The European Union:

4 Essays for a more inclusive Europe

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Preface

This “Denkwerkstatt Europa” is a call for paper developed by *foraus*. The goal was to collect ideas among young experts in European affairs and, subsequently, to help them upgrading their ideas into full policy proposals within a think tank paper. Faced with series of crisis, not least the departure of the UK and the rise of populism in countries such as Hungary, Poland and Italy, the EU currently stands at a crossroad. There is a need to re-energize the European integration project and, importantly, to make it more legitimate in the eyes of the EU citizens. With the upcoming European elections of 2019, it is time for think tanks and member of the civil society to think outside the box and present some new ideas to EU decision makers.

The following contributions contain proposals that address the issue of the democratic deficit of the EU. Combining their experience and different perspectives as European citizens, the authors of the following papers went through a long process of reflection. Eventually, they elaborated several original proposals to reduce the democratic deficit. Far from adopting a utopian perspective, the authors provide us with practicable solutions that would not necessitate any treaty change and that could be easily put into place if decided. The last paper reflects upon another subject: EU defence. In the current context, French and the German leaders make pleas for the constitution of a European army and thus, the topic is very timely. Adopting once again a pragmatic perspective, the author reflects upon what can be seen as the necessary condition to see the emergence of a European army one day in the future: the constitution of an EU defence industry.

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Diversity is the driver of culture, enterprise, and ingenuity. Here's to a diverse and inclusive Europe.

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1 Give a face to the European Union: Two policy proposals for a better *State of the Union Address*

Darius Farman

Summary

Citizens' awareness of EU leaders is low. This lack of familiarity fosters the impressions of impersonal and hostile institutions; conversely, it hinders the development of trust between the EU citizens and EU political institutions, which is one of the fundamental conditions for the exercise of a legitimate and efficient political power. This policy paper advocates new communication strategies to boost media coverage and awareness of EU leaders. In particular, it puts forward a reform of the president of the European Commission's annual *State of the Union Address* (SOTU). In comparison with the American State of the Union speech, followed every year by millions of Americans, the EU's SOTU receives 45 times less media coverage. The lack of a unified European public sphere should encourage the Commission to reach out to its Member States' public spheres. The two policy options discussed in this paper suggest for the Commission to build partnerships with national media outlets to untap the SOTU's unexploited potential and develop together innovative communication formats. By giving a face to the EU, a reform of the SOTU would effectively "bring the EU closer to its citizens" and ultimately improve the EU's democratic credentials.

1.1 A faceless EU? The case for identification

In the frame of this paper, a reform of the *State of the Union Address* is put forth. The State of the Union Address (hereafter *SOTU*) is the annual address of the President of the European Commission (hereafter *PEC*) to the European Parliament (hereafter *EP*). The short-term goal of such a reform is to improve media coverage of the PEC, while the long-term goal is to contribute to the reduction of what is known as the EU's *democratic deficit*. The target audience of this paper is the Directorate-General of Communication of the European Commission (DG Comm) as well as the Cabinet of the PEC.

To declare nowadays that the EU suffers from a democratic deficit has become a trite commonplace. While objective factors such as electoral or governance flaws are often emphasised,[1] another important dimension of this deficit is of subjective nature. This dimension most often appears in claims highlighting the sense of *remoteness* of EU institutions, often described as *ivory towers*. This feeling of disenfranchisement is associated with the common depiction of the EU as a bureaucratic many-tentacled monster, devoid of any recognisable features. The pervasiveness of these images reflects the difficulty many EU citizens have to *identify* and *identify with* EU institutions perceived as deeply impersonal. This "identification gap" in turn fuels the democratic deficit and indirectly contributes to the rise of radical Euroscepticism that has been sweeping across the Union, from the increasing popularity of political parties such as *Le Front National* and *Alternative für Deutschland* to more drastic events such as *Brexit*.

1 Bellamy, R. (2006). Still in deficit: rights, regulation, and democracy in the EU. *European Law Journal*, 12(6), 725-742; Follesdal, A., & Hix, S. (2006). Why there is a democratic deficit in the EU: A response to Majone and Moravcsik. *JCMS: Journal of Common Market Studies*, 44(3), 533-562.

It is time to give a humane face to the EU. Unlike a plethora of policy proposals which require politically unrealistic changes in the current context (such as treaty change), this paper advocates a piecemeal and cost-efficient approach, by reforming a single practice–The PEC's annual *State of the Union Address*–with an important yet unexploited potential. By transferring the *State of the Union Address* from the European to the national level, one can meaningfully contribute to a mitigation of the identification gap and, as a result, provide a face to the European Union for an excellent cost-benefit ratio.

This "identification gap" in turn fuels the democratic deficit and indirectly contributes to the rise of radical Euroscepticism.

