



INSIGHT

EUROPEAN POLITICAL & POLICY ISSUES UNDER THE SPOTLIGHT

2019 POLITICAL CHANGEOVER IN EUROPE

2019 will be a year of significant political change in Europe. On 23-26 May, citizens across EU member states will elect the 705 MEPs who will form the first European Parliament after Brexit. Following the elections, a new President of the European Commission and a new College of Commissioners will take office, while new Presidents will also be appointed to lead the European Parliament and the European Council. A new High Representative for Foreign Affairs and Security Policy will take the reins of the European External Action Service.

Besides the changes triggered by the European elections, the European Central Bank will also have a new President. In parallel, national general elections will take place in seven member states.

Combined with Brexit, Italy's budget woes, the weakening of governments in some key member states like Germany and France and the rise of populism and anti-establishment sentiment, the elections and the resulting changes in the European institutions make 2019 an unpredictable year. It will also be a year of internal focus as decision-making processes slow down and much political attention turns to the elections, the appointment of the next EU leaders and the formation of new priorities and internal organisation. At the same time, 2019 will be an important year during which the political course of the EU will be set for the next five years both in terms of the key individuals and decision-makers in charge, as well as the political agenda to be pursued.

In this briefing, Hume Brophy looks at what will

change across the three EU institutions and what the implications are for businesses and other stakeholders wishing to influence the EU's policy agenda over the next five years.

THE EUROPEAN ELECTIONS

What will change - A less predictable European Parliament?

The composition of the European Parliament following the 2019 elections will be different from today both in size and political set-up.

Provided that the UK leaves the EU on 29 March as expected, the new Parliament will be smaller, given that it will be the first one without UK Members. 27 of the UK's 73 seats will be redistributed to other member states, keeping 46 seats for future enlargement. This means the number of MEPs to be elected in 2019 is 705.

The trend towards a reduced political centre that was evident in the result of the 2014 European elections is expected to continue further in 2019. Eurosceptic parties on the far right and left of the political

spectrum are likely to gain more ground, increasing pressure on the centre (the European People's Party (EPP), the Socialists & Democrats (S&D) and the Alliance of Liberals and Democrats for Europe (ALDE)) to reach compromises.

While the EPP and S&D are expected to remain the largest political groups, it is likely that the 'Grand coalition' between these groups will lose its absolute majority for the first time. The EPP and S&D will therefore need support from ALDE, and in some cases from the Greens.

Even though some polls indicate a doubling of the far-right and Eurosceptic Europe of Nations and Freedom (ENF) and Europe of Freedom and Direct Democracy

(EFDD) groups, the influence of these groups is likely to be held back by internal divisions and a traditionally greater focus on national politics.

There has been much speculation about the possibility that French President Emmanuel Macron's 'L'Europe en Marche' could form a new political group with ALDE and some parties currently in the S&D and EPP groups following the elections, which could strengthen the opposition to the rise of Eurosceptic forces in the Parliament. However, with Macron's ratings plummeting domestically, partly as a result of the unrest caused by the 'Gilets jaunes' in recent weeks, it is unclear to what extent he will be a force to be considered in the European elections.

Why is it relevant for businesses seeking to influence the EU?

The outcome of the European Parliament elections has implications for how the EU is governed in the coming years. A very strong showing by populist forces in the elections combined with a shrinking centre could complicate and slow down decision-making in the Parliament and frustrate key legislative proposals. A fragmented Parliament could also slow down the trend that has seen the Parliament become more and more powerful over the last years. It may also make it more difficult for moderate political groups and MEPs to adopt business friendly stances, particularly in the face of criticism from more populist political groups that may make political discourse more extreme.

Another consequence of a narrower political centre is that, in comparison to the current Parliament, the number of MEPs actively contributing to the detailed legislative work may be smaller, increasing the relative influence and impact of each individual MEP. This would make it important for those wishing to influence the legislative process to build solid and lasting relationships with key 'friendly' MEPs. It may also require engagement with MEPs from political groups that many stakeholders have to date chosen not to engage with.

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IT MAY ALSO MAKE IT MORE DIFFICULT FOR MODERATE POLITICAL GROUPS AND MEPS TO ADOPT BUSINESS FRIENDLY STANCES

The departure of UK MEPs will also have an impact on Parliamentary debates, particularly in committees where UK Members have held key roles to date. In some committees, like the Economic and Monetary Affairs committee, their absence will imply a loss of expertise and in many cases an industry-friendly ear on key reforms.

