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TO  
REFORM  
proposals  
EUROPE

BY THE group  
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2030



*TO DARE IS TO LOSE ONE'S FOOTING MOMENTARILY.*

*NOT TO DARE IS TO LOSE ONESELF »*

*(SØREN KIERKEGAARD)*



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## **Euro2030 - Who are we?**

**We are advisors to European leaders, advisors in national permanent representations to the European Union, parliamentary assistants, officials from European institutions, European affairs professionals in the private sector in Brussels. We are young, but with an accute experience of the internal functioning of the European Union. As 'Eurocrats', European affairs are our field of expertise, but we do not lose sight of the political realities. We are all writing in our personal capacity and we do not commit our respective institutions or companies.**

**We are apolitical: we do not support any political party as a group (although some of our members are part of various political parties).**

**Our objective is to stir a much needed debate on Europe, to propose a vision and concrete steps forward, taking into account political realities and the existing setup. In short, we want an ambitious Europe. We want to wake up national political parties so that they take part in this debate. Europe is above all a political project and as such it must be at the heart of the democratic debate.**

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## FOREWORD



Robert Schuman used to say that « *Europe is more an enterprise of reason rather than a question of emotion* ». As a matter of fact, Schuman was wrong on this point. It is actually a matter of both. Beyond the obvious reason that has brought the EU Member States to gradually unite their destinies, Europe has forgotten to legitimize its foundations through attributes and symbols that would allow it to regain the positive imaginary effect it once aroused.

Rather to the contrary, Europe is over time increasingly perceived as a constraint or to some even as a threat. Europe is no longer a solution but a problem. **Europe is beset by doubt and with it, so are its citizens.**

**Europe is no longer a dream...**

First, there are doubts on the legitimacy of the European project. Despite several warnings, the rejection of the Constitutional Treaty in France and the Netherlands, and more recently the economic and financial crisis, have highlighted the existence, in Europe, not only of a gap between rulers and those being ruled, but also divisions among the rulers themselves.

Second, there are doubts about the nature and the objectives of the European project. Recent events have highlighted the existence of divergences in the way the initial project of the founding fathers is interpreted. Some see in it the beginnings of a political Europe that must eventually be able to compete with other regional groupings as an entity in its own right. Others just see in this project an improved and original free trade area that should be limited and restricted only to its economic dimension.

Third and finally, there are identity and geopolitical doubts about the European project. The recent enlargements to the east and south, as well as the prospects of future enlargements, have led to a return of nationalism within populations. The magnitude of the project scares. The absence of coherence in some EU legislation reveals a lack of authority among the ruling minority which leads to an inability for them to gain respect. More recently, the Ukrainian crisis has demonstrated once again the fragility of our European diplomacy and reiterated the urgent need for Europe to be able to speak with one voice on the international stage, as well as the need for a common energy policy.

## **Doubts about Europe and a triple deficit are at the origin of this sentiment.**

- First, there is a **democratic deficit**. The process of building the project is perceived as being oligarchic and the crucial communion between rulers and those being ruled is increasingly compromised.
- Second, there is a **lack of understanding**. The complexity of the European project and ignorance concerning the way it operates creates an opaque system which is only understood by a small minority of experts.
- Finally, there is a **social deficit**. The social impact of the economic integration that has been imposed on European populations over the past five years has not been offset by social integration between the countries of the Union.

Although they are the strongest and most tangible symbols of the union of European peoples, the single currency and the European institutions embody in the eyes of many the ideal scapegoat at the origin of the crisis of confidence that exists throughout Europe. Without a fundamental response to restore confidence, there will be no return to sustainable growth. It is therefore crucial to redefine a political project for Europe which will restore a sense of leadership in the making of the European policies.

To achieve this, it is time to engage in a true reflection on the future of Europe, particularly as regards its nature, its objectives, its means, its borders and its place on the international scene.

The objective of the Euro2030 Group is to demonstrate that while Europe has certainly progressed in many areas, notably by strengthening its economic and fiscal governance as well as the regulation and supervision of its financial markets, much remains to be done to provide the European Union and its Economic and Monetary Union with the characteristics of a true economic government that would make it possible to take efficient decisions capable of living up to expectations.

## **Europeans must pursue the completion of the Economic and Monetary Union.**

By too often accusing the European project of being at the origin of all evil, national politicians have frequently, in order to hide their own weaknesses, chosen the pursuit of short-term national interests over the collective interest of all Europeans. European decision-makers therefore have a historic responsibility: they can either implement and complete the most ambitious political project of recent decades or contribute to its slow yet steady decline.

We believe that the decline of Europe is not inevitable. In addition to the inertia of the traditional parties and the nationalist temptation, there is a third way: namely that of economic and social integration, which will allow the reforms and the instruments that will lead to restoring trust between the different actors of the Union to be put in place.

## **Europe must also provide rights.**

Europe should no longer appear in the eyes of people as a source of obligations, but, like its Member States, it must also provide them with rights. The present manifest attempts to address this need by redefining the basis for a new European social contract, while offering a multidimensional overhaul of Europe which is capable of strengthening it in order to face the challenges resulting from globalization.

**We do not deny the political obstacles to our proposals.** We will likely be opposed with the argument that, in a context of entrenched euroscepticism, the political reality makes any major step forward impossible. We recognise that a sine qua non condition for progress on the most ambitious of our proposals is a return of trust between the Member States, notably between the North and the South, as well as between France and Germany. This implies both rebuilding the credibility of certain Member States in terms of their ability to reform their economy and recreating the awareness that solidarity is needed between European peoples. But, precisely, we believe that the return of trust between States and between peoples requires the emergence of a common vision and direction.

The Danish philosopher Søren Kierkegaard once said: *« To dare is to lose one's footing momentarily. Not to dare is to lose oneself »* It will be the will, the imagination, the desire and courage which will allow the right decisions to be taken, and which will determine whether or not European democracy will safeguard its sovereignty by deciding its own fate or by leaving events to choose for it. A lasting and sustainable resolution to the crisis requires us to fight against the mistrust and indecision that undermine the European project, and that only the creation of a genuine European government can address.



The challenge will be to define a « common framework for growth » based not only on economic, fiscal and banking union, but also on a democratic and social union allowing a new quality of life to emerge which is placed at the intersection of "solidary integration" dear to France, and "fiscal discipline" advocated by Germany. Such a framework is inevitable, not only to ensure the proper functioning and sustainability of the Union, but also to legitimize public support in its institutions at a moment when its Member States are forced to take part in unprecedented measures of integration, solidarity and control.

It is ultimately a question of placing citizens at the centre of concerns so that they regain trust in the European project, by reminding them of Europe's outstanding contribution to the development of a unique living space in the world. Because Europe means also an identity, values and in fine a civilisation project: if there is one place in the world where it is possible to reconcile environmental, social, and health considerations, as well as consumer and worker protection in a market economy, it is and must remain in Europe.

Let us not forget that.



# ***I.* CLEARER AND MORE LEGITIMATE EUROPEAN GOVERNANCE**

## **1. Allow Member States to choose the degree of integration they want**

### **The question of the future of European integration and its purpose divides Europeans.**

Simply put, one side sees the European Union as just a market based on the free movement of capital, goods and services (but not necessarily people), and the other side sees European integration as a political project of which the euro is the strongest and most visible dimension. If this dichotomy has long existed, it was clearly reinforced by the economic crisis. This crisis has brought to light internal imbalances and the institutional weaknesses of the euro area, thus demonstrating the need for a political deepening to ensure its consistency and its future. Since 2010, this need has led to major reforms,

although not enough to strengthen the Economic and Monetary Union (EMU). In the EMU countries, opinion polls show that the euro is the main symbol of European identity and that a large majority of citizens continue to support it despite the distrust expressed by most of them against the EU institutions.