1.2 Who's the president?

1.2.1 The big picture – A media coverage problem

The identification gap can be empirically observed. According to the most recent Eurobarometer data, 60% of EU citizens do not feel sufficiently informed about the EU.[2] Interestingly, this information deficit is not limited to institutional features of the EU or current issues, but also concerns recognition of key public figures. The newspaper *The Guardian* found in 2016, in one of the large-scale surveys conducted shortly before the Brexit referendum, that as many as 50% of the respondents stated they had never heard of the PEC Jean-Claude Juncker, "even when prompted". Worse figures were even found for other top figures, with only 20% having heard of the then-EP president Martin Schulz.[3] According to a study on 2014 EP elections and based on survey data covering 15 EU countries, only 13% of respondents could name a candidate running for a EP seat, and 8% in regards to a European political party.[4]

50% of the respondents stated they had never heard of the PEC Jean-Claude Juncker, "even when prompted".

Unfortunately, the lack of citizen knowledge of top EU figures is poorly documented by transnational polls. In the last years, the Eurobarometer has simply asked respondents whether they had already "heard of the European Commission",[5] a rather lenient item whose 85% of positive answers are probably more comforting than the *Guardian's* scores. This figure also reveals the chasm between EU citizens' awareness of EU institutions as opposed to top EU figures. This gap illustrates how impersonal the well-known institutions such as the Commission may come across to EU citizens.

This lack of political knowledge has far-reaching consequences. It hinders the formation and the consolidation of trust between the rulers and the ruled. Similarly, the limited identification of top EU figures is another obstacle for the development of a sense of European belonging.[6] Bringing top EU figures back in the public eye does matter. In the same way that various theories of European integration explain the increase of trust and cooperation following growing social interactions among political

2 Standard Eurobarometer, Autumn 2016, *Media use in the European Union* report. p.33.

3 https://www.theguardian.com/politics/2016/mar/20/britons-on-europe-survey-results-opinium-poll-referendum

4 Lacey, J. (2017). *Centripetal Democracy: Democratic Legitimacy and Political Identity in Belgium, Switzerland, and the European Union*. Oxford University Press. P. 98.

5 http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Chart/getChart/chartType/lineChart//themeKy/7/groupKy/7/savFile/194. The same question is asked about other EU institutions.

6 Or a European *demos* as it is often framed in the academic literature. See for instance Bellamy, R., & Castiglione, D. (2013). Three models of democracy, political community and representation in the EU. Journal of European Public Policy, 20(2), 206-223.

elites, the strengthening of trust between the rulers and the ruled cannot be expected without a growing presence of top EU figures in the European public spheres, along with Member States' national leaders. Whether democracy should personify leaders or not is a normative question; it cannot, however, be doubted that the personalisation of politics has become an essential feature of contemporary European societies.[7]

How can EU citizens' exposure to top EU figures be increased? According to the Eurobarometer, TV and Internet constitute the main sources of information for EU citizens on EU matters.[8] National mainstream media feature very few appearances of EU figures.[9] This scarcity trickles down to social media since a large share of the content available on these platforms originates from news websites.[10] At its roots, the lack of political knowledge suggests a media coverage problem.

The strengthening of trust between the rulers and the ruled cannot be expected without a growing presence of top EU figures in the European public spheres.

1.2.2 Under the magnifying glass – The State of the Union Address

The State of the Union Address (SOTU) given each year by the PEC to the EP is undoubtedly an excellent example of the lack of media coverage on one of the most important top EU figures as well as a very good starting point for the mitigation of this problem. It will constitute the focus of this paper.

1.2.2.1 The SOTU

The definition and legal basis of the SOTU are provided by Art. 5 of Annex IV of the *Framework Agreement on relations between the European Parliament and the European Commission* (hereafter *Framework Agreement*), which was revised in 2010 in the wake of the entry into force of the Lisbon Treaty. The provision reads as follows:

"Each year in the first part-session of September, a State of the Union debate will be held in which the President of the Commission shall deliver an address, taking stock of the current year and looking ahead to priorities for the following years […]."[11]

So far, eight SOTU have been held. The first SOTU dates back from September 7, 2010, while the last one was given on September 12, 2018, by Jean-Claude Juncker.[12] The address usually consists of a presentation of the policy areas considered as priorities and several legislative proposals, punctuated by catchphrases specifically designed for media headlines, tweets and the like. For the EP, the subsequent debate offers the "possibility to participate actively in political programming" and is an instrument of "*ex-ante* accountability". Besides the SOTU, the EC's accountability to the EP is ensured by oral or written questions and answers, commit-

7 Refer to the historical research carried out by Prof. Pierre Rosanvallon. (http://www.college-de-france.fr/media/pierre-rosanvallon/UPL4769540654564084666_0789_0804_Rosanvallon.pdf , http://www.college-de-france.fr/media/pierre-rosanvallon/UPL7411896584074287097_675_700_Rosanvallon.pdf)

8 In the most recent Eurobarometer round, 72% of respondents indicated TV as their main source of information on EU political matters and 54% as their primary source. Standard Eurobarometer, Autumn 2016, *Media use in the European Union* report. pp.43-50.