In combination with potential political instability in big member states like France, Italy and Germany, a fragmented and more Eurosceptic and anti-establishment Parliament could also lead to a conflict with member states in the European Council on the appointment of the next Commission President, which could delay the appointment of the 26 new Commissioners. In this case the current College of Commissioners would stay in place as caretakers until the appointment of the new College.

WHAT IS THE SPITZENKANDIDAT PROCESS AND DOES IT MATTER

For the first time in the 2014 elections, Europe's main political parties nominated candidates for the European Commission President through a so-called 'Spitzenkandidat' (lead candidate) process. Despite the European Council's reluctance, the European Parliament succeeded in pushing through Jean-Claude Juncker, the Spitzenkandidat for the EPP group which won the most seats in the 2014 elections.

In theory, the Spitzenkandidat process foresees that European political parties nominate their lead candidates by the end of 2018, with the candidates putting forward their programmes for the elections by early 2019. The lead candidate of the party winning the most seats in the European Parliament elections would then be appointed President of the European Commission.

However, the process is not foreseen in the Treaty, which gives the sole power to nominate the Commission President to the European Council, while making the appointment of the nominated candidate subject to a vote by the European Parliament. The European Council, which was in charge of the appointment process until the 2014 elections, has refused to commit to nominating the Spitzenkandidat of the party winning the elections.

While the Parliament was united in supporting the process in 2014 and adopted a resolution in February 2018 warning that it is ready to reject any contender for Commission President who is not nominated as a 'lead candidate', divisions have emerged across political groups' support for the process ahead of the 2019 elections.

The Spitzenkandidat process has been challenged on the grounds that it lacks a legal basis and the fact

that it benefits the EPP as the biggest political group in the Parliament. While the EPP and S&D continue to push for the continued use of the process, ALDE has announced that it will not put forward a lead candidate. At the same time, smaller parties that are unlikely to get the Commission President post are nevertheless putting forward lead candidates in the hope of positioning them for one of the other EU leadership positions that will be decided in 2019.

Several high-profile politicians have also publicly criticised the process, including President Macron and Margrethe Vestager, the Danish European Commissioner for Competition.

It is therefore far from certain that the lead candidate of the biggest party will secure the Commission top job in 2019. In practice, whether the system is used depends on the candidates that it produces, in terms of their nationality and experience. Manfred Weber's candidacy as the EPP Spitzenkandidat has been questioned because of his lack of experience of Ministerial positions and the European Council. It is therefore likely that other candidates outside of the lead candidates will emerge as the decision on the next Commission President is taken.

Several names have been floated as potential alternative compromise candidates, including Michel Barnier, the EU Chief Negotiator on Brexit, and Margrethe Vestager.

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LEAD

Candidates

**THE EUROPEAN PEOPLE'S PARTY (EPP)**

Manfred Weber MEP (CSU, Germany, Leader of the EPP Group in the European Parliament) elected as lead candidate on 8 November 2018, over former Finnish Prime Minister Alexander Stubb.

**THE PARTY OF EUROPEAN SOCIALISTS (PES)**

Commission First Vice President Frans Timmermans, the former Dutch foreign minister, was nominated as lead candidate for the S&D group in the Parliament on 7-8 December 2018. He was unchallenged for the nomination after Maroš Šefčovič (Slovakia), the Commission Vice-President for the Energy Union, pulled out from the race, pledging support for Timmermans.

**THE ALLIANCE OF LIBERALS AND DEMOCRATS FOR EUROPE (ALDE)**

ALDE announced at its congress in Madrid on 8-10 November 2018 that it will not present a lead candidate. Instead, ALDE will endorse a campaign team at its electoral congress in February 2019, which is expected to put forward some of its prominent female members, such as Competition Commissioner Margrethe Vestager and Justice Commissioner Věra Jourová, for other EU top jobs.

**THE EUROPEAN CONSERVATIVES AND REFORMISTS GROUP (ECR)**

Jan Zahradil MEP (Civic Democratic Party, Czech Republic) elected as lead candidate on 14 November 2018.

**THE EUROPEAN GREEN PARTY (EGP)**

Ska Keller MEP (Bündnis 90/Die Grünen, Germany) and Bas Eickhout MEP (GroenLinks, the Netherlands) nominated as co-candidates at its 23-25 November 2018 congress.



2019 THE CHANGEOVER YEAR TIMELINE



January-June
Commission services prepare handover for incoming Commission President

January-February
Remaining Lead Candidates nominated by political parties, Manifestos are published.

