

# CER Bulletin

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# The European Parliament elections: Different this time?

by Agata Gostyńska-Jakubowska and Leonard Schuette

The elections in May will shake up the European Parliament, as established parties will lose seats to newcomers. The resulting greater political competition might pose challenges to EU decision-making but could also generate greater public interest in European politics.

The paradox of European elections has been that the more powers the European Parliament has acquired, the smaller the percentage of citizens who have voted for it. At the last election in 2014, turnout fell to a record low of 43 per cent. Mainstream political parties affiliated with the European People's Party (EPP) and the Party of European Socialists (PES) have done little to change this worrying trend. Between them they have enjoyed a comfortable majority of seats since the first direct elections to the European Parliament in 1979. Instead of campaigning on pan-European issues, the national parties in the European political families have tended to focus on domestic issues outside the Parliament's remit. This has contributed to limited public understanding of the role of the European Parliament. When pressed on their European policies, mainstream parties have demonstrated few differences in their programmes. Some national party leaders also use the Parliament as a place of exile for their political rivals or a well-paid reward for party loyalists. All this has led at best to voter apathy and at worst to public distaste for the European Parliament. There are reasons to believe, however, that the next European Parliament elections in May will be different.

First, the increasing fragmentation and volatility of national politics is redrawing the landscape at the EU level. In the past, citizens' political affiliations were largely determined by class and faith, leading to the dominance of Christian and Social Democratic parties in Europe. But today's post-industrial society is more disparate, and traditional party loyalties have weakened. As a result, new parties and movements, often more politically extreme, are gaining support at the expense of established centre-right and centre-left parties.

For the first time in the history of European Parliament elections, the EPP and the PES combined will probably not command a majority. As of March 21<sup>st</sup>, polls suggest that the EPP may lose 41 seats and the PES 56. This would leave the two main political blocs with 310 seats out of the total of 705 (assuming the UK leaves the EU without holding elections). The support of other political groupings like the Alliance for Liberals and Democrats for Europe (ALDE) and the Greens/European Free Alliance (Greens/EFA) will be needed to reach the majority required for EU legislation to pass.

Second, the migration, eurozone and rule of law crises have raised the EU's profile in

domestic debates. EU membership still enjoys widespread support, but voters have become increasingly wary of European policies that affect the principal powers of the state and thereby citizens' sense of identity. Eurosceptic parties, hostile to immigration, European integration and globalisation, have been the main beneficiaries. Unlike the mainstream parties, they campaign passionately in European elections and fuel concerns about EU overreach by accusing Brussels (often falsely) of interfering unnecessarily in people's lives.

The eurosceptics' ability to influence policy, or at least disrupt the European agenda, will depend on whether they can put their considerable differences aside and unite. At present, they are divided into different groups and have struggled to influence the EU decision-making process. Recent polls suggest that eurosceptics, collectively, will get about a quarter of the seats. This poll excludes eurosceptic parties from Britain, which in the last election performed particularly well. At the time of writing it is unlikely but not impossible that the UK will take part in the European elections. Its participation would probably increase the eurosceptics' overall vote share.

Matteo Salvini, Italy's interior minister and head of the League, and Marine Le Pen, head of the French National Rally, have sought to build a pan-European party of nationalists, but may not succeed. Most eurosceptics have toned down their anti-EU rhetoric because there is no public appetite in other member-states to follow the UK out of the EU. Nevertheless, there are fundamental differences between opponents of European integration, like the National Rally, and economically liberal groups, like the Danish People's Party, that want to maintain the EU single market. The eurosceptics also do not see eye to eye in other areas. Russia is one example: Poland's governing Law and Justice party takes a tough line, while the League has close contacts with the Kremlin. On Schengen, the League demands that refugees who arrive in Italy should be redistributed among other member-states, but the Finns Party and The Sweden Democrats do not agree. On the EU budget, northern eurosceptics want to reduce the payments that Central and Eastern Europeans rely on.

May's elections, however, are not just about the eurosceptic parties. Avowedly pro-Europe parties and movements, like French President Emmanuel Macron's La République en Marche, are also on the rise, as are Green parties in some western European countries, as well as transnational movements like Volt Europe or the European Spring. Their pro-European vision is also a marked shift from the status-quo politics espoused by

traditional parties like the German Christian Democratic Union. Unlike the mainstream parties, many of these newcomers are making a big effort to engage citizens on European issues, for example with calls for stronger EU democratic legitimacy or greater budgetary solidarity among euro-area countries.