9 There are a handful of specialised TV channels, Euronews in particular, but their audience is usually much smaller.

10 See for instance: http://www.pressgazette.co.uk/news-websites-account-for-nearly-half-of-all-social-media-engagements-with-uk-content-analysis-shows/

11 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:304:0047:0062:EN:PDF

12 There was no SOTU in 2014.

tees of inquiry, budget discharge and the possibility to vote a motion of censure.[13]

In addition, the SOTU is an opportunity for EU institutions to communicate about Europe to EU citizens. The EP thus aspires through SOTUs to "[render] the definition of priorities at EU level more transparent and at communicating those priorities to citizens",[14] while the EC describes the SOTU as an event in which "the President [...] sets out how the Commission will address the most pressing challenges the European Union is facing."[15] Besides the SOTU, the EU's main public relations (PR) tools are, *inter alia*: traditional press services, contact points in all Member States' capitals, a free hotline (*Europe Direct*), a website (*Europa*), local debates throughout the EU (*Citizens' Dialogue*) and social media engagement. Except for the Citizens' Dialogues, to which this paper will come back to, the SOTU is the only systematic PR tool that creates a direct and genuine link between the PEC and EU citizens.

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1.2.2.2 Problems faced by the SOTU

As reflected by the last section, the SOTU as it currently stands suffers from the unclarity about its ultimate goal and its target audience.

At its core, the SOTU fulfils an interinstitutional function at the level of EU institutions–a *horizontal* function that satisfies a legal obligation. However, the way in which both the EP and the EC frame the event highlights a broader ambition of the SOTU to reach out to EU citizens, in order to increase the accountability and transparency of EU institutions–a *vertical* function that goes beyond the requirements laid down in the Framework Agreement.

In many respects, the combination of both functions indeed seems necessary, as the fulfilment of the horizontal function alone can hardly be expected to generate enough democratic accountability. Firstly, the parliamentary practice of a debate between the executive and the legislative branches of government does not fit the EU's institutional design as the European Parliament represents the Member States' peoples and not a European people and the Commission only has some of the features of a nation-state government. Secondly, such debates draw a substantial part of their *raison d'être* from the fact that they are followed by citizens and generate public debates which contribute to a healthy and functioning democracy.[16] This is why the SOTU must fulfil a vertical function if it is to boost EU legitimacy.

However, the SOTU cannot be expected to efficiently carry out these two functions together in its current configuration. This argument is further developed in the remainder of this section.

The ambitions of the SOTU, reflected by the way this event has been framed, might indeed exceed what could realistically be achieved in the context of the

13 http://www.europarl.europa.eu/RegData/etudes/BRIE/2017/608678/EPRS_BRI(2017)608678_EN.pdf

14 http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/565909/EPRS_BRI(2015)565909_EN.pdf

15 http://europa.eu/rapid/press-release_IP-17-3164_en.htm

16 In that respect, this paper relies on *deliberative democratic* normative principles such as those developed in the works of James Fishkin, Joshua Cohen or Jürgen Habermas. For further details, refer to Bohman, James, & Rehg, William (eds.) (1997). *Deliberative democracy: Essays on reason and politics*. MIT Press.

Union. One immediate aspect in that respect is the labelling of the event: its name and concept heavily draw on the United States of America's State of the Union Address.[17] The US State of the Union is an annual practice dating back to 1790 and broadcast nationwide since 1923.[18] Today, it is live broadcasted in the evening (9PM EST) by virtually all major news TV and radio channels (over 12[19]), with viewing figures systematically reaching over 30 million. In the meantime, only a handful of specialised TV channels[20] cover the EU's event live, usually at 9AM CET. A quick overview of YouTube figures also reveals the chasm between the two speeches: approximately 50'000 views for the EU vs. approximately 2'255'000 views for the US, i.e. a factor of 45.[21]

A quick overview of YouTube figures also reveals the chasm between the two speeches: approximately 50'000 views for the EU vs. approximately 2'255'000 views for the US.

Consequently, labelling it in the exact same way as the US SOTU paves the way for misfortunate comparisons. Since this labelling puts the SOTU on an equal footing with its US counterpart, which plays a major role in the US and arguably world politics and is followed every year by dozens of millions of citizens, the EU SOTU might come across to journalists or political observers as a failure or as an insignificant event, even though it should never have been compared with the US SOTU in the first place. As the PEC Juncker put it:

"This is not the United States of America, where the President gives a State of the Union speech to both Houses of Congress, and millions of citizens follow his every word, live on television [...] We are not the United States of Europe. Our European Union is much more complex. And ignoring this complexity would be a mistake that would lead us to the wrong solutions."[22]

Ironically, the fact the PEC explicitly compared the EU and US SOTU during an EU SOTU highlights how problematic the identical labelling is.

