

# COMMENTARY: STATE OF THE UNION

Experts from EUROPEUM react to Juncker's SOTEU Address 2017



## Vladimír Bartovic | Juncker: the wind is back in Europe's sails

When a year ago J.C. Juncker delivered his State of the Union speech, there were not many positive messages. The EU was on its knees after the decision of the UK to leave, coupled with the ongoing migration crisis and growing support for Eurosceptic politicians and parties across Europe.

The message communicated this year couldn't be more different. All the member states of the Union have restarted their economic growth and the unemployment across the Europe is falling quickly. The defeat of Eurosceptic candidates in the elections in Austria, the Netherlands and France together with a growing trust of the citizens in the EU changed the tone of the European political discourse. In Juncker's words, the wind is back in Europe's sails. Many, including the European Commission, believe that there is a narrow window of opportunity for the Union to move forward

and become stronger and better equipped to tackle citizens' concerns. The positive picture is however spoilt by the backlash to democracy in Poland and Hungary and by the prospect of upcoming elections in Italy.

President Juncker delivered a strong message with a concrete plan for the remaining time of his mandate and his own vision of the European Union in 2025. It is laudable that the Commission seems determined to tackle rather quickly its most important controversial initiatives, such as the posted workers directive and the revised Dublin migration process.

President Juncker has also presented his vision for the future of the EU. He did not fail the expectations of those who believe in an ever-closer Union. It is a vision of a stronger, more democratic,

more united and more equal Union. He proposed further steps in deepening European integration, yet without a need to undergo the painful process of treaty changes. One of the most important messages of his speech is the refusal of the two-speed Europe that would result in creation of a first- and second-class memberships in the EU. It clearly is for the Central European states a call to join the Eurozone and Banking Union as soon as possible. Juncker has even proposed to create a Euro-accession Instrument by offering

technical and financial assistance to those countries that decide to enter the Eurozone.

It is obvious that Juncker's vision will not be appealing to everyone, but at least it is a decent intermediary step from the reflection period started during the summit in Bratislava to the real debate on the future of the EU. The Czech Republic and other EU member states should start immediately their own discussions about their visions of Europe for the next decades.

## Martin Michelot | On foreign policy, muted but ambitious proposals

Foreign and defense policy – among other topics – were conspicuously absent from the speech delivered by Jean-Claude Juncker. It is perhaps because at this point, this agenda is one of the most dynamic and promising at the European level, especially from the Czech perspective, one for which the short- and long-term visions have already been set out and are in the process of implementation.

Interestingly, the striking point was the proposal made by the President of the Commission to have some foreign policy decisions made by qualified majority voting rather than by unanimity. While being done with the goal of more efficiently and quickly implementing the measures of the European Union Global Strategy, it could also accentuate divisions between countries who are at the forefront of such policy and those who are reluctant to cede more power to the EU. If such a process were to be adopted, it could perhaps also prove to be a very interesting testing ground to see whether decisions about defense policy, which are also made by unanimity, could also be regulated by QMV. It is clear from now on that the Commission will privilege efficiency over inclusiveness, and despite Juncker repeating – somehow forcedly – that he rejects a multi-speed Union, the need for Brussels to finally deliver seems to have taken precedence

over the concerns of some countries who are clearly faced with the possibility of remaining on the side of the road, including on foreign and security policy.

Less controversial is certainly the announced establishment of a European Cybersecurity Agency, the mandate of which is unclear, but should serve as a focal point for following cyber incidents in Europe, targeted both to public and private actors. There is hope that the agency will prove efficient in coordinating and proposing tailored cyberhealth policies over the European Union, and should also serve the purpose of a closer cooperation with NATO, as planned in 2016 inter-institutional agreement. Finally, the creation of a "European intelligence unit" sharing information about suspected terrorists across EU members seems to be superfluous in the light of the existing information sharing mechanisms in the Schengen agreement, especially in the absence of any coercive means that would make sharing information mandatory. The same question can also be asked of the sharing of cybersecurity threats, and will require expounding a certain amount of political capital to convince member states of the necessity of creating extra institutions, ones in which the UK should also still be able to participate in after 2018.

## Zuzana Stuchlíková | One speed Europe, one President

The 2017 SOTEU was all about unity and convergence. Instead of contemplating the recently popular term "multispeed Europe", president Juncker laid out his own scenario for the future of Europe – more ambitious than any of those five the Commission published this spring. Juncker's vision of unity included a proposed enlargement of the Schengen area, calling for all remaining states to join the Eurozone, an extended QMV voting in the Council or the finalisation of the Banking Union.