**So Europe is now in an « in-between » from a political and institutional perspective,**

trying with the same institutions and the same decision-making rules to have two conceptions co-existing in parallel: on the one side, a flexible labour market with limited binding elements, and on the other, an increasingly integrated currency area. This ambivalence is now no longer

sustainable, because it feeds the concerns of those who do not want political deepening, while limiting any further integration, albeit necessary to a better functioning of the euro area. Clarification is needed: it is a matter of recognizing these different visions and taking note of it politically. In this perspective, we propose an evolution in the institutional model of the Union that would allow both conceptions to coexist, rather than compete, in a consistent and constructive way.

A real choice would be then given to the Member States and their citizens, which would not be a choice for or against Europe, but rather a choice between two levels of integration

**The Union of the Euro (a proposal made on both sides of the Rhine by the Glienicker and Eiffel groups) implies an institutional renewal and the implementation of an economic, fiscal, banking and political union.**

This Union would be to the level of the existing interdependence between Member States and would include specific institutional and legal bases. The Union of the Euro would require a

larger pooling of sovereignty by its members, particularly in economic and fiscal matters, and an effective democratic control dimension.

**Countries that do not wish to join the Union of the Euro at this stage must be able to participate in a large economic area centred on the internal market.**

The status of Norway, Switzerland, Iceland and Liechtenstein should be rethought in this context, by changing the existing Agreement on the European Economic Area. This area could eventually open up to other trading partners. It should, however, be clear that there is no question here of an integration "à la carte", but simply an integration to a lesser degree. To participate in the single market means to enjoy the freedom of movement of goods and capital, but also workers. It thus implies the respect of common rules that organize the functioning of this market, including in terms of the rule of law, protection of consumers, financial regulation and any measures needed to prevent tax and social dumping (especially in terms of labour law) that

would distort fair competition within the internal market. Existing institutions of the European Union would serve to produce and ensure the implementation of these common rules. Participation in a common economic space also requires funding policies necessary for the proper functioning of the internal market, its cohesion and the exploitation of economies of scale (in particular cohesion policy, the funding of joint research and development projects, or foreign policy initiatives).

The cardinal principle of the institutional clarification is that each Member State must make a clear political choice between the two levels of integration: if the policies associated with the internal market will be common, and if the access to the Union of the Euro will remain open provided that the convergence criteria are met, the Union of the Euro will not be prevented from pursuing further integration. There will be no bargaining to negotiate exceptions to the rules of the internal market against the acceptance of a stronger integration of the euro area.

### **Such clarification will require creating proper legal basis**

and will therefore involve not only the modification of the Treaties establishing the organization and functioning of the EU, but also the consolidation of the intergovernmental treaties adopted during the crisis (Fiscal Compact, Treaty on the European Stability Mechanism).

*>> The proposals below (1-3) detail the possible ways of achieving this aim:*

## PROPOSAL 1 /

### ESTABLISH A TREATY ON THE FUNCTIONING OF THE UNION OF THE EURO

to complement and amend, within the European legal order, the Treaty of European Union and the Treaty on the Functioning of the European Union. Such a new Treaty would:

- ▶ **consolidate the intergovernmental treaties established outside the Union framework** (fiscal compact, the Treaty on the European Stability Mechanism (ESM));
- ▶ **establish a specific legal basis for the pursuit of financial stability** (notably for the single resolution mechanism and for the single supervisory mechanism that form part of the banking union);
- ▶ **clarify the functioning of the European institutions** in a euro area format;
- ▶ **create a Minister of Finance of the euro area;**
- ▶ **constitute a Committee of the Union of the Euro** within the European Parliament;
- ▶ **adapt decision-making procedures** within the European Commission for euro area related matters;
- ▶ **create an autonomous budget of the euro area** with its own resources to finance the policies essential to the functioning and stability of EMU;
- ▶ **transform the European Stability Mechanism into a European Monetary Fund for countries in difficulty.**

The creation of the Treaty on the Functioning of the Union of the Euro would have the advantage of reflecting the political importance of the proposed change, including vis-à-vis European citizens, while at the same time inserting it within the legal and institutional architecture of the EU. This is a major difference to the idea of creating a Union of the Euro on the basis of an intergovernmental treaty, which could destabilise the European Union.

## PROPOSAL 2 /

### ADOPT A PROCEDURE FOR LIMITED REVISIONS OF THE TREATY ON THE FUNCTIONING OF THE UNION OF THE EURO

which does not require the prior approval of the Member States that are not members (the revision would only be subject to unanimous ratification by the Member States of the Union of the Euro).

As long as the common rules of the EU are respected, Member States that are not members of the Union of the Euro could not oppose such a revision.

## 2. Enhance the legitimacy of the institutions of the European Union

While the above proposals intend to make the EU more legitimate by offering a choice between two levels of integration, this increased legitimacy also requires a reform of the European institutions, so as to clarify their competences and strengthen the democratic control.

### **From our point of view, it implies the politicisation of the European debate**

so that policy choices are made clearly accountable to a ruling majority facing an opposition. Our proposals

also aim to speed up the decision-making process at Union level, in order to catch up with the pace of the media and politics in national public spheres. This requires the establishment of a clearly identifiable, and therefore "democratically accountable", executive.

However, we explicitly choose to **build around the existing governing institutions**, by simplifying their interrelations rather than complicating even further the functioning of the EU by means of the creation of new institutions.

## PROPOSAL 3 /

### **ENSURE THAT THE EUROPEAN COMMISSION IS THE REAL EUROPEAN GOVERNMENT OF THE UNION OF THE EURO AND STRENGTHEN ITS ABILITY TO EFFECTIVELY REGULATE THE SINGLE MARKET**

The following would allow this aim to be achieved:

- ▶ **Appoint the President of the Commission** (i) either by a parliamentary majority, or (ii) an election by means of direct universal suffrage;
- ▶ **In the short-term, and without modifying the Treaty (especially in view of the 2014 European Parliament elections), ensure that the candidate nominated by the majority party, or coalition, pursuant to the European Parliament elections is proposed as President of the Commission.** Consequently, the President of the Commission would be the candidate of a parliamentary majority with a direct legitimacy rather than indirect legitimacy delegated by the European Council;
- ▶ As part of institutional reform, depending on the choice made between a parliamentary or presidential system, either (i) facilitate the constitution of a parliamentary majority in the European Parliament by giving a majority « premium » to the leading party, or (ii) foresee the election of the President of the Commission by means of direct universal suffrage.
- ▶ **Enable the President of the Commission to nominate on his/her own independent initiative the College of Commissioners within his/her own political majority,** and in particular to reduce the number of Commissioners or, alternatively, to introduce a hierarchy among them (Commissioners and junior Commissioners) while maintaining a certain balance (as regards, notably, their nationality and expertise).
- ▶ **Abandon the illusion of the apolitical technocratic nature of the College of Commissioners.** The Commission must be accountable for its executive decisions and legislative initiatives. To enable this institutional change, some functions now held by the Commission should be attributed to independent agencies, such as the fight against cartels and abuses of dominant position. Fiscal surveillance could be entrusted to a specific department in the Commission under the authority of of a Chief Economist, thereby guaranteeing the independence of the analysis of the national fiscal stances and of the proposed measures. Decision proposals as regards the implementation of common rules would remain with the College of Commissioners.
- ▶ **Confer upon the President of the Commission the power to dissolve the European Parliament** by means of early elections, thereby confronting the European Parliament (and its parliamentary majority) with its own accountability.
- ▶ **Include a consultation of the Commission in the legislative process of the Member States.** The Commission would have the opportunity to express an opinion on the compliance of draft legislation with the European commitments of Member States in the matters in which they share competence with the EU.
- ▶ **Give sole power to the President of the Commission** (and by delegation, in their respective fields of competences, to the Vice-Presidents of the Commission in charge of foreign affairs and the euro) **for the external representation of the Union** instead of the President of the European Council.