Thus, by framing the SOTU in such a way, the EU contributes to the emergence of yet another "capability-expectations gap"[23]. Unlike the USA, the EU does not have a unified public sphere, the same media impact, or the same sort of president giving the speech.

Furthermore, the SOTU seems to remain extremely technical in its content. This factor, which clashes with the framing of the SOTU as a transparent and didactic action for European citizens, is likely to curb attendance rates. Indeed, the tension between interinstitutional and PR communication objectives does not seem to bode well for the second

17 http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/565909/EPRS_BRI(2015)565909_EN.pdf

18 http://history.house.gov/Institution/SOTU/State-of-the-Union/

19 http://www.idigitaltimes.com/obama-state-union-address-live-stream-what-time-where-watch-online-plus-14-tv-408985

20 Notably *Euronews, Europe by Satellite and Europarltv.*

21 Those rough figures are obtained by summing up views of all videos of the full 2016 *State of the Union addresses*. The keywords used were "2016 State of the Union Juncker" and "2016 State of the Union EU", as well as "2016 State of the Union Obama" and "2016 State of the Union US", respectively. Those figures do not mean to be accurate estimates of the exact attendance but are a measure of the wide differences between the SOTU and its US counterpart.

22 https://publications.europa.eu/en/publication-detail/-/publication/c9ff4ff6-9a81-11e6-9bca-01aa75ed71a1

23 The capability-expectations gap is a concept that emerged in EU studies to describe the gap between the rhetoric commitments and the actual capacities to reach stated goals. Hill, C. (1993). The capability expectations gap, or conceptualizing Europe's international role. JCMS: Journal of Common Market Studies, 31(3), 305-328.

category, as commented by several news media in the past,[24] and observed by the EP itself in a 2015 report.[25] This acknowledgement is empirically confirmed by a study of the messages tweeted during the 2016 SOTU, which finds that almost all interactions related to the Address come from journalists or from the "Brussels bubble".[26]

Any solution to improve citizen media exposure to EU leading figures should take into due consideration the complex, multi-level nature of the EU.

In conclusion, while fulfilling its *horizontal* function, the SOTU falls short of EU institutions' aspirations to establish a direct, vertical link between the PEC and EU citizens. Any solution to improve citizen media exposure to EU leading figures, including the PEC, should avoid statist benchmarks, such as the US, and take into due consideration the complex, multi-level nature of the EU.

1.3 Reconciling or decoupling? Discussion of policy options

In the frame of this section, two policy options with respect to the SOTU are developed. It must be borne in mind that the SOTU as it currently stands seemingly attempts to achieve two different goals. On the one hand, it is legally required to fulfil a horizontal and *institutional function* at the level of EU institutions, strengthening the accountability of the EC to the EP as well as the central role of the PEC. On the other hand, it aspires to fulfil a *vertical* and *outreach function* from EU institutions to EU citizens beyond the Framework Agreement requirements. The remainder of this section takes into account both dimensions and provides two different policy options in that respect: Improving media exposure of the SOTU (*reconciling* option) or transferring the SOTU from the European to the national level (*decoupling* option).

It is crucial that the SOTU emphasises broad political visions and orientations with which even EU citizens with little knowledge of the workings of the EU can identify with.

1.3.1 The reconciling option – Increase media exposure

1.3.1.1 Action

Following this option, the SOTU is rebranded and becomes a full-fledged address to EU citizens with less technical content accessible to a broader audience. Simultaneously, its media exposure potential must be significantly increased in order to turn it into a truly European-wide event.

1.3.1.2 Rationale

If the vertical function of the SOTU is privileged, it is crucial that the SOTU emphasises broad political visions and orientations with which even EU citizens with little knowledge of the workings of the EU can identify with. Since the SOTU remains a legal obligation of the EC towards the EP, the SOTU cannot, however, become a pure PR action; a solution to this issue would be to transfer, as much as possible, the horizontal function to a technical Q&A session and debate at the end of the SOTU in order to free up the address of the PEC.