Losses by established parties, growing polarisation, and competing visions of the EU will produce a more fragmented European Parliament. The media hype about an incipient eurosceptic takeover of the parliament is exaggerated; a majority of members of the European Parliament will still back European integration. But the European Commission will find parliamentary majorities for its legislative proposals harder to come by, because the traditional voting blocs will be replaced by more ad-hoc cross-party coalitions. This fragmentation of European politics could empower both ALDE and the Greens/EFA, whose support might be needed to form majorities.

This political splintering could also undermine the *Spitzenkandidaten* process, whereby the candidate of the European political family with the largest number of MEPs becomes the president of the European Commission. The EPP will probably win the most seats, but to achieve a majority for Manfred Weber, its *Spitzenkandidat*, it is likely to need the backing not only of PES but also ALDE. The latter is unlikely to vote for Weber, however, because of his previous support for the Fidesz party of Hungarian Prime Minister Victor Orbán, ALDE is a fierce critic of Orbán's increasingly authoritarian approach.

The dominance of mainstream parties with indistinguishable policies, and a lack of public understanding of what the European Parliament does, have contributed to ever-decreasing turnout in the European elections. But the emergence of a range of new political movements looks set to shake things up. A more fragmented European Parliament might make the European decision-making process more troublesome and fractious. But it could also be a boon for European democracy. Greater political competition on the EU level could increase public interest in the European Parliament elections – and that would be a healthy development for the EU.

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Brexit fatigue is beginning to take its toll. Much of the public just want Brexit to be over and done with, and for the government to tackle neglected domestic issues. So too do British politicians. But, if Westminster finally approves an exit deal (which at the time of writing is far from certain), the UK will quickly discover that leaving the EU is just the beginning of a process that will drag on for years. When one negotiation finishes, so another will begin; and hammering out the details of the future relationship promises to be an even tougher challenge than withdrawal.

The UK still needs to settle upon the nature of its future relationship with the EU. The political declaration on the future relationship, agreed by the EU and UK alongside the withdrawal agreement, indicates that Britain will leave the single market, but unlike the withdrawal agreement, the declaration is an aspirational text that is non-binding and subject to change. This leaves open the possibility of a deep economic partnership with the EU, akin to Norway's, or a looser agreement similar to the free trade agreement the EU has with Canada.

But the 'Irish trilemma' looms large as a consequence of Theresa May's red lines, insisting that the UK must leave the customs union and single market while avoiding a so-called hard border in Ireland. As the CER's John Springford explained in his March 2018 insight 'Theresa May's Irish trilemma', the UK can only have two of these three options: an exit from the single market and customs union;

no hard border between Northern Ireland and Ireland; and a 'whole UK' Brexit. If the UK wishes to prevent a hard border between Ireland and Northern Ireland, and to pursue a Canada-style trading relationship with the EU, the trade deal can only apply to Great Britain; Northern Ireland would require supplementary provisions up until the moment (which might never come) that the UK and EU agree a technical solution that supplants the need for a physical border and associated checks. In practice this would mean EU controls on goods entering Northern Ireland from Great Britain, if not the other way around (it is in the UK's gift to choose whether to apply these or not).

The failure to accept these fundamental trade-offs has driven much of the political discord on Brexit, and will continue to do so.

While a deep relationship would make an all-UK approach to the post-Brexit settlement possible



– and would be in the UK's economic interest – it would curtail the UK's ability to pursue its own trade agreements with the US and others. Remaining in a customs union with the EU, for example, would not, as some argue, prevent the UK from operating its own independent trade policy. Britain would still need to negotiate its access to new markets, and have free rein in areas such as services, intellectual property, procurement and data. But it would not be able to lower or remove tariffs unilaterally. Alignment with EU agri-food regulations (which would be required to keep the Irish border open) would also make it near-impossible for Britain to concede to US demands to accept food imports produced to American standards.

If the UK eventually passes the withdrawal agreement, other trade negotiations with the likes of Australia and New Zealand will probably start – to much fanfare – soon after the transition period begins, but little progress will be made until the final nature of the UK-EU relationship is determined. In practice, the majority of civil service time and effort will continue to be spent on the arduous process of replacing the 40 or so trade agreements the UK currently has by virtue of its EU membership.

The UK will probably, at least initially, continue its quest to find a half-way house that delivers both an independent trade policy and an all-UK approach to Northern Ireland. The prime minister's Chequers proposal of July 2018 proposed a framework in which the UK would be able to adjust its own tariffs while retaining the benefits of being in a customs union and de facto the single market for goods. Such flexibility is probably not on offer from the EU. The closest the UK could get is a full-blown customs union, which could potentially be supplemented with measures mitigating the need for checks at the border, if not ruling them out entirely.

