

EU MATTERS **project**

Chapter 4. The Future of the EU

Part 1

1. Discussion of the challenges facing the EU
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3. Overview of potential reforms and changes

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1. Discussion of the challenges facing the EU

Since the Lisbon Treaty other events and decisions, lead to the current EU framework and challenges:

- On April 23, 2015 at an extraordinary meeting of the European Council in Brussels, EU leaders reach agreement on four priority areas for action following the tragedy of the 1,800 migrants who lost their lives in the Mediterranean Sea trying to reach European shores. They figure measures to combat traffickers, a new repatriation program for illegal immigrants, increased protection for refugees from war zones, and a tripling of EU resources for search and rescue operations in the central Mediterranean.

- On June 23, **2016**, a referendum was held in the United Kingdom on whether the country should leave the European Union (the so-called "**Brexit**"). Those in favor of leaving, the Leave side, prevailed with 52 percent, compared to 48 percent of Remainers. On **January 31, 2020**, at midnight, the **United Kingdom officially ceases to be a member state of the European Union**. On December 24, 2019, at the end of the transition period and grueling negotiations, the EU and the UK had reached a free trade agreement.
- On December 20, **2017**, the European Commission, for the first time in the history of the Union, proposed to the Council to adopt a **decision** under Article 7(1) of the Treaty on European Union **to defend the independence of the judiciary in Poland**.

- The exceptional nature of the economic and social situation due to the **COVID-19** crisis calls for exceptional measures to support the recovery and resilience of the member states' economies: July 20 **NextGeneration EU** program ; February 19, 2021 the Regulation governing the Recovery and Resilience Facility (better known as **Recovery Fund**), the main Next Generation intervention instrument, comes into force.
- **On February 24, 2022**, the **Russia-Ukraine war** begins. The European Union adopts a series of sanctions against Russia and multiple supportive actions for Ukraine in a concerted manner.
- **October 7, 2023 Hamas** announces the start of Operation **Al-Aqsa Flood**. Israeli Prime Minister **Benjamin Netanyahu** will declare, "Israel is at war" by launching Operation "**Iron Swords**" in the Gaza Strip. So far the United Nations has been unable to produce independent, complete and verified casualty figures (contradictory statements by European institutions and autonomous visits of heads of government to Israel).

2. Overview of current developments within the EU

INSTRUMENTS

NextGenerationEU (NGEU), a tool designed to stimulate **recovery**, is the largest stimulus package ever funded in Europe.

The funds are used to address the most important challenges facing Europe and to support those in need. More than 50 percent of the long-term, NextGenerationEU budget supports modernization, for example through:

- research and innovation, carried out through the Horizon Europe program
- equitable climate and digital transitions, through the Just Transition Fund and the Digital Europe program
- preparedness, recovery and resilience, through the recovery and resilience facility, rescEU, and a new health program, EU4Health.

The package also funds:

- The modernization of traditional policies, such as cohesion policy and the common agricultural policy, to maximize their contribution to the Union's priorities.
- Combating climate change, to which 30 percent of EU funds will be allocated, the highest percentage ever in the EU budget.
- The protection of biodiversity and gender equality.

Thematic headings of the 2021-2027 financial framework are: Single market, innovation and digital agenda

The long-term budget will continue to be financed using the EU's known sources of revenue:

- customs duties
- contributions from member states based on value-added tax (VAT)
- contributions based on gross national income (GNI).

In addition, as of January 1, 2021, a new national contribution will be introduced among the revenue sources for the EU budget than most member states would be able to obtain and redistribute the amounts.

To finance NextGenerationEU, the Commission will borrow on behalf of the EU in the financial markets at more favorable rates than most member states would be able to obtain and redistribute the amounts.

On June 20, 2023, the Commission completed its proposal for the next generation of **own resources**. The final package includes a new temporary statistical resource based on corporate profits.

Following the political agreement on the "**Ready for 55 percent**" package, which aims to ensure that EU policies contribute to our continent's climate neutrality, the Commission also adjusted its own resource proposals based on the Emissions Trading Scheme (ETS) and the Border Carbon Adjustment Mechanism (CBAM) from its initial proposals in December 2021.

Own resource based on the emissions trading scheme

Own resource based on the border carbon adjustment mechanism

Temporary own resource based on statistical data on corporate profits.

- The Commission publishes the **EU Industrial Strategy** in November 2020 is to support industry in its role as an accelerator and driver of change, innovation and growth. An update of the Industrial Strategy, published by the Commission in May 2021, aims to strengthen resilience (adaptation) and promote Europe's competitiveness.

The **Fund for a Just Transition** is a pillar.

It provides tailored support aimed at mitigating the socioeconomic costs of green transition for regions dependent on fossil fuels and high-emission industries. It supports investments in:

- SMEs and start-up
- Research and innovation
- Clean energy technologies and emissions reduction
- Worker retraining and job search assistance

On June 7, 2021, the Council adopted the regulation establishing the Fund.

Important insights into current developments in the European Union can be gleaned from the [President von der Leyen's annual State of the Union](#) address on the EU's internal policy oriented to Europe's economic, social and environmental challenges to the European Parliament, meeting in Strasbourg, Sept. 13, 2023.

For foreign policy in particular, **Josep Borrell, EU High Representative** and Vice President of the European Commission reflects that tragedy never disappears from human societies.

Borrell J., *This is the moment when the future of Europe is decided*, [The Diplomatic Service of the European Union](#), March 3, 2022.