24 http://www.voxeurop.eu/en/content/press-review/4138511-barroso-leaves-public-unconvinced

25 "In this context, several commentators have demanded less technical State of the Union speeches, which can engage European citizens and contribute to re-establishing trust in the EU and its institutions". cf. http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/565909/EPRS_BRI(2015)565909_EN.pdf

26 http://www.saper-vedere.eu/soteu-fr-analyse/

A second issue that should be tackled is the lack of attendance. Since a pan-European media space does not exist as such, it is imperative to reach out to the Member States' national public spheres. The fact the SOTU in its present form is already available in all official languages of the Union makes such undertaking easier. National media outlets must be used as national-level relays for the EU. In that regard, the main national TV channels should be persuaded to broadcast the event. Given that most of them have not broadcast the SOTU in the past, the returns they expect from such a broadcast is probably deemed insufficient. The concept could, however, be significantly enhanced to meet national media requirements. A common format could thus be established for the show, for example with a coordinated broadcast of the SOTU in all Member States in the evening (and not at 9AM)[27], followed by a Member State-specific talk show. For this second part, one could even imagine the interview of Commissioners or MEPs in their home State by journalists and/or a panel of EU citizens, which would allow mediatising both the PEC and other European-level political figures. These are only examples of PR concepts that could be developed in order to implement the *reconciling* option.

Besides cooperating with national media (especially the main TV channels), the implementation of this option requires a revision of the *Framework Agreement* and is arguably rather in the favour of the EC, which has its President brought into the limelight. Although negotiations with the EP are necessary and might be sensitive, it would be surprising if the EP would *in fine* actively block a proposal meant to increase the transparency of EC's action. One potential solution, albeit not devoid of issues, would be to associate the president of the EP to the SOTU. Finally, both institutions would have to factor in the sensitivities of the Member States, which might be reluctant to an increased visibility of the EU in domestic politics.

As underlined in Section 2.2.2, a change in the name of the SOTU is likely to bolster its legitimacy and credibility. Such a change would require a revision of the *Framework Agreement* and is arguably not against the interests of any institution. The framing of the event should be correspondingly adjusted too.

Parsimonious in its approach, unlike the *decoupling* option sketched out in the next option, the reconciling option nonetheless suffers from the legal constraints the SOTU faces by virtue of the EP-EC framework agreement. Moreover, it remains a rather unusual practice in European political culture, whose format is not necessarily accessible to a laypeople audience. It sits somewhat on the fence, between its supranational setting and its national implementation, and its vertical and horizontal functions.

1.3.2 The decoupling option – Combining SOTU and Citizens' Dialogues

1.3.2.1 Action

Following this option, the current SOTU would be rebranded and fully focused on the fulfilment of its horizontal function. Simultaneously, the vertical function of the current SOTU is decoupled from the address to the EP and transferred to new events at the Member State level, following a system of rotation between the 27 national capitals. In order to

27 A trade-off between live and pre-recorded broadcast might arise due to the legal difficulty to convene the plenary EP in the evenings. A broader and therefore more complex revision of the SOTU's legal bases would otherwise be required.

create synergies, these new events could build upon and replace the *Citizens' Dialogues* the EC is regularly organising.

1.3.2.2 Rationale

The *decoupling* option, because it takes stock of the current impossibility to generate a pan-European media space, seeks to literally bring the EU closer to its citizens by having PEC's speeches that were part of the SOTU regularly organised in each Member State.

This set of measures does not amount to killing the very concept of the SOTU. Rather, it argues that the rigid framework currently regulating the SOTU does not provide the necessary space for the vertical function to be fulfilled at its best. Furthermore, in the absence of a European unified public sphere, it recognises the challenge of connecting with EU citizens by means of a single, European-wide event. Consequently, it embraces the complex and multi-level nature of the EU and seeks to implement a plurality of SOTUs in order to effectively reach out to EU citizens. Outreach matters because it strengthens the EU's accountability to its citizens and, following the premises of deliberative democracy, creates citizen spaces for political deliberation which in turn contribute to the well-functioning of democracies.

Instead of designing an entire PR concept from scratch, this paper suggests to build upon and replace the EC's *Citizens' Dialogues*, another instrument in use since 2015. *Citizens' Dialogues* are public events regularly organised throughout the EU, in capital cities as well as other cities, which feature diverse EU political figures, mostly EU commissioners. They are similar to the townhall debates organised in some US states, to which any citizen is entitled to participate.[28] They usually take the form of a public intervention by EU guest speakers followed by a debate and Q&As with the public.[29] According to the EC, 129 dialogues in 80 cities have been held so far.[30]

However, the *Citizens' Dialogues* format also has some weaknesses. Among other things, it mostly features the participation of EU commissioners, and only rarely the participation of the aforementioned top EU figures such as the PEC. In particular, it does not have the same media outreach capacities as TV shows broadcast on a Member State's main channel.