Juncker repeated his plea to enforce the democracy and efficiency of institutions but stressed that "we don't need parallel structures" to the existing ones. Reacting to (Macron's) proposals for a Ministry of Finance for the Eurozone, Juncker agreed the role is needed, but should be taken on by the Vice-president of the Commission, who would at the same time chair meetings of the Eurogroup. In the same line, Juncker rejected (Schäuble's)

idea of a separate Eurozone parliament, noting that the EP is the parliamentary body of the Eurozone.

Juncker then surprised many by suggesting that the presidency of the European Council and European Commission be merged. Such a step would create a clearly identifiable leader, who would gain more democratic legitimacy by being directly elected by European citizens, through the existing system of Spitzenkandidaten. Such a merger of positions would not require a change of treaties, as the only limit for the president of the European Council is that he cannot simultaneously hold a national position.

These proposed steps would bring the European Union much closer to the federative model and strengthen unity of the block. As much as a one-speed Europe is highly appealing to many euro-optimists, it will certainly face a rather less enthusiastic reception from European leaders. Some already criticised the idea of a single EU president, fearing that the objectives of the two roles are too different to be combined in a single post. Armed with the knowledge that only the Council can help him deliver on his vision, Juncker is more likely to succeed in convincing leaders not to create new parallel structures than persuading the Council to merge the existing presidencies and subordinate themselves to a new, elected EU president.

## Christian Kvorning Lassen | State of the EU commentary on Migration

Mr. Juncker's SOTEU speech was a mixed bag in terms of migration. On one hand, it is laudable that some of the EU's successes in this agenda are being emphasized; the European Solidarity Corps and volunteers relentlessly doing noble work, the EU's admittance of more refugees than the US, Canada and Australia combined, and a plea for solidarity with and funding for Africa through the EU-Africa Trust Fund, without which the migration crisis would be exacerbated. Juncker's acknowledgement of the appalling conditions for migrants in Libya is also welcoming.

However, other parts of Juncker's speech on migration rang hollow. His commendation on Italy's training of the Libyan Coast Guard is either a veiled, sarcastic jab at Italy for doing a poor job, or disturbingly ignorant; the Libyan Coast Guard has opened fire on rescue vessels from respected, non-political NGO's such as Médecins Sans Frontières, Save the Children, and others, preventing them from doing vital humanitarian work. It has been documented and substantiated by the UN High Commissioner for Human Rights that the Libyan Coast Guard only sometimes, seemingly arbitrarily, chooses to rescue people at sea in distress, but sometimes does not. Those that are rescued by the coast

guard are returned to the aforementioned detention centers, whose conditions Juncker condemned.

Furthermore, an important omission from Juncker's SOTEU speech is the necessity of upcoming reforms to key institutional frameworks pertaining to migration, namely the Dublin IV proposal and the reform proposal for the Common European Asylum System (CEAS) – both proposals that has widely been deemed inadequate in scope by experts. Without those reforms proving successful, the European response will likely continue to suffer from the existing problems in relation to migration.

However, Juncker ended his speech on a sober yet hopeful note in acknowledging that legal pathways to EU migration is needed both due to humanitarian concerns – by eliminating the incentive to irregular migration through perilous journeys – and demographic concerns as the EU is an aging continent. Hopefully that realization will sink in for certain Member States who have thus far proven irrationally opposed to any form of migration, and be substantiated by robust policy proposals to bring this vision to life.

## Kateřina Davidová | We want to lead the fight against climate change, but...

In his State of the European Union speech, Juncker rather unsurprisingly mentioned the fight against climate change as one of the Commission's top five priorities. Preceded only by the desires to strengthen the EU's trade agenda and to make EU industries more competitive, he vowed that Europe would take up the climate ambitions dropped by the US and strive to "make our

planet great again". However, this was the only mention of the topic, making it a priority in nothing but its name.

Climate policy is never on the very top of EU's agenda, but it is even less so in politically turbulent times. At this moment, it is overshadowed mostly by concerns about Brexit and post-Brexit

developments of the rest of the EU. In attempts to prevent any further disintegration, Juncker is proposing democratizing reforms and advocating for a single speed Union, which will not leave anyone behind. In reality, this means making concessions to those member states that oppose the concentration of power in Brussels the most – some of which are also the ones posing the highest hurdles to more ambitious emission reduction targets and more integration in the energy area in general. It can thus be expected that bolder climate policies will have to be sacrificed in order to “buy off” the dissenting states.

The EU has all the potential to be the true leader in climate policy. It has the technology and the innovations. It can lead by example – nine of its member states rank within the [top 10 best performing countries](#) in the world on climate mitigation. And ultimately, if united, it has enough power to make others follow, where leading by example fails – as a single trading bloc it has the necessary clout to exercise pressure on its trading partners to comply with its stringent environmental regulations, if it chooses to do so. But the internal disunity is undermining this potential. If the EU really wants to be the true leader, it has to get rid of the “but”. It has to leave aside its internal squabbles for power and focus on leading. There is no better time for that than now.