## PROPOSAL 4 /

### INCREASING THE POWERS OF THE EUROPEAN PARLIAMENT WHILE ALSO INCREASING ITS POLITICAL ACCOUNTABILITY

- ▶ **Confer upon the European Parliament the power of legislative initiative** consubstantial to its function as the representative house of the European citizens.
- ▶ **Confer upon the European Parliament the power to choose the types of tax revenues to finance the expenses of the Union.**
- ▶ **Reinforce the control of the European Parliament over the executive** by (i) giving it the power of codecision in the implementation of procedures for monitoring the European Semester, (ii) providing it with a structure similar to that of the United States Congressional Budget Office, and (iii) giving it the possibility to propose putting a State under the enhanced surveillance<sup>1</sup> of the Commission or under the excessive deficit procedure / excessive macroeconomic imbalances<sup>2</sup>.
- ▶ **Financially encourage political parties to integrate at the European level** by funding, for a part, as it is at the national level, the campaigns directly led by a European party (such as the Party of European Socialists, the European People's Party, European Greens, Alliance of Liberals and Democrats for Europe) rather than by the national parties. The parties adopting a new statute of a European political party would be eligible for funding, thereby providing a more integrated leadership (the finances and the European political orientations would be under the control of a president directly elected by the members of all national parties' members) and allowing direct membership.
- ▶ **Enhance democratic control over the activities of MEPs** (legislative activity, presence in parliamentary committees, transparency regarding their votes, constituency work, transparency in the management of their budget and their agenda), including establishing clear rules within the European Parliament and linking the payment of compensation benefits to matching a minimum attendance rate in committees and in plenary. It would be mandatory for every member to provide citizens with a regular and precise account of his/her legislative activity report.
- ▶ **While keeping the principle of a minimum number of MEPs for the small Member States, harmonise the number of MEP per voters** above that minimum to ensure an equitable representation of citizens and allow the modification of constituencies by setting (so as to avoid excessive overrepresentation of certain territories).
- ▶ **Facilitate the creation of trans-border regional constituencies**, and possibly of a pan-European constituency, in addition to national constituencies, to encourage transnational political campaigns.

1 The « two pack » provides that the Commission can, on its own initiative, put a State under enhanced surveillance.

2 Under those proceedings, the decision is taken by the Council following a proposal by the Commission.

## PROPOSAL 5 /

### TRANSFORM THE COUNCIL OF MINISTERS AND THE EUROPEAN COUNCIL INTO A REAL UPPER HOUSE

- ▶ **Merge the European Council**, which brings together the Heads of State and Government, and the Council of Ministers. The European Council would become one of the formations of the EU Council. Within that framework, the EU Council would bring together the Heads of State and Government to discuss, ultimately, the most sensitive issues and define the main orientations.
- ▶ **Transform the current President of the European Council into a President of the Union** with a role of moral authority and protector of the values of the Union. The President would sign the EU legislation, but would have no additional role, the position of Head of the Executive being vested exclusively in the President of the European Commission.
- ▶ **Terminate the rotating presidencies of the Council of Ministers**, and set up the election by each Council formation of a permanent EU chairman among ministers - equivalent to Presidents of the European Parliament Committees - responsible for the continuity of the legislative work and assisted by the Council's General Secretariat.
- ▶ **Improve the transparency of decisions taken at the Council level**, including by publishing the agenda of its preparatory bodies (committees).

## PROPOSAL 6 /

### TRANSFORM THE INSTITUTIONAL ORDER IN THE «UNION OF THE EURO» FORMAT

- ▶ **Confer the executive authority of « Finance Minister of the Union of the Euro »** to the Vice-President of the Commission in charge of the euro. The Finance Minister would be in charge of a European treasury (see [proposal 13 on the creation of common asset for the euro area](#)) and of the euro area budget (see [proposal 15 on this point](#)).
- ▶ **The European Commission should be able to take decisions related to the Union of the Euro** in the framework of an internal procedure and in the format of a restricted, small college established by the Treaty on the Functioning of the Union of the Euro.
- ▶ **Institutionalize the Eurogroup as the formation of the EU Council in charge of euro matters (Council of the Union of the Euro)**. Together with the European Parliament, the Eurogroup would control Euro-related executive decisions taken by the Commission and would monitor the implementation of country-specific recommendations issued by the Commission. It could be eventually envisaged, depending on the prerogatives of the Union of the Euro, that other Council formation (for instance the Employment Council) could meet in the Union of the Euro format
- ▶ **A Committee on the Union of the Euro should be created in the European Parliament**. It should be restricted to MEPs from Member States participating in the common currency, on the basis of a political agreement. Moreover, its membership would not be extended to members of national parliaments: European decisions should be matched by a European democratic control.

## PROPOSAL 7 /

### FACILITATE THE EMERGENCE OF A EUROPEAN PUBLIC SPACE

This would be achieved by the following:

- ▶ **by drawing up guidelines specifying the minimum terms in accordance with which European elections should be treated in the media:** this would include both the definition of speaking times for the candidates of the position of Commission president and the organisation of transnational debates, to be broadcast during the official campaign.
- ▶ **by organizing, in partnership with the European Economic and Social Committee, biannual summits gathering European civil society.** The purpose there would be to foster the dialogue between European leaders – who would be able to seize this opportunity to explain the decisions made or sketch out their future priorities – and civil society. Thematic seminars would allow participants from both sides to engage with on-going European legislative agenda issues or prospective debates.
- ▶ **by relying more intensively on Commission Representations in Member States.** They could play a greater role in explaining European decisions in the national media, and increasingly act as European ambassadors or spokespersons (which requires allocating them the corresponding resources).
- ▶ **by establishing a rapid response team whose task would be to anticipate and address in real time attacks made in European media on European-led policy actions** when they are groundless (e.g. « myths » about flushing, olive oil, etc.). This inter-institutional team would prepare talking points that would be dispatched by means of relevant communication tools.

### 3. Protect democracy and the rule of law

#### PROPOSAL 8 /

#### CREATE A EUROPEAN FINANCIAL PUBLIC PROSECUTOR

Its function would be to combat the misuse of EU funds, and more generally, to tackle tax evasion and address those financial crimes that have a cross-border character. **With a view to fighting corruption**, this public prosecutor would be granted the authority to launch independent investigations on the basis of complaints received and as such, its power would also extend to the protection of *whistle-blowers*. This authority, modelled on the European anti-cartel policy, would also be allowed to pass on investigation results to the competent courts at the national level for the further initiation of penal sanctions (referral power).