Therefore, combining the assets of the SOTU and of the *Citizens' Dialogues* can be considered an economical approach enabling beneficial synergies. Like the *reconciling* option, this approach relies on national media outlets. But instead of an EU-level event relayed by national media, it consists of a unique address to the Union given from a specific Member State and adjusted to the national political agenda, which would be broadcast by national media but potentially also be available for broadcast by other Member States' media. Building on the *Citizens' Dialogues*, a potential format could be an address by the PEC followed by discussions and debates with a panel of EU citizens and journalists. The online PR actions experimented by the Commission in the last years should be integrated into this wider format.[31] Each SOTU would thus be tak-

28 Mansky, Jackie (2016). "The History of the Town Hall Debate", *Smithsonian Mag*, 6 October. Available online: <https://www.smithsonianmag.com/history/history-town-hall-debate-180960705/>.

29 https://ec.europa.eu/info/events/citizens-dialogues_en

30 https://ec.europa.eu/commission/sites/beta-political/files/citizens-dialogues-future-europe_en.pdf, p. 11.

31 The PEC indeed gave YouTube interviews after the last two SOTUs, which carry both risks and opportunities (cf.http://www.liberation.fr/france/2016/09/23/juncker-youtube-making-of-

ing place in another Member State, in the form of a *tour des capitales*. While a common name subsuming all these events is required in order to highlight the Union-wide nature of the process, the practical implementation from one Member State to another can vary, thus offering greater flexibility and allowing taking into account Member State's specificities. The extent to which the European Broadcasting Union, operator of Eurovision, could be tasked to develop the overarching concept of this political show remains to be assessed.

In any case, one of the most promising blueprints for this new SOTU is the *Citizens' Dialogue* that took place in Ljubljana, Slovenia, on March 2, 2017. This event *simultaneously* featured as guests the PEC Jean-Claude Juncker, the Slovene Commissioner Violeta Bulc and the then-Slovene Prime Minister Dr Miro Cerar. Moreover, while the Dialogue took place with approximately 450 guests, it was also simultaneously broadcast on national TV[32]. This format could serve as a promising starting point for the development of a fully-fledged and brand-new SOTU, in which the co-participation of EU and Member States' leaders would emphasise the two-level nature of the EU and would contribute to decreasing the demonisation of the EU in many Member States.

Since 27 SOTUs in the same year do not seem like a realistic amount of work for the PEC, three solutions could be explored. (a) The first solution would be a rotation system among different Member States over two or three years, to decrease the number of SOTUs from 27 per year to 14 or 9 per year. Such a system should ensure that each region of Europe, broadly construed, hosts at least one SOTU a year (e.g. at least one each year in the Baltic states or in Benelux). (b) The second solution would be to have different EU presidents visit the capitals each year. Addresses alternatively given by the PEC, the President of the EP and the President of the European Council would decrease the number of SOTUs by president to 9 per year while ensuring that each Member State is exposed at least once a year to a top EU figure.[33] (c) Finally, the third solution would be to distinguish, on an objective demographic basis, "big" Member States where a PEC's address should take place every year from "small" Member States where a PEC's address would take place less regularly.[34]

The advantages of the *decoupling* option are an easier implementation from the perspective of national media outlets which are likely to consider such a format more conductive than a mere relay of an EU event. In particular, the appearance of the PEC on a Member State's main TV channel(s) is expected to generate maximal media coverage and the best outcome in terms of raising EU citizens' awareness and familiarity with top EU figures.

The appearance of the PEC on a Member State's main TV channel(s) is expected to generate maximal media coverage.

