Political uncertainty and money matters

European elections mean a crowded schedule is guaranteed this year at the heart of the European community, as 2019 marks a period of great change

In Brussels, 2019 will be busy in the political field, and in particular, three major events are scheduled, including the official Brexit day on 29 March, when the European Union will shrink to 27 Member States.

Then, on 23 to 26 May, European citizens will vote to renew the European Parliament. As a result of Brexit, the number of MEPs will be reduced from 751 to 705.

And on 31 October, the mandate of the current European Commission, led by Jean-Claude Juncker, will come to an end. Afterwards, the new Commission will take office during November.

These major political events are taking place in a climate of uncertainty and distrust. The Member States have still not found a common solution to the migration crisis, and populism and Euroscepticism are gaining pace in a growing number of European countries.

Nor is the international political environment reassuring.

We can therefore expect that political groups in the European Parliament will be more fragmented, with a growing number of MEPs coming from national right- or left-wing populist parties.

FIEC
Avenue Louise 225,
B - 1050 Brussels, Belgium.
Tel: +32 2 514 55 35;
e-mail: info@fiec.eu
www.fiec.eu
@FIEC_Brussels

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For the next mandate, this will most probably cause a greater uncertainty as regards political alliances and unpredictability as regards legislative outcomes – which will mean nightmares for the lobbyists based in Brussels.

STAND-BY

The election year also means that the legislative life of the European institutions will very soon be in stand-by. Indeed, the very last Plenary session of the European Parliament will take place by mid-April. Afterwards, MEPs will concentrate on the campaign.

This is why, currently, the three institutions (the European Parliament, Council and European Commission) are rushing to finalise a series of legislative issues for which finding a political agreement is still realistic.

For all other issues on the table which won't have been finalised in the coming weeks – the Commission mentions 240 legislative proposals which are still pending! – the future is most uncertain. Indeed, real work under the future new mandate of the European Parliament will not start before September and the newly-elected MEPs will decide for themselves whether they want to finish the job of their predecessors or rather start working on new issues.

As for the European Commission, its action until the end of its mandate will be guided by three watchwords – delivery, destiny and democracy.

For delivery, the Commission wants the adoption of as many of the 240 pending proposals as possible, although only about 300 days remain until the end of its mandate and there will be a stand-still period in the middle.

Also, President Juncker made clear that 2019 was the year when Europe must take its destiny into its own hands. On 9 May in Sibiu, Romania, the 27 Heads of State and Government will hold a special summit which is expected to pave the way for a stronger, more united and more democratic Europe.

And shortly after that, Europeans will take part in the second largest election anywhere in the world – second only to the Indian general election.

In the Council of the EU, representing Member States, the rotating Presidency will be with Romania for the first half of the year, and then Finland. Their main priority is to continue negotiations on the Multiannual Financial Framework for the period 2021 to 2027 – the overall EU budget for the next term – to prepare a political agreement on this sensitive issue in the autumn of 2019.

In particular, the Romanian Presidency intends accelerating the pace of negotiations to make rapid progress on the dossiers related to the future Cohesion Policy, which involves the various structural and investment funds directly benefiting to the Member States – European Regional Development Fund (ERDF) and Cohesion Fund (CF).

QUALITATIVE RESULTS

Of course, money matters are always sensitive, and several Member States have already indicated that they would prefer qualitative results, rather than speedy solutions.

In short, on 2 May, 2018, the European Commission proposed the allocation of €373 billion to the Cohesion Policy between 2021 and 2027. It is proposed that the new Cohesion Policy should focus its resources on five policy objectives where the EU is best placed to deliver – innovation and digitisation; energy transition and renewables; transport and digital networks; employment, education and skills; and sustainable urban development.

Although the money will be distributed to all EU Member States and for all of these priorities, it is expected that most of it will go to the first two objectives and to the less developed regions. It should also include a list of conditions which Member States must fulfil to get the money, for example properly implementing the EU public procurement rules.

Member States have now to agree between themselves on exact figures and details, which could take longer than expected.

This is an important issue for the construction sector as most of the policy objectives will be translated into grants dedicated to concrete projects like energy efficiency in buildings, hard infrastructure for transport, or education centres for construction professionals.

This is why FIEC is closely following these developments, as well as those concerning the money which will be allocated to other key budget lines for the sector.

In particular, there is the Connecting Europe Facility, which is dedicated to transport, energy and digital networks across the EU. Here, we can expect a budget of around €33 billion dedicated to transport, with a strong focus on hard infrastructure and high co-financing rates (projects are never financed 100% by the EU).

Another one is the Invest EU programme, whose aim is to create a single financial instrument for the EU, while the situation is currently fragmented. The principle is to leverage private investment via an EU financial guarantee – up to around €38 billion. This guarantee is expected to generate about €650 billion in private investment between 2021 and 2027.

FIEC welcomes this proposal, which is line with the former Juncker Investment Plan. **ce**