- ▶ At first, **this authority could rely on the implementation of the European Public Prosecutor provision** under Article 86 TFEU which sees the Commission entrusted (on top of its more general control of the use of European taxpayers' money) with the fight against those serious crimes that have a cross-border dimension (this is made possible by the TFEU).
- ▶ In a second step, **the fight against corruption and organized crime could become an exclusive EU competence (although decentralised)**, modelled on EU competition policy. It would thus rely on a network of independent national authorities, which would notably dispose of investigation powers relating to the national awards of public contracts. Moreover, if financial crimes and/or offences could become classified as serious cross-border crimes, then criminal jurisdiction could be attributed to the EU in this field.

### **PROPOSITION 9 /**

#### **ESTABLISH A SANCTION PROCEDURE AGAINST ANY BREACH, BY A MEMBER STATE, OF THE FUNDAMENTAL PRINCIPLES OF THE UNION**

(on the basis of Article 7 of the Treaty on European Union) such as the rule of law, the protection of human fundamental rights and democracy (free and fair elections), in line with the recent European Commission proposal. Adopt a European directive imposing minimum common requirements of transparency in public administrations.

### **PROPOSITION 10 /**

#### **ADOPT A EUROPEAN REGULATION AGAINST CONFLICTS OF INTEREST AND 'REGULATORY CAPTURE' BY SPECIAL INTERESTS**

be it of the legislative or executive arm of government: establishing a clearer framework on the status of politicians and officials, removing any grey areas in their interactions with private interests or the pursuit of parallel activities in their public activity, and making the publication of income sources and assets held by politicians mandatory, both at the start and at the end of their electorate mandate.

## ***II.* A MORE STABLE AND DYNAMIC ECONOMY**

The crisis has highlighted the interdependence of the economies of the euro area. As part of an emergency response to the crisis, it was necessary to create mechanisms to (i) assume the role of lender of last resort (the European Stability Mechanism, the Outright Monetary Transactions programme of the ECB and the Single Resolution Fund for banks), (ii) control the implementation of reforms needed for economic rebalancing (Troika), and (iii) place banks under closer watch (the Single Supervisory Mechanism). These measures helped save the euro, but their late decision has made the adjustment more brutal than it would have otherwise been.

While Europe seems to be moving away from the epicentre of the crisis, it is tempting to refrain from further reforms.

**It is, however, essential to correct the defects of crisis mechanisms that were put in place in emergency times,**

notamment particularly in view of (I) their insufficient democratic accountability at the European level, and (II) the lack of short-term fiscal support by the Union (beyond the conditional refinancing of public debt) to accompany adjustment measures that were necessary but had a recessive effect.

It was and remains possible to do better. Investment in the euro area remains 15% below its pre-crisis level. In the countries most affected by the crisis, the collapse of investment was even bigger, exceeding 40% in several Member States. The price of this investment collapse is unemployment at unprecedented levels. While

reforms are needed to increase the incentives to invest and thus the growth potential, it is equally important to create prevention tools that avoid such a massive investment contraction happening again in the future.

**This should be the objective of the Union of the Euro: a more stable economy that invests in its common future.**

But we must give ourselves the means to achieve this goal, based on three core elements: (I) a fully accountable European Monetary Fund, (II) a common financial asset for the euro area facilitating the ECB's monetary policy, and (III) a budget of the Union of the Euro allowing more effective financing of long-term investments in European public goods and the prevention of sudden and large output drops in times of crisis.

# 1. Shield Europe from crises

## PROPOSAL 11 /

### TRANSFORM THE EUROPEAN STABILITY MECHANISM INTO A EUROPEAN MONETARY FUND

by incorporating it into the EU legal framework (as part of the Treaty on the Functioning of the Union of the Euro that we propose). It would replace the Troika in the negotiation and monitoring of structural reforms for countries in need of assistance from the Fund. The European Monetary Fund would be accountable to the Eurogroup and to the European Parliament's Committee on the Union of the Euro.

In the short term, the effectiveness of mutual insurance mechanisms against economic and financial shocks could be increased by **facilitating the use of ESM precautionary credit lines** (so far unused), clarifying in advance that the associated conditionality would be limited to compliance with the country-specific recommendations issued by the Commission. The objective is to protect fragile Member States from illiquidity risks, while providing a positive incentive to the activation of new European macroeconomic supervision instruments.

## PROPOSAL 12 /

### COMPLETE THE BANKING UNION BY CREATING A EUROPEAN DEPOSIT INSURANCE

modelled on the United States' Federal Deposit Insurance Corporation (FDIC). This European deposit insurance would complement the Single Resolution Mechanism for banks and would be supported by a European deposit guarantee fund.

## 2. Constitute a common financial asset

### PROPOSAL 13 /

#### CREATE “SYNTHETIC EUROBILLS” BY AGGREGATING NATIONAL TREASURY BILLS (OF MATURITIES OF UP TO ONE YEAR) INTO A SINGLE FINANCIAL ASSET

- ▶ A treasury of the euro area would be responsible for buying part of or all treasury bills (up to 1 year maturity) issued by euro area Member States, except those under a financial assistance programme. Purchases of each Member State’s treasury bills would be made in proportion to its respective GDP, while a cap would be imposed on the issuance of national treasury bills (e.g. 10% of GDP). The treasury of the euro area would finance these purchases by issuing eurobills backed by national treasury bills (*synthetic eurobills*).

These synthetic eurobills would be standardised and issued by a European treasury that would stop buying treasury bills from a Member State when it is subject to an excessive deficit (or imbalance) procedure and does not take the necessary corrective measures. That Member State would then be excluded from the purchases by the euro area treasury until it has taken the necessary corrective measures. In case such exclusion would trigger financial stability risks, the Member State concerned would have to require a financial assistance programme from the European Monetary Fund. The euro area treasury would be accountable to the Eurogroup and to the European Parliament’s Committee on the Union of the Euro. National treasuries would, of course, remain accountable to national parliaments.

- ▶ Beyond a model of pure aggregation of national treasury bills, it could be envisaged to provide credit enhancement through mezzanine guarantees provided by participating Member States participants.

### 3. Stabilise economic activity

#### PROPOSAL 14 /

#### ALLOW A COUNTERCYCLICAL USE OF STRUCTURAL FUNDS

(which represent more than one third of the EU budget). Structural funds have played a pro-cyclical role early in the crisis because of co-financing rules by the national and European levels. Fiscal constraints in crisis-hit Member States have prevented the release of European funds, with the paradoxical result that fewer European funds were used at the moment they were most needed. This has already led the European Commission to change co-financing rules in countries under a financial assistance programme so that the share of national funds matching EU funds is now lower. Measures have also been taken to allow a more flexible use of structural funds under the 2014-2020 Multiannual Financial Framework and anticipate some of the payments (frontloading), especially for programme countries and for initiatives supporting youth employment.

The stabilisation potential of a countercyclical use of structural funds varies across countries. It is limited in the Member States that receive few structural funds in proportion to their GDP (those where per capita income is the highest), but it may be significant in the main beneficiary States (e.g. funds allocated to Poland over the period 2014-2020 represent about 20% of the annual GDP of Poland).

