which is currently of crucial importance.

The approval of the Polish recovery and resilience plan has been accompanied by strong criticism of Ursula von der Leyen, thereby affecting the credibility and trust of the Commission as a whole and deepening the discontent of the European Parliament. However, it is necessary to remember that the final approval of national plans rests with the Council. The fact that the Commission has drawn all the attention and criticism and that the Council has decided to give up defending its own position shows how much influence it has lost.

On the face of it, it may seem as though the Council and its Presidency do not have an important political role to play in addressing systemic crises such as COVID or Ukraine. When it comes to the former, the EU –including the Council– mostly had complementary competences to the national policies of member states (art. 168 TFEU) –although, for instance, joint procurement was already established before COVID–. In the case of the invasion of the Ukraine, the Council's rotating Presidency did not have a formal representative role in foreign affairs either.

However, an analysis of Europe's response to the current crises reveals that there is also an opportunity for the Council and its Presidency to try to gain scope. Throughout the pandemic, the consecutive Presidencies of the Council played a prominent role in activating different coordination mechanisms, for example the activation of the Integrated Political Crisis Response mechanism (IPCR) by the Croatian Presidency. Moreover, and unlike the response to the economic and financial crisis, the EU's response to the pandemic lied largely in the ordinary legislative procedure, which requires swift action by the Council and its rotating Presidency. When it comes to the EU's response to the Russian invasion of Ukraine, the fact that France occupied the rotating Presidency proved particularly important, not least because it helped to further underscore the

centrality of security and defence on the EU's agenda. Would milestones such as the Versailles Summit have been held and security and defence issues be treated the same way if another member state –like Hungary– had been occupying the rotating Presidency? Finally, for the remainder of the current political cycle, many legislative files are meant to be closed, so the Council, as a legislative power, should play an important role in this respect.

The Conference on the Future of Europe could be seen as an opportunity to reassess the interinstitutional balance of power and to clarify competences and boundaries, especially after the impact of the various crises. For instance, some of the proposals in the conclusions call for greater powers for the European Parliament. However, this would require Treaty changes. What could be seen is an increased role of European citizens and a reinforcement of the European public sphere. The European Commission has already announced that it will enable the European Citizen's Panels –one of the core elements of the Conference on the Future of Europe– to deliberate and make recommendations ahead of certain proposals. Also, the creation of transnational lists is already on its corresponding legislative track.

## Conclusions

So far, the balance of the current political cycle is clearly positive: the EU has proved its resilience when facing unexpected challenges. Furthermore, the European project is, in many ways, much stronger than before this institutional period started. It can be said that the EU has demonstrated it is capable of being innovative, ambitious, solidary and bold when necessary.

However, the second term will not be easier, rather the opposite: challenges ahead are much more demanding and crucial legislative tasks remain to be accomplished before 2024. The scenario ahead adds more complexity: the consequences of the impact of the pandemic persist, the EU has taken important steps forward that are still being consolidated, the security of the European continent is being reshaped and internal cohesion is being jeopardised by players such as Hungary.

How will the activation of the conditionality mechanism evolve? Will there be an agreement to reform fiscal rules? And what about the remaining files? Will the Conference on the Future of Europe have a continuation? The answer to these and many other questions depends on the EU's institutions and member states. The strength of the European project and its future course lie in their hands.

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