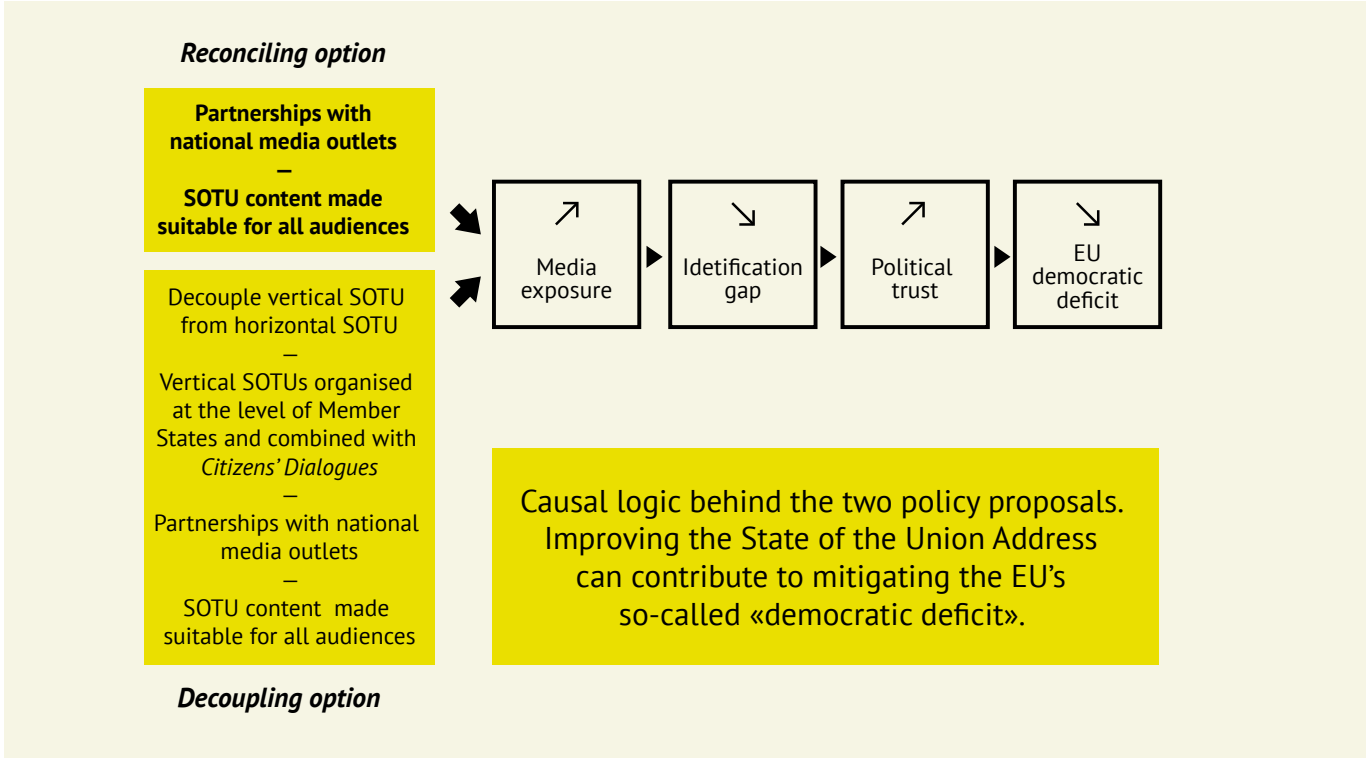
This option is not, however, devoid of criticisms. A

d-un-fiasco_1508062; http://www.euronews.com/2017/09/14/three-youtubers-interview-president-juncker-live-on-euronews.

32 https://ec.europa.eu/info/events/citizens-dialogues/citizens-dialogue-ljubljana_en

33 Whether this solution positively embraces the complexity of the EU or complicates the embodiment of the EU from the perspective of EU citizens remains to be assessed.

34 On the other hand, replacing the appearance of the EU leader by solely a EU commissioner is not expected to solve the problem, since EU commissioners usually already have a relatively higher media coverage in their home state.



first challenge is its relatively heavy burden on top EU figures. While three solutions to mitigate this problem have been sketched out above, it should be borne in mind that further involvement of top EU figures seems inevitable if the goal is to raise citizen awareness. A second challenge is the threat posed to the Member States' political leaders by a stronger presence of top EU representatives at the national level, including *inter alia*, a symbolic relativisation of their power vis-à-vis EU leaders (it is for example far from certain that the German Head of Government would accept to participate as an equal to the PEC in a TV show), a challenge to their political agenda, or a reduction of their room of manoeuvre in the implementation of EU law or agendas. The implementation of the *decoupling* option would, therefore, require great diplomatic skills by EU institutions and a willingness to compromise and take into account the concerns of national heads of state or government.

Finally, as with the *reconciling* option, a change in the name of both SOTUs (to the EP and to EU citizens) is likely to bolster their legitimacy and credibility. If the labelling and framing of the new SOTU should be the same across the Member States, it should differ from that of the interinstitutional mechanism and have an identity of its own, more suitable to the achievements of its objectives. Except for this minor change, the *decoupling* option does not need legal adjustments. As underlined, the challenge is rather of political nature as it requires bilateral negotiations with the Member States' Heads of State prior to any SOTU, in order to respect their political sensitivities and agendas–nothing really new for an EU leader.

1.4 Conclusion

1.4.1 Synthesis

Citizens' awareness of top EU figures is low, especially in comparison with Member States' political leaders. This lack of familiarity fosters the impressions of bureaucratic, impersonal, and ultimately hostile institutions; conversely, it hinders the development of trust between the EU citizens and the EC, which is one of the fundamental conditions

for the exercise of a legitimate and efficient political power. Thus, improving the media coverage of top EU figures, and of the PEC in particular, contributes to the global efforts in the mitigation of the EU's democratic deficit.

This paper has explored various ways of improving the visibility of the PEC through a reform of the State of the Union Address (SOTU). The strategy of using the SOTU as a starting point is adopted because it is parsimonious; it highlights the existence of yet unexploited potential and spares policy-makers the task of building a whole new concept.

Beyond the misguided alignment of the SOTU with its US counterpart, the other issue highlighted in this paper is the tension between the goals of the SOTU, which tries to simultaneously fulfil both a horizontal and a vertical function. This tension serves then as a cornerstone for the discussion of the policy options.