For if the UK is to go further, be it a customs union plus the single market in goods (the option we dubbed 'Jersey' in our January 2018 bulletin article 'Holding out hope for a half-way Brexit house'), or the single market in its entirety, inclusive of services, it will need to roll back its ambitions for a fully independent trade policy and, more importantly, compromise on freedom of movement. Services have largely been left out of the Brexit debate (with the exception of financial services), but as discussions on the future progress they will come to the fore. And, as argued in my December 2018 policy brief 'Brexit and services: How deep can the UK-EU relationship go?', if the UK is to leave the single market, and curtail freedom of movement, it should not expect much in the way of services

access to the EU, beyond what is offered to the rest of the world.


*“But in reality, the UK's political classes will continue to be at war with themselves for some time.”*

Politically, none of these choices will be easy for the UK. Following Brexit, and assuming a withdrawal deal passes, there will probably be a lull in the negotiations as the EU elects a new Parliament and Commission. This gives the UK time, theoretically, to decide what it wants to achieve with the negotiations and come up with an appropriate strategy, given the EU's stated opposition to the cherry-picking of the four freedoms. But in reality, the UK's political classes will continue to be at war with themselves for some time. Another attempt by Brexiters to topple Theresa May is probable, and a general election possible. If there were to be a new government, the process of deciding on a desirable end-state would begin all over again. Much like the Article 50 process, a substantive conclusion is unlikely to be in sight until the end of the transition period in December 2020. An extension to the transition, if only to implement whatever deal is agreed – or to facilitate further negotiations – already seems inevitable.

If the UK and EU are wise, no matter the depth of the initial economic relationship, they will put in place an overarching institutional structure that allows for continued review, negotiation, updates and tweaks. Otherwise, as in the case of the EU and Switzerland, every change in domestic public sentiment will see the start of fresh negotiations, and renewed banging of heads.

The future negotiations require the UK to make decisions on Northern Ireland, and on whether to prioritise existing deep economic ties with the EU over potential new deals with the US and major emerging economies. The UK will also have to consider whether it wants to sacrifice its existing services market access solely for the purpose of curtailing freedom of movement. There is little in the current political debate to suggest that the UK is ready to make these choices yet, nor that it will be ready any time soon.

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# Appalled by strategic autonomy? Applaud it instead

by Sophia Besch

The EU's ambition of reaching 'strategic autonomy', put forward in the EU's 2016 Global Strategy, means different things to different people. For some Europeans it is the holy grail; for some Americans it is the devil incarnate.

Europeans and Americans should stop asking whether strategic autonomy is good or bad for the transatlantic relationship – it is a sign of the relationship's inevitable progression. They should also worry less about whether Europe's defence efforts should take place within NATO or the EU. European states should be able to determine for themselves what their interests are, what they want to be able to do on their own or with the United States, and what arms, equipment, personnel and decision-making structures they need to develop. What matters is whether Europe's defences are adequate to meet the threats it faces.

The EU's increased defence efforts have been motivated by the security crisis in Ukraine, the global threat of terrorism and the opportunity to make European defence spending more efficient. The rhetoric of US President Donald Trump and the doubts he has cast over US security guarantees have also been a factor. So too has Brexit, which will remove the UK veto over European defence integration. Trump's view that NATO is a net negative for the US remains an outlier in US politics, but there is bipartisan consensus in Washington that Europeans should spend more financial and political capital on defence. At the same time, however, the US has

been critical of the EU's recent defence initiatives, and the European Defence Fund in particular.

Europeans and Americans should make more effort to ensure that changes in the transatlantic defence relationship do not lead to a rift. Europeans need to explain to Americans how the EU's initiatives serve US interests, but also be honest about where US and European interests might diverge in the future. Americans should take the long view, accept that more equal burden sharing implies more European independence, and tolerate the growing pains that will accompany Europe's ambitions, including fewer purchases of US arms.

Europeans will need US nuclear deterrence for the foreseeable future, but they should work to strengthen NATO's conventional deterrent posture in Central Europe. They should invest in the readiness of their forces, in their ability to move across the continent, and in the capabilities needed to deploy small and medium-sized operations in their immediate neighbourhood – in North Africa and the Sahel for example. And they should prepare to counter future 'hybrid' challenges such as disinformation campaigns, particularly from Russia, and cyber threats by government-sponsored hackers and

other groups. The EU can play a crucial role: as a regulatory power, the Union can raise standards of cyber security and preparedness among its member-states. It will also play a vital part in easing the passage of military equipment across member-states' borders and in ensuring that EU investment in transport infrastructure is compatible with military needs. Through programmes like the European Defence Fund, the Commission can help to consolidate the European defence market by providing financial incentives for co-operative, cross-border arms development projects. In order to reach these objectives, the EU has to become more pragmatic in how it works with strategic partners, such as a post-Brexit UK.