March 29
Brexit

April 16
Last EP Plenary session

May 23-26
European elections
Based on the outcome of the elections, the European Council President consults with the EP on a possible candidate for Commission President and puts the candidate forward to the European Council.

June 20-21
European Council
EU leaders to nominate a Commission President for EP approval, acting by qualified majority. Leaders to agree on the nomination of the new President of the European Council. In reality, the appointment of the Presidents of the Commission, Parliament and European Council, as well as the new High Representative for Foreign Affairs and Security Policy and to some extent the ECB Presidency, will be negotiated as a package deal between member states and political parties.

July-September
EP Committees formed

July 2-4
EP inaugural session
The new President of the Commission is elected by an absolute majority of the EP

Possible delays
If the President-candidate does not receive sufficient support to be elected by the EP, the following steps in the appointment of the new College of Commissioners would be delayed.

End September-October
Hearings of Commissioner candidates
Before the new College can be approved by the EP, individual Commissioner candidates go through hearings in the relevant Committees. In recent years the initial composition and distribution of portfolios in the College has changed through hearings as the EP has rejected some candidates. In 2014, Slovenian candidate Alenka Bratusek was turned down whereas the UK candidate, Lord Hill, had to be called back for a second confirmation hearing. Miguel Arias Cañete (Spain) only survived his vote after amending his financial disclosure forms and Tibor Navracsics (Hungary) was stripped of oversight for citizenship rights as education Commissioner because of his close ties to Prime Minister Viktor Orbán.

End October
Vote of investiture
The Commission President presents his/her priorities in Plenary and the EP votes on the College as a whole. The new Commission can then be appointed by the European Council.

November
New College of Commissioners takes office?

A NEW EUROPEAN COMMISSION WITH A NEW AGENDA FOR 2019 - 2024

A new College of Commissioners will be appointed following the European elections and will have a new President who is likely to formulate revised priorities for the next five-year period. The new Commission will also go through a process of assessing the initiatives to be pursued, modified or scrapped as it establishes its agenda for the next mandate.

The process for forming new priorities

As the end of the Juncker Commission's mandate approaches, the Commission services will increasingly be turning their attention to preparing the agenda of the incoming Commission. In advance of the hearings of Commissioner candidates that will take place around October 2019, the Commission services will produce briefing books for each Commission portfolio, which will form the basis on which the President of the next Commission will form his/her priorities.

Each Directorate General (DG) will put together a briefing book containing one page for every activity of the DG, with some issues flagged as requiring a political decision on next steps. The Secretariat General (SG) of the Commission gives final approval to the briefing books before they are handed over to the incoming Commission President and each Commissioner-candidate to prepare for his/her hearing.

The incoming President will formulate his/her priorities on the basis of the briefing books and present these to the European Parliament on the occasion of the vote of investiture of the new College. Once the new College takes office, the briefing books will also provide the basis for the review of existing and planned initiatives that the Commission will carry out, determining the initiatives to be prioritised, delayed or scrapped. The results of this assessment will be formalised in the Commission's Work Programme for 2020, but will also shape the agenda further into the mandate.

Preparatory work on the briefing books has already started across the Commission services and the process will need to be finalised before the end of June.



Who decides on the new Commission

Every Commission President wants to leave their own mark on the Commission's agenda during their mandate. It is therefore expected that the incoming President will publish new priorities for 2019 - 2024. It is nevertheless difficult for the President to fundamentally change the existing priorities that are largely rooted in the Commission Work Programme for 2018, and the President's priorities will follow from the ongoing Commission activities and pipeline that will be documented in the briefing books.

The SG of the Commission plays an important role in the definition and execution of the Commission's priorities and works in tandem with the President and his/her Cabinet. Its power derives from its ability to block and to support initiatives put forward by other DGs. Since the appointment of Martin Selmayr at the helm of the SG, its influence has been further strengthened given his close relationship with President Juncker. It remains to be seen whether Selmayr and the SG will retain their influence vis-a-vis the next Commission President, but the role of the SG is nevertheless likely to remain important as the number of EU policy initiatives cutting across several sectors continues to increase.

The influence of individual Commissioners on the agenda in their respective portfolios is limited by the fact that the President decides on priorities before Commissioners are appointed. Commissioners are therefore not able to make big changes to the agenda. They can nevertheless have influence over the timing and progress of dossiers falling within their areas of responsibility by slowing down or speeding up the treatment of a dossier.