- ▶ **To develop the countercyclical role of structural funds, part could be accumulated by Member States and / or regions into dedicated funds** that would be used to back loan and guarantee instruments of the European Investment Bank. These funds would grow each year, allowing the lending capacity to be increased, which could be used countercyclically.
- ▶ **This efficient use of structural funds requires increased control over the selection of the projects financed by these funds** (the expertise of the EIB could also be useful as regards this point). In some cases, this implies strengthening the administrative capacity of States and regions.

## PROPOSITION 15 /

### CREATE A BUDGET FOR THE UNION OF THE EURO WITHIN THE EU BUDGET, UNDER THE AUTHORITY OF THE MINISTER OF FINANCE OF THE UNION OF THE EURO

**This budget should have two different but complementary prerogatives:**

- ▶ **A capacity for long-term investment:** this fiscal capacity would be used to increase funding under the Competitiveness chapter of the EU budget (which includes the financing of innovation, research, education, the development of SMEs and infrastructure projects in cooperation with the EIB). This investment capacity could be financed through own resources (e.g. partial pooling of the corporate tax, a VAT resource or a carbon tax) and a borrowing capacity to be examined by the high level group on own resources chaired by Mario Monti. The size of the investment capacity is dependent on the sectoral scope and degree of pooling retained.
- ▶ **A stabilising function, to prevent a collapse of economic activity in a crisis.** This function could be based on a countercyclical use of the capacity for long-term investment by temporarily increasing the corresponding expenditures in **severe recessions**.
- ▶ It could also be based on the gradual establishment of automatic stabilisation mechanisms allowing the cushioning of asymmetric shocks, such as **a European unemployment insurance in the context of the creation of a European contract of employment alongside existing domestic contracts of employment** (see the proposal on this point). However, it is essential to define a clear governance and framework for such stabilisation instruments in order to eliminate the moral hazard they can create: this is a *condicio sine qua non* of a political agreement on such an instrument.

## **PROPOSAL 16 /**

### **CREATE A EUROPEAN EMPLOYMENT CONTRACT**

**under enhanced cooperation involving the states of the Union of the euro and any other EU states wishing to participate.**

- ▶ The objective is to create a simple and standardised employment contract, with the key characteristics of the flexicurity model while allowing certain characteristics to vary depending on the Member State where the work is done: for instance, the contract would ensure that the minimum wage above the poverty line is applied to address the phenomenon of the working poor. This contract would also encourage transnational mobility of workers by guaranteeing the portability of social rights (unemployment insurance, training, retirement and health).
- ▶ This employment contract would be offered in all participating States after negotiations between the European social partners on common elements of this agreement at European level. Other elements would be left to the discretion of negotiations between the national social partners in each Member State. This contract would in fact be a 29th regime: it would not replace national contracts, but rather provide an additional standardised regime for employers and employees.
- ▶ The European employment contract would allow the creation of a European unemployment insurance mechanism associated with this specific contract.
- ▶ Clear conditions would be associated with the European employment contract to ensure it is not used to circumvent national labour laws. The European employment contract could be offered by all companies as a possible alternative to a national labour contract, but the final choice would always be that of the employee (and this choice cannot be a ground for not hiring).

## **PROPOSAL 17 /**

### **CREATE A CONSOLIDATED BALANCE SHEET OF THE GENERAL GOVERNMENT OF THE EURO AREA**

in order to have a common dashboard and all the information necessary for the evaluation of the aggregate fiscal stance of the euro area. This would allow to devise the best possible economic policy mix at the European and national levels.

## 4. Clarify the interpretation of the ECB mandate and strengthen its means of action

Discussions on the mandate of the ECB are politically very sensitive because the current mandate comes from a clever political and cultural balance that has enabled the creation of the euro. However, this topic cannot remain a taboo.

**It is indeed necessary to clarify the responsibility of the ECB with respect to financial stability, growth, employment and foreign exchange policy.**

We consider, however, that a revision of the treaties is probably not necessary to clarify the objectives of the ECB.

## PROPOSAL 18 /

### MONETARY POLICY SHOULD BE MORE CLEARLY GEARED TOWARDS STABILITY AND GROWTH

This would rebalance the objectives of the ECB between the cardinal points of **price stability** (which should involve a symmetrical response to deflationary as well as to inflationary risks), **financial stability** (under the mandate of financial supervision macro- and micro-prudential), but also **growth, employment and competitiveness** (this is in reality already a secondary objective of the ECB). This rebalancing is not designed to infringe upon the independence of the ECB, but to ensure that objectives other than price stability are taken into account in the decisions of the ECB and in the choice of instruments (conventional, non- conventional, prudential). In particular, the ECB should explain how it pursues each of these objectives in the context of its obligations to report to the European Parliament. It should also be invited by the Parliamentarians to explain how it responds to the variety of situations in the euro area, in particular when conventional instruments applied horizontally aggravate divergences within a non-optimal currency area (and thus produce an effect contrary to the desired effect).

## PROPOSAL 19 /

### ADOPT GENERAL GUIDELINES TO OFFSET THE FOREIGN EXCHANGE INTERVENTIONS OF THE CENTRAL BANKS OF THIRD COUNTRIES TO ARTIFICIALLY DEVALUE THEIR CURRENCIES VIS-À-VIS THE EURO

This would prevent the euro from being the adjustment variable of the international monetary system. The Treaty on the Functioning of the European Union (Article 219(2)) provides that the Council may formulate general orientations for exchange to which the ECB must comply in the conduct of its foreign exchange operations. This provision has never been used to date. The goal is not to politicize the level of the euro and undermine the objective of neutrality of currencies, but it must be to create the tools to enforce neutrality in world foreign exchange markets and respond if necessary to interventions of third country central banks to artificially devalue their currencies. Indeed, it is not acceptable to leave the EU prey to unfair competition via competitive devaluations. This approach is primarily aimed at creating a deterrent tool: if the deterring effect works, the ECB would not even have to intervene.

## 5. Reform the EU budget to make it meet European ambitions

### PROPOSAL 20 /

#### REFORM THE EU BUDGET

The current funding system of the EU budget has become more opaque and more complex than ever before because of the many derogatory special regimes (British rebate, discount off), while expenditures have been cut and some policies have lost relevance. It is therefore crucial to reform the current system of the EU budget, distinct from the budget of the union of the euro ([proposal 15](#)), so that it reflects a political direction, solidarity and a capacity for collective action. The EU budget should be reformed in the following way:

- ▶ Establishment of own resources to be allocated directly to the EU budget (e.g. income tax, VAT, carbon tax) and the reduction of the transfers from Member States;
- ▶ Extensive use of the EU budget as collateral for loans from the EIB investment projects;
- ▶ Changing the context of the negotiation of the EU budget by separating threads and cap on (i) the expenses of redistribution (common agricultural policy / cohesion policy), (ii) financing of European public goods (R&D, defence, foreign policy) and (iii) operating expenses. This would avoid absurd negotiation situations, where increases in innovation expenditure are made impossible by the veto opposed by some states on modification of the budget ceiling or reduction of the CAP budget, for example.

## 6. Overcome the fragmentation of the internal market

### In tax matters

#### **PROPOSAL 21 /**

#### **PARTLY SUBSTITUTE A EUROPEAN CORPORATION TAX FOR THE NATIONAL CONTRIBUTIONS TO THE EU BUDGET**

If this is not accepted at EU level, use this resource as an own resource for financing the euro zone budget. This entails the harmonisation - in progress - of the corporate tax base and could be accompanied by the supervision of differences in corporation tax levels from one state to another (following the VAT model).