3. Overview of reforms and potential changes

The legal nature of the EU configures it with certain specificities:

- the institutional structure, which ensures that the formation of will in the EU is also characterized or influenced by the general interests of Europe, i.e., by the interests of the Union set out in the objectives;
- the transfer of powers to the institutions of the Union, at a higher level than in other international organizations, which reaches considerable proportions in areas where states normally retain their sovereignty;
- the establishment of its own legal system, independent of national legal systems;

- the direct applicability of Union law, which ensures the full and uniform application of Union provisions in all member states and establishes rights and obligations for member states and their citizens;
- the primacy of Union law, which precludes any revocation or modification of Union law by national law and ensures, in case of conflict with national law, the primacy of Union law. the final aspect of which is still uncertain. The only point that the EU has in common with traditional international organizations is that it too was established by an international treaty.

The **future of the European Union** is always informed by the polarization between Euroskeptics within member states and between an emerging need for increasing demand for further integration within the EU.

Challenges and reforms would go hand in hand such as the establishment of a common asylum and migration policy, a common defense union and a more coordinated foreign and security policy, revision of the Treaties, increased democratic political participation through the introduction of instruments that can achieve it.

On **asylum and immigration**, the European Union is expected to revise the Schengen Agreement.

Work is underway on a "smart borders" program for external borders, an entry/exit system that improves border controls,

- facilitating border crossings for frequent and pre-selected travelers.

- make the visa procedure more compatible with other policy areas, such as tourism, and to further facilitate procedures for frequent travelers. In addition, a new type of visa, the tourist visa, is being considered, which would allow stay in the territory of two or more Schengen countries for more than 90 days, but no more than one year (with the possibility of extending this for another year).

The Future of the Schengen zone remains uncertain.

Strategy after consultations with members of the European Parliament and Interior Ministers meeting within the **Schengen** Forum in November 2020 and May 2021:

- Effective management of the EU's external borders through the introduction, of the permanent European Border and Coast Guard Corps; interoperability, of border and migration management information systems; digitization of visa applications and travel documents. The Commission also calls on the co-legislators to swiftly adopt the proposal for the new Migration and Asylum Pact, which contains provisions on the checks to be made on persons crossing borders without authorization.
- Internally strengthening the Schengen area, close cooperation between member states in preventing and combating security threats.
- EU Code of Police Cooperation, updating the "Prüm" framework for the exchange of information on DNA, fingerprints and vehicle registration, and extending the use of advance passenger information to intra-Schengen flights.
- Enhanced monitoring of respect for fundamental rights.

Relative to the economic **crisis and economic recovery**, the 'European Union has been united and diligent in introducing tools to address the challenge.

The **NextGenerationEU** tool as mentioned earlier, provides necessary means to address the challenges posed by the COVID-19 pandemic and in general with the ecological transition, the REACT-EU tool, to be less dependent on raw materials from warring countries.

Regarding the **role of the United Europe on the foreign policy** side, it certainly envisages a reform inspired by democratic principles of coordination with the domestic policy of member states.

The European Parliament itself recommended in its March 15, 2023 resolution to the Council, the Commission and the Vice President-High Representative, on the functioning of the EEAS and a stronger EU in the world, to "**improve the coordination and integration of EU foreign policy and the external dimension of the EU's internal policies.**"

The Parliament also supported significant revisions by recommending the full use of **qualified majority voting** in certain foreign policy areas.

On the subject of **treaty change**, in November 2023 Parliament, after the Conference on the Future of Europe and against a backdrop of unprecedented crisis and challenges, MEPs submitted to the Council their proposals to change the EU :

- strengthening the EU's ability to function and on the other to increase the weight of the voice of citizens (more bicameral system) with qualified majority voting and the use of the ordinary legislative procedure.
- recognition of the Parliament's full right of legislative initiative and role as co-legislator for the long-term budget, and a revision of the rules on the composition of the Commission (renamed the "European executive").
- The President of the Commission, who should receive the appointment of the Parliament and the approval of the Council (as opposed to today), will be able to choose his or her Commissioners on the basis of political preferences, taking into account geographic and demographic balance, and will have the possibility of filing a motion of censure on individual Commissioners.

- Publication of EU member states' positions on legislative issues, to ensure greater transparency in the Council
- Creation of appropriate participation mechanisms and the strengthening of the role of European political parties, to give citizens a greater voice.
- Introduction of full legislative initiative rights for the Parliament.
- Tools of direct democracy, including the possibility of having European referendums.
- Revised rules on the composition of the Commission, renamed the "European executive." Changes involving the position of Commission President, who will receive the appointment of the Parliament and the approval of the Council (as opposed to today) and will be able to choose his or her Commissioners on the basis of political preferences, taking into account geographic and demographic balance, and the possibility of filing a motion of censure on individual Commissioners.

Regarding **reforms** on the side of **democratic participation** in the EU decision-making process, already the Commission's December 12, 2023, Defense of Democracy Package, presented, includes:

- A legislative proposal to establish common standards of transparency and accountability for interest representation activities aimed at influencing decision-making in the Union that take place on behalf of third countries.
- A recommendation to promote free, fair elections.
- A recommendation to promote the participation of citizens and civil society organizations in policy-making.

- protect the freedom and regularity of elections
- pluralism and independence of the media;
- strengthening ties between people and the democratic institutions that represent them.