Likely changes to the Commission and its priorities in 2019

The existing priorities of the Commission¹ are likely to be largely maintained but will be reformulated and possibly regrouped or re-organised to allow the new President to 'own' them. In this process, some items could be moved higher or lower on the list of priorities, and a limited number of new priorities could emerge. The expectation is that Jobs and growth, the euro, sustainability and climate, digitalisation, trade and migration will continue to be high on the Commission's agenda, with an increasing focus likely on trade and migration as the EU continues to face a challenging global arena on trade and struggles to take a common approach to migration. Defence could be a potential new priority area with the Juncker Commission already having signalled its wish to move towards a European Defence Union.

As the first Commission President that was elected through the Spitzenkandidat process, President Juncker has driven an increasing politicisation of the Commission. Under his leadership, the Commission delegations to member states have been charged with measuring the political temperature in member states and reporting back to the Commission, and the Commission's understanding and responsiveness to popular ideas has grown. This trend could be further

emphasised or potentially reversed depending on who the next President is and how they are elected.

This politicisation of the Commission has been institutionalised through the College structure that President Juncker put in place, with Vice-Presidents overseeing several individual Commissioners. The Vice-President / Commissioner structure is likely to be maintained by the next Commission President because it allows the President to control the College more effectively than a structure of 27 'equal' Commissioners. The power and influence held by Vice-Presidents versus Commissioners could nevertheless change if for example the posts of Vice-President are allocated to large member states or Vice-Presidents are allocated more staff or DGs reporting directly to them.

The current division of Commission portfolios into DGs is also based on a political rationale, which means that it is likely that the next Commission President will make changes to the Commission structure. Some reshuffling of senior management positions will also take place in 2019 as Commissioners' Cabinets are dissolved and a part of their staff are appointed to managerial positions across the Commission services. Drastic reorganisation of the Commission is nevertheless unlikely given the difficulty of reducing the number of senior posts within the services because of the political deals often involved in appointments.

THE EUROPEAN COUNCIL & MEMBER STATES, AN ADDITIONAL SOURCE OF UNPREDICTABILITY IN 2019?

A new President of the European Council will be appointed in 2019 to replace Donald Tusk whose mandate ends on 30 November 2019. His appointment will be decided by Heads of State and government as a part of the political deal with the main political parties on all the EU leadership positions that will turn over in 2019.

Additionally, general elections are due in 7 out of 27 member states in the course of 2019: Estonia (March), Finland (April), Belgium (May), Denmark (June), Greece (October), Portugal (October) and Poland (date not set).

Besides scheduled elections, a number of large Member States may face political instability. In Germany, the grand coalition between CDU, CSU and SPD may come under

pressure with the latter two losing in the polls, which might trigger early elections. In Spain, the incumbent minority government may face headwinds with opposition parties seeking to trigger early elections in 2019. In Italy, the Liga and 5Star governing coalition may also come under pressure.

Finally, the French government may turn its attention increasingly to domestic issues given political turmoil at home, potentially making France a less predictable partner on European issues.

The European Council and Member States may therefore prove to be an additional source of uncertainty in 2019.



¹The 10 priorities of the Juncker Commission are Jobs, growth and investment, Digital single market, Energy Union and climate, Internal market, Economic and monetary union, Trade, Justice and fundamental rights, Migration, EU as global actor, Democratic change.

IN CONCLUSION: THE YEAR TO SHAPE THE NEXT FIVE YEARS' AGENDA & TO BUILD RELATIONSHIPS

As the count-down towards the European elections begins, businesses and other stakeholders should be thinking about how they can capitalise on the opportunities and manage the uncertainty of the political changeover taking place this year.

It will be important for stakeholders wishing to influence the course of the EU's policy agenda over the next five years to engage with the Commission services in the first half of the year to make the case for what should be on the agenda in their sectors of interest, as the services prepare their briefings for the incoming Commission. The window of opportunity to input into this process is open now but will narrow as the preparations across the Commission services advance.

In the second half of the year, businesses will need to engage with new MEPs to ensure their interests are understood by the newcomers and to establish new relationships and a support base for the interests they represent.

If the number of Eurosceptic / anti-establishment MEPs increases as predicted, businesses may face increasing competition for the attention and support of key MEPs, as the number of 'business-friendly' MEPs actively contributing to detailed legislative work may be smaller.

This also means it will be important to secure the interest and support of MEPs as early on in the new mandate as possible, before their agendas are crowded with other interests.

Businesses and stakeholders should also engage with the new Cabinets of key Commissioners and re-engage with their existing contacts in the Commission services in the second half of the year to understand how the priorities defined by the new Commission President and College will translate into the work plans of individual DGs.



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