#### **PROPOSAL 22 /**

#### **CREATE A EUROPEAN TAX NUMBER**

enabling the networking of fiscal information relating to a home or a business, as well as the fight against tax evasion. Adopt a single European instrument on the automatic exchange of fiscal data among EU member states and with third countries, which would incorporate the new OECD standard on this matter.

#### **PROPOSAL 23 /**

#### **END UNFAIR TAX OPTIMISATION AMONG EU MEMBER STATES, WHICH BENEFIT MANY LARGE COMPANIES**

notably those offering online services (such as Amazon, Apple, Google), in the framework of reflections led by the OECD on the base erosion and profit shifting (BEPS):

- ▶ Deepen the review under EU State Aid Rules, by the Commission, of the compatibility of national legislative and administrative provisions which enable or encourage profit shifting. This procedure could lead the Commission to request certain Member states to revise their legislation on this issue.
- ▶ Propose a European regulation on shifting price, in order to regulate its volume and level.

## With regard to the financing of the economy

### **PROPOSAL 24 /**

#### **PROMOTE A SINGLE MARKET FOR THE FINANCING OF THE REAL ECONOMY**

by implementing the recommendations of the Expert Group on SME and infrastructure financing (*Finance for Growth*). In particular:

- ▶ **increase access to better information on the financial situation of SMEs and the risks associated with infrastructure projects;**
- ▶ **allow the indirect financing of SMEs by financial markets by ensuring regulatory treatment of securities backed by loans to SMEs similar to other asset classes, as long as these securities have strict rules on transparency and on information to investors;**
- ▶ **reduce tax incentives for debt financing rather than equity investments;**
- ▶ **harmonise bankruptcy law to promote second chances in bankruptcy proceedings.** Failure is part of the journey of an entrepreneur. A European regulatory framework for liquidation and bankruptcy proceedings is therefore necessary.

## In the area of infrastructure networks

### **PROPOSAL 25 /**

#### **ENCOURAGE THE CREATION OF EUROPEAN INFRASTRUCTURE NETWORKS**

by pooling the management of these networks in the form of joint ventures between national operators (following the model of the merger between the Dutch TENNET and the German Transpower in the electric sector). In the telecoms sector, for example, it would promote investment in network modernisation (e.g. optical fiber), reduce the costs of cross-border calls, make subscription prices converge and thereby create a **European market for telecoms** encouraging the development of European roaming-free packages. To ensure that prices converge downwards in all Member States, a system of maximum pricing could be implemented for non-package local consumption. It is also important to allow the emergence of major European players capable to negotiate with “over the top” service providers, i.e. those groups that use the network to offer consumer services without compensating the network operator for the use of the network: this emergence requires for instance the allocation of frequencies on a pan-European basis.

## In the digital age

### **PROPOSAL 26 /**

#### **UPDATE EUROPEAN LEGISLATION ON COPYRIGHT AND INTELLECTUAL PROPERTY PROTECTION RULES TO THE AGE OF THE INTERNET (ITUNES, NETFLIX, ETC.)**

This is to facilitate the emergence of a true European market for the audiovisual sector, film and music online while ensuring fair compensation to cultural players and the democratisation of access to culture. A European structure could federate national collective rights management organisations and ensure the collection of copyright at European level on the basis of a single pricing taking into account national specificities for the calculation of aggregated rights.

### **PROPOSAL 27 /**

#### **PROVIDE THE UNION WITH A REGULATION AND AN AUTHORITY FOR PERSONAL DATA PROTECTION**

protecting European citizens in the digital era. It is particularly important that the Member States and the European Parliament quickly find a compromise on the regulation proposed by the European Commission on this matter.

## 7. Implement a European industrial strategy

### PROPOSAL 28 /

#### DEVELOP A EUROPEAN INDUSTRIAL STRATEGY

A European industrial strategy should first and foremost be based on the single market and its deepening. It is, in particular, essential to create an environment favourable to investment, innovation and companies' growth (see proposals 24 and 38). However, in industries that depend on public investment (notably network and defence industries), economies of scale and network effects may justify a European approach as regards public procurement, public equity stakes or the financing of R&D projects. It is possible to consider different scopes of this strategy (bilateral cooperation - for example, the Franco-German size, or multilateral - for example at the level of the Union of the Euro or the EU) depending on the political will. The main idea is that a European industrial policy is conceivable only on the basis of the pooling of industrial interests, which can take different forms: participation in the capital of companies, common public procurement, public funding R&D and joint ventures.

- ▶ **Enable the EIB to promote the creation of European companies.** Pursuant to its statutes the EIB is authorised to take stakes in the capital of companies only for "projects of common interest to several Member States which, by their size or nature, cannot be entirely financed by the various existing funding in each Member State." This option could be used also in the framework of: (i) mergers in European industries increasing returns exposed to strong international competition, and (ii) the creation of European consortia in the development of new activities supported by European public funds financing innovation.
- ▶ **Establish a common public procurement in some sectors such as energy and defence.** A common procurement strategy and joint production defence could for example be developed on the basis of a structured cooperation (equivalent to enhanced cooperation but in the domain of defence) as provided by Article 42 of the Treaty on European Union (and Protocol 10 of the Treaty on the Functioning of the EU). This strategy would enable to develop the existing embryo of military resources pooling (pooling and sharing) to be developed and would respond to the budgetary constraints challenge faced by most States.
- ▶ **Redirect public investment to our competitive sectors by developing a strategy for European sectors/« filières » of excellence** bringing together industries, research and education partners, as well as European, national and local authorities. This will involve making the choice to promote, at European level, the development of competitive activities rather than subsidize declining industries or purely national industrial champions.
- ▶ **Develop joint funding of R&D and public-private partnerships, in line with the**

**priorities of Horizon 2020.** The European public funding of R&D only represents about 10% of total public expenditure on R&D in the EU, whereas in the US, in federal states these expenses are usually centralised (more than 85% of public R&D spending in the US comes from the federal budget). The solution could come from a budget of the euro area (Proposal 15).

- ▶ **As in the network industries, the use of cross-border joint ventures or European consortia may allow the costs of research and development to be shared,** especially for innovative industrial projects requiring large initial investments, with public participation. This is already the case in many areas such as defence and aerospace but it could be strengthened. This type of project could be promoted, in particular in the framework of the implementation of competition rules, provided that real benefits in terms of economies of scale and innovation can be highlighted.

## 8. Modernize the control of State aid

### **In the field of State aid policy,**

the objective is to simplify the procedures (especially for local authorities) and speed up the processing of cases.

**Additionally, a certain visibility  
(and predictability)**

in the control of State aid needs to be given to the Member States.

## **PROPOSAL 29 /**

### **REMOVE THE NOTIFICATION OBLIGATIONS OF STATE AID**

**which may be presumed as not creating a significant negative effect on trade and competition, by extending even more the sectoral or category exemptions.**

For these aids, a targeted ex-post analysis, with a more thorough economic analysis, would be preferred to (heavy, untargeted and often misperceived) ex-ante control. This would have a positive impact on local authorities, which would have to notify less aid.