## Alexandr Lagazzi | Catching trade winds: sail towards free trade, but paddle to protectionism

Out of his five proposals for staying on course, Juncker mentioned international trade first, calling for a strengthening of the European trade agenda. In light of the American U-turn on free trade agreements and China’s climbing-up-the-ladder proposals of renewing the Silk Road through economic corridors, Juncker stressed that ‘trade is about exporting our standards, be they social or environmental standards, data protection or food safety requirements.’ Presenting the successful provisional entrance into force of CETA, Juncker reminded of the economic and political importance of such deals, describing Europe as being “open for business”. In his struggle to come up with an accelerated process for EU trade agreement making – aiming to counter Trump’s protectionism and striving for quick action before Brexit devalues UK’s international position – he had to reassure EU citizens by addressing the rising scepticism towards such deals. In promoting the launched negotiations with Australia and New Zealand, as well as the ongoing ones with Japan, Mexico and South American countries, his focus was on transparency: EU citizens, from now on, shall be fully informed during the negotiating process as the Commission will publish full drafts of the negotiating mandates. Clearly remembering the backlash TTIP encountered, the EU trade agenda shall focus on being able to both better communicate and speed up the negotiating process.

While that would be an essentially positive improvement, it can have substantial impacts on the deals themselves, as one way to achieve such means is to omit the politically poisonous clauses on protection of foreign investors. That effectively splits the deals into two parts, where trade accords fall solely under EU Parliament competence as they would be ratified exclusively by the Parliament and the Member States. Thus, national

parliaments would not be able to easily veto the trade agreement(s) – as Wallonia came close to do last year with CETA. However, critics of such fast-track process accuse Juncker of trying to sacrifice EU power on protecting investments and delegate the responsibility onto a yet non-existent body – most probably a multilateral investment court. Moreover, as such a model might be more efficient if implemented on the Australian and New Zealand markets, the EU’s willingness to adhere to such precedent in riskier emerging countries is in question.

However, newly introduced trade defence mechanisms shall be implemented – reading through the lines of Juncker’s [Letter of Intent](#), the course was headed intentionally East – as the Union armoured up against China’s buyouts by proposing a framework for investment screening. Thus, as ‘Europe must always defend its strategic interests’, the struggle to harness globalization and protect European markets from (especially Chinese) FDIs is still alive. However, Juncker’s approach might revert Brussels’ eagerness to abandon the model of numerous untransparent bilateral investment agreements – as when dealing with riskier economies, investment protection could be shifted back onto bilateral deals, since a transparent court system is yet to be established. However, if the trade deals process is to be indeed fast-tracked, and the prospect of establishing such body is real, the already existing bilateral agreements can serve the purpose of securing investment protections through an already ratified safety net. The course of trade policy that Juncker set until the end of his mandate still portrays vigour willingness to engage in open and fair trade agreements – and thus reposition the EU as a leading actor of free trade, taking advantage of the US slowdown.

## **Benedetta Fornaciari da Passano | A path to legal migration is more necessary than ever**

In a speech that heavily focused on migration, underlining the importance of the issue today, Jean-Claude Juncker highlighted that much has been done with the creation of an European Border and Coast Guard force and with the Agreement with Turkey, which both led to a significant decrease of the flow in the Eastern Mediterranean Sea. The EU also managed to better control the Central Mediterranean route with an 81% decrease in August compared with to the same month last year. While it is also true that the number of deaths in the Mediterranean has decreased, the number remains worryingly high, with 2542 having already succumbed (mainly coming from Libya) compared to 3602 in 2016. Juncker remarking that "Italy is saving the honour of Europe" symbolizes the harmonious relationship between The European Commission and Italian Prime Minister Paolo Gentiloni over the course of the summer, but while these words are appreciated, they also need to be accompanied by a plan to further support Italy and other frontline members in order

to decrease casualties at sea and decrease the burden of national navies. Similarly, the EU has a collective responsibility to put an end to the barbaric treatments reserved to migrants in makeshift detention centers in Libya, in cooperation with the UN, especially at a time when an increasing amount of leaders agree on the necessity of setting up hotspots outside of the EU.

One point that was not addressed as strongly is the necessity for the EU to set up a legal migration system, making it clear that the EU is will continue to approach migration from a security perspective, with an emphasis on border control and the management of flows, especially when the majority of the incoming flow is now composed by economic migrants. It therefore renders even more urgent that legal migration mechanisms are set up, as they will remain the best tool to fight against traffickers and to save the lives of migrants who take huge risks to already reach Libya or Turkey.