Critics of strategic autonomy make much of the risk of duplication between the EU and NATO. It is true that Europeans will have to make sure that, for example, NATO's planning process and the EU's new co-ordinated annual defence review are joined up. But – perhaps predictably – the main disagreements between Americans and Europeans currently concern defence industrial interests. The European Commission has put forward regulations that could make it difficult for defence firms owned by third countries to participate in the development of European capability projects co-funded by the EU. The Union maintains that this type of co-operation should only happen exceptionally, when the country in which the firms are based has an administrative agreement with the

European Defence Agency (the US does not have one), and only under restrictive intellectual property rights rules.

The US is not the only country that has an issue with the Commission's proposals. The UK firmly opposes them, and even EU member-states like Finland, Sweden and the Netherlands think the Commission has come down too firmly on the side of favouring European companies. These countries are calling for a more open approach. The defence fund planned for the next EU budget is the Commission's first foray into defence investment. The EU will learn by trial and error how to balance support for European defence firms with getting the best equipment for its money, not least through industry feedback on the initiative.

Europeans need to show that their defence efforts yield results in operations. They also need to prove that EU defence initiatives will create a stronger partner for the US, rather than just helping European defence industries win market share from American firms. For their part, Americans should acknowledge that an integrated European defence industry, combined with a common European defence strategy, should lead to a fairer distribution of the transatlantic security burdens.

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## CER in the press

### **The Washington Post**

11<sup>th</sup> March

Charles Grant, director of the CER, said the outcome of this week's votes could play into May's political future. "Can she remain as prime minister if Parliament is taking control and guiding the Brexit process?" he said. "It's not entirely clear."

### **The Observer**

10<sup>th</sup> March

Sam Lowe of the CER says: "While there is an assumption that removing tariffs means lower prices for consumers, the evidence is far from conclusive. When tariffs go up the extra cost is usually passed on to consumers, but when they

go down this is rarely the case."

### **The Financial Times**

5<sup>th</sup> March

Camino Mortera-Martinez of the CER in Brussels, calls the idea of a Schengen revamp "a good one". "It is like the euro: You can't have a system of open borders without some kind of supervisory mechanism," she added.

### **The Economist**

2<sup>nd</sup> March

Sophia Besch of the CER says German sceptics are more likely to be convinced by arguments couched in European terms. Cross-border co-operation on defence and security offers

the best chance to kick-start Europe's stalled integration.

### **The New York Times**

17<sup>th</sup> February

"On both sides there is some naked political opportunism at work," said Ian Bond, of the CER. "On Netanyahu's side, the more he can find people fed up with the EU mainstream and get them tactically to back him, even if only to annoy other members of the Union, the better."

### **The New York Times**

14<sup>th</sup> February

"In terms of the countries exposed to Brexit, the Netherlands is one of the biggest," said John Springford of the CER. "No-deal Brexit

would be the largest hit, but all of the different scenarios are going to entail some sort of economic cost," he added.

### **The Financial Times**

9<sup>th</sup> February

"Europe's fiscal rules do not allow enough stimulus in a recession, and allow too much spending during a boom," said Christian Odendahl of the CER.

### **CNN**

8<sup>th</sup> February

"Populists won't take over the new parliament, just smaller parties across the political spectrum will do better," Agata Gostyńska-Jakubowska from the CER told CNN.

## Recent events



Eleanor Sharpston

### 22 March

Breakfast on '(How) will the role of the ECJ change after Brexit?', London  
With Eleanor Sharpston



Chris Heaton-Harris

### 26 February

Breakfast on 'Is Britain prepared for Brexit?', London  
With Chris Heaton-Harris



David Lidington

### 7 February

Dinner on 'EU Exit and beyond', London  
With David Lidington



Hilary Benn

### 31 January

Breakfast on 'Can Parliament stop a no-deal Brexit?', London  
With Hilary Benn

## Forthcoming publications

Parliamentary scrutiny after Brexit:  
Can MPs take back control?

*Agata Gostyńska-Jakubowska*

You never listen to me:

The European-Saudi relationship after  
Khashoggi

*Beth Oppenheim*

The big European sort: Has the EU caused  
economic divergence in Europe?

*Christian Odendahl and  
John Springford*

Reaching a common position:  
Strengthening European arms export  
controls

*Sophia Besch and Beth Oppenheim*

The rule of law in the EU:

No room for complacency  
*Ian Bond and Agata Gostyńska-  
Jakubowska*

The EU's Security Union: A bill of health  
*Camino Mortera-Martinez*

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