## **PROPOSAL 30 /**

### **REDUCE THE RISK OF FAILURE TO NOTIFY BY IMPOSING AN EX-ANTE CHECK BY A NATIONAL AUTHORITY (MINISTRY, SPECIFIC AGENCY, COMPETITION AUTHORITY)**

and no longer by the Commission alone. This ex-ante check would determine whether the conditions for a notification exemption were fulfilled. This would lead to greater cooperation between the Commission and the national authorities, and would establish a first preventive filter at the national level which could prevent the launch of restitution procedures. The national authorities would inform the Commission of their analyses, and would ensure that the measures which need to be notified are notified. Such a system would be a first step towards a more integrated approach to State aid control. This is important because, on the one hand, the Commission does not have the administrative resources, including the staff, to effectively control all State aids in the EU, and on the other, Member States often use the complexity of State aid concepts to justify non-notification, which are a source of legal uncertainty for companies.

## **PROPOSAL 31 /**

### **PROVIDE A MECHANISM FOR SANCTIONS FOR STATES WHICH, ON PURPOSE, FAILED TO NOTIFY A MANIFESTLY ILLEGAL STATE AID**

## 9. Promote a greater mobility of European citizens

### Posted workers

#### **PROPOSAL 32 /**

#### **IMPLEMENT THE AGREEMENT RECENTLY REACHED ON INCREASED CONTROLS AND (LEGAL) RESPONSIBILITY OF CONTRACTORS VIS-À-VIS THEIR SUBCONTRACTORS AND APPLY THE SAME PRINCIPLE IN ALL SECTORS**

(and not only the building sector). Ultimately, the status of posted workers will need to be redefined so that not only working conditions (minimum wage and working time) are those of the host member state, but also the social charges. Payment of social charges would be done where the activity takes place, with a compensation system established between the Member States (on the model of the health system). In the framework of the European employment contract that we propose, the relevance of maintaining the status of a posted worker would eventually be brought into question.

### Culture

#### **PROPOSAL 33 /**

#### **ENCOURAGE, WITHIN THE CREATIVE EUROPE PROGRAM, AND IN ALL STATES OF THE EUROPEAN UNION, THE BROADCASTING OF FILMS AND TV SERIES IN THEIR ORIGINAL LANGUAGE (WITH SUBTITLES)**

Differences in language and culture are one of the most important hurdles affecting the mobility of people in Europe. The existence of such a support would also improve - over the long-term - the language performance of European citizens, in particular (and it is useless to hide it) in English. This would also stimulate the mutual interest of Europeans towards each other, as part of a cultural opening towards our European neighbours, while promoting cultural diversity.

## Education and Employment

### **PROPOSAL 34 /**

#### **CREATE A EUROPEAN AREA OF EDUCATION TO COMPLEMENT THE ERASMUS + PROGRAM**

To go beyond the EHEA and the Bologna Process and its 47 members, an area with a smaller number of countries would be created, based on mutual recognition of diplomas for further study as well as on a differentiation of integration according to the levels of education (compulsory education, higher education and vocational training).

Guidelines should be implemented in order to prepare young people for the practical challenges they face (functioning of basic financial services, rights and obligations of citizens, functioning of institutions). A European civic service (the duration and conditions of which could be left to the discretion of the participating states) could complement this initiative.

### **PROPOSAL 35 /**

#### **PROMOTE A BETTER MATCH BETWEEN THE SKILLS AND THE NEEDS OF THE LABOUR MARKET**

through a capacity to anticipate better skills needs by geographical area. This would require a stronger interaction between the business world and the world of education. This would be based on the further development of the European Skills Panorama, the strengthening of EURES as a platform centralising job offers, the creation of a real and integrated network of employment agencies in order to make it the reference of labour mobility in Europe and the development of university-industry partnerships (the knowledge alliances within Erasmus+).

## Portability of rights and insurance

### **PROPOSAL 36 /**

#### **IMPROVE THE PORTABILITY OF RIGHTS**

especially pension rights, which is still a genuine barrier to mobility. To do this, mutual recognition of administrative decisions relating to accumulated rights under labour mobility within the EU should be ensured.

### **PROPOSAL 37 /**

#### **COMPLETE THE INTERNAL MARKET FOR INSURANCE**

which is one of the most fragmented European markets. Remedy in this context the lack of transparency regarding the circumstances in which insurers cover or do not cover their clients, in their Member State and in another EU Member State.

## 10. Promote entrepreneurship in Europe

### **PROPOSAL 38 /**

#### **PROMOTE A GENUINE EUROPEAN AREA OF INNOVATION (SINGLE INNOVATION AREA) (*SINGLE INNOVATION AREA*)**

- ▶ Promote the emergence of a European venture capital market allowing greater access to finance for start-ups and SMEs;
- ▶ Conduct an impact review of national legislations on business creation and development of SMEs and promote the removal of discriminatory provisions against SMEs. Put an end to the fragmentation of the internal market on business creation;
- ▶ Promote a European effort to reduce administrative burdens on companies, not only at the time of their creation, but also during their life cycle and in case of bankruptcy.
- ▶ Build a network of European innovation clusters to play globally, and based on what the European Institute of Innovation and Technology (EIT) does. Promote structural reform of universities in creating partnerships with businesses and in the build-up of start-up incubators, in order to integrate the innovation chain from research to sales.

# ***III.* A UNITED EUROPE TO DEFEND ITS VALUES AND INTERESTS IN THE WORLD**

## **1. Immigration and asylum**

The abolition of internal borders within the Schengen area moved and concentrated migratory pressures on the borders of the Union, particularly in the south and east. Countries like Greece, Italy, Malta and Cyprus become entry points for people seeking a better future, or simply wishing to be protected. Europe must, in line with the values it defends, first ensure to offer asylum to those who are fully eligible under the Geneva Conventions, but also treat with humanity and in a coordinated way the candidates to immigration.

**The EU has always been a land of hospitality and protection, it must remain so. It cannot accept that people die at its doors.**

Moreover, in view of the rapid ageing of its population, the EU must also recognise the need to develop an active legal immigration policy based on demographic and economic needs in order to remain an attractive area. This is key to its competitiveness and dynamism on the global stage. The EU cannot, therefore, accept to become an ageing fortress with no interest in integrating its immigrants into European societies. For this reason, several proposals can be made:

## **PROPOSAL 39 /**

### **MAKE EUROPE MORE ATTRACTIVE BY RECOGNISING THE ECONOMIC ROLE OF IMMIGRATION**

particularly for categories of migrants as highly skilled workers, researchers or students. In the global race for talent, Europe must offer better and simpler conditions of entry. For this reason, it is urgent to adopt the directives on student visas and researchers aiming at (i) accelerating procedures, and (ii) allowing these people to stay on the EU territory for a sufficient period after their studies so that they can have the chance to find a job or create a business opportunity.

## **PROPOSAL 40 /**

### **IMPLEMENT THE COMMON EUROPEAN ASYLUM REGIME**

adopted in 2013, which should enable the harmonization of procedures and conditions for obtaining asylum (to prevent differences in treatment thanks to the European Support Office Asylum). The objective is to ensure that the effort behind the reception of asylum seekers - currently unevenly distributed - is better shared between Member States. To do this, we must rethink the Dublin II Regulation that determines which Member States should examine the asylum application (country of entry into EU territory). The Dublin II Regulation increases the pressure on Member States from the South whose administrative capacities and reception capacities are limited.

## **PROPOSAL 41 /**

### **ORGANISE SAFER MIGRATION ROUTES**

It is unacceptable that people die at the borders of the Union. We must limit the irregular transport of migrants by boat, as these people simply risk their life and have the right to be protected. First, we need to intensify work upstream with the authorities of the countries of departure, and second, we need to organize support (reception, asylum requests) directly in the countries of origin.

## **PROPOSAL 42 /**

### **ORGANISE A TRUE EUROPEAN SOLIDARITY IN THE MANAGEMENT OF EXTERNAL BORDERS**

This requires reinforcing the operational capacity and resources of Frontex (agency) and the rapid implementation of EUROSUR (exchange system information in real time at the borders of the Union). It is also about creating a true body of European Border Guard.

## **2. Economic diplomacy and trade policy**

## **PROPOSAL 43 /**

### **CREATE A COMMON EXTERNAL REPRESENTATION OF THE UNION OF THE EURO IN ECONOMIC AND FINANCIAL MATTERS**

We should have a single seat for Eurozone countries to the IMF, the World Bank and the OECD occupied by the future Minister of Finance of the Union of the Euro.

## **PROPOSAL 44 /**

### **PROMOTE AN ACTIVE TRADE POLICY**

- ▶ **Where necessary, make use of the reciprocity principle a key variable in the field of public procurement**, notably as regards global agreements currently negotiated or negotiated in the future. The reciprocity instrument proposed by the Commission as regards access to public procurement markets should be adopted as a matter of urgency (it is currently blocked in the Council).

- ▶ **Pursue a more systematic implementation of the rules applicable at the WTO**, and reinforce the surveillance pillar of the WTO by supporting the use of the counternotification tool (which would allow a WTO member to not only notify its own measures, but also those of other members).
- ▶ **Ensure the effective implementation of international rules concerning export credits.** In parallel, develop a European strategy in this field to allow the EU to compete more effectively with other major regions of the world such as China, whose financial instruments (Sinasure, China EXIM bank, China Development Bank) support with colossal firepower the Chinese economy through export guarantees which benefit its companies, but which impede competition with European companies.
- ▶ **Avoid a possible agreement on the Transatlantic Trade and Investment Partnership questioning** (either directly or indirectly through a dispute settlement mechanism without sufficient safeguards) **the existing provisions of European regulations in the field of consumer protection** (e.g. concerning health, financial products, agriculture, the environment, etc.).
- ▶ **Make a proactive and systematic use of provisions on compliance with international standards in social and environmental matters in the mechanisms of trade preferences**, to promote their implementation by third countries. For example, create a "Compliance Observatory" monitoring the respect of these standards in countries benefiting from trade preferences such as "Generalised System of Preferences", "GSP +" and "Everything But Arms".
- ▶ Incorporate the guidelines of the OECD and other international standards related to the management of raw materials and natural resources in EU legislation to **develop a responsible EU supply**.
- ▶ **Make the analysis of the effects of the Commission's trade proposals on developing countries mandatory** in the context of impact studies.

## **PROPOSAL 45 /**

### **CREATE A EUROPEAN EQUIVALENT OF THE U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT**

This would ensure **fiscal transparency** of accounts in third countries and strengthen the fight against tax havens.

Commercial and financial sanctions could be made against jurisdictions refusing to participate in the exchange of data.

## 3. Environment and Energy

### PROPOSAL 46 /

#### WORK TOWARDS THE CREATION OF A GENUINE EUROPEAN ENERGY POLICY

organised around a reinforced cooperation or a treaty establishing a common policy to ensure Europe's energy independence by protecting its security of supply and by making Europe's energy transition more efficient and less costly for European citizens. Europe's genuine energy policy would be built on three main pillars:

- ▶ **coordinated, wholesale purchases of gas** in order to gain a true "market power" vis-à-vis the major gas exporters (Russia, Algeria, Norway, Qatar);
- ▶ **renewed efforts in cross-border electrical interconnections in Europe** to diversify energy supply sources and increase the absorption capacity of variables energy while promoting the smooth functioning of the electricity market;
- ▶ **the joint and strategic support of renewable energy**, for example through common public auctions or tenders. More generally, a better articulation of national mechanisms supporting renewable energy is desirable to avoid distortions resulting from national measures on the electricity market.

### PROPOSAL 47 /

#### ESTABLISH A EUROPEAN CARBON TAX

This would internalize the environmental cost of transporting goods from the place of production outside the EU to the place of receipt by the EU customer on the basis of weight, mode of transportation and distance.

The same method could be adopted by our trading partners (principle of reciprocity), and a joint-agreement on the assessment system to evaluate the environmental cost of transport would be then privileged. The EU could initiate a multilateral agreement in this regard. Furthermore, a stricter monitoring of compliance with European environmental standards could be implemented at EU borders.

## 4. European Defence

### PROPOSAL 48 /

#### STRENGTHEN EUROPE'S DEFENCE BY:

- ▶ **Defining common strategic guidelines in the field of defence** in order to streamline existing military means and to use potential economies of scale in this area.
- ▶ **Establishing a Framework Agreement** in terms of capabilities gear launcher in order to pool together the nuclear deterrent at least between the United Kingdom and France (for nuclear submarines and aircraft carriers);
- ▶ **Bringing European defence industrial players closer together** for joint development projects which could take the form of joint venture, consortia or merged entities.
- ▶ **Adopting a joint strategy for purchasing and production in the field of defence**, in order to improve the efficiency of public procurement in this area and to lead to greater interoperability of military equipment.
- ▶ **Ensuring a pooling for the financing of the EU contribution to NATO.**
- ▶ **Creating a common military and civil chain of command** for response capabilities and common projection leading to greater responsiveness and the pursuit of common goals. These integrated instruments would facilitate the mobilization of European resources in the management of civil, military or humanitarian crisis.

## 5. Foreign policy of the Union

The Lisbon Treaty has introduced a new position, combining the responsibilities of the High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the Commission in charge of the External Action Service of the EU.

This institutional novelty has created an embryo of an integrated European diplomacy, but without achieving

**a genuine European foreign policy, which requires greater credibility, visibility and responsiveness.**

## PROPOSAL 49 /

### EXPLORE WAYS TO POOL EVEN MORE THE RESOURCES FROM EMBASSIES, CONSULATES AND TRADE PROMOTION INSTRUMENTS OF MEMBER STATES IN THIRD COUNTRIES, BUILDING ON DIPLOMATIC AND CONSULAR MUTUAL PROTECTION

**Create a European passport** in the European Union or, failing that, at the level of the Union of the Euro.

## PROPOSAL 50 /

### BETTER ORGANIZE AND INCREASE THE VISIBILITY OF THE DIFFERENT COMPONENTS OF THE FOREIGN POLICY OF THE EUROPEAN UNION

- ▶ Redefine the division of competences between the Commission and the European External Action Service **to ensure better coordination between foreign policy and development and neighbourhood policies, avoiding duplication;**
- ▶ **Create a European Agency for Development in charge of the management of EU development programs** and appoint "European Ambassadors for development assistance and humanitarian aid" - following the idea of UNICEF ambassadors - to make the external action more visible;
- ▶ **Give the European Union a specific status in the General Assembly of the United Nations.** The EU should not only be an observer, as the Vatican. The EU should have a seat or a special status, and be represented by the High Representative.

<http://www.euro2030.eu>

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