1.4.2 Policy recommendations

Based on the policy options discussed in Section 3, the recommended course of action is the *decoupling* option. Though ambitious, the decoupling of the horizontal and vertical dimensions of the SOTU maximises the fulfilment of both functions. Furthermore, there are various ways of limiting the costs of the *decoupling* option to reasonable levels. Therefore, the following steps are recommended:

- *Change the name of the SOTUs*. The PEC's address to the EP should be labelled in a different way in order to avoid illegitimate and counterproductive comparisons with the US SOTU. Similarly, the PEC's addresses to European citizens should avoid this name.
- *Establish regular national-level addresses by the PEC*. The PEC should undertake a *tour des capitales* throughout their mandate and address EU citizens on TV and social media, if possible with the cooperation of national media.
- *Merge these events with Citizens' Dialogues, with the 2017 Slovene Citizens' Dialogue as a model*. By combining these addresses with the *Citizens' Dialogues*, the EC could save both time and financial resources and deliver more in terms of impact. The Citizens' Dialogue that took place in Ljubljana in March 2017 is a blueprint in the sense that it gathered the PEC as well as the Slovene PM and Commissioner, and was simultaneously broadcast on national TV. Such a format could provide the basis of a new Citizens' Dialogue that would fulfil the vertical function of the SOTU.
- *Prioritise Public Relations activities*. Accordingly, PR resources and goals should be spent on the new Citizens' Dialogues rather than on the PEC's address to the EP.

1.4.3 Concluding thoughts

It goes without saying that the set of actions discussed in this paper are no panacea; they simply contribute to the global efforts that must be undertaken in order to mitigate the *democratic deficit* issue. Echoing recent initiatives at EU level, such as Emmanuel Macron's stalled project of *democratic conventions* across the EU, it draws on one of the EU institutions' current mantra to "bring the EU closer to its citizens". This is what a reform of the SOTU could achieve by giving a face to the EU and some familiarity to otherwise impersonal and "distant" institutions. Undoubtedly, such a reform could noticeably shrink the gaping chasm between

the rulers and the ruled. Who remembers media coverage on European leaders in national media environments? At least, anyone else than those of their home country? The Union needs faces to embody it, specifically, it needs some tangibility. Exporting the SOTU to the Member States would contribute not to its fragmentation but, on the contrary, to its invigoration.

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1.6 Annexe

1.6.1 Glossary

PEC	President of the European Commission,
EC	European Commission
EP	European Parliament
EU	European Union
SOTU	State of the Union Address

2 Closing the implementation gap – Involving the communities and businesses of the EU in informing Europe's next 10-year strategy

Alexander Mäkelä

Summary

Having only recently started coming out of a 'lost decade', the European Union is in need of forward-looking plans and connecting with a population that is increasingly voicing concerns about the direction of Europe. As the 'Europe 2020' strategy nears its end, it is high time to consider its successor and how it could be better ideated and implemented. This is an opportunity to involve those stakeholders who often go unheard in long-term planning and those with a greater knowledge of the local challenges and potential solutions. This paper explores the idea of leveraging public consultations, a used yet underutilized tool, on a European scale to build further bridges between the European Union's next 10-year strategy and the drivers of European development. In Europe's case these drivers consist of communities (towns and cities) and the millions of smaller- and medium-sized enterprises that make up the continent's economic activity. With greater involvement of these stakeholder and a stronger sense ownership of European Union's next strategy, the European Union is better poised at creating and implementing an impactful strategy for the decade to come.

2.1 The European Union stands at a crossroads

Having only recently started coming out of its own 'lost decade', social and political forces are pressuring the European Union (EU) for reforms. The need for coordination between the EU and its Member States has never been as important as it is today. Not only for the sake of ensuring the prosperity of the integrated economies and avoiding future volatility, but also to allow the people of Europe to regain a truer sense of ownership of the European project – especially after so many have felt left behind during the past decade. Coupled with this, efforts against Euroscepticism are undermined by misinformation and often worsened by poor communication. High-level meetings in Brussels rarely reach the ears of everyday citizens and the opportunities to feel involved with the EU are not as plentiful as could be. The question is not whether the EU should reform but how it ought to come about.

At the same time, we are moving closer towards the end of the EU's 'Europe 2020 Strategy', a decade-long development strategy aimed at making the EU more competitive, sustainable, and socially prosperous. This plan has, with EU-level targets, focused on increasing employment, boosting research and development, addressing climate change and fostering renewable energy, and actively combating poverty and social exclusion. It has served as a reference framework for the EU's Member States and fed directly into both EU and national activities.

While the EU faces many challenges, it is now presented with an opportunity. The lead-up to Europe 2020 successor is high time to consider the means by which European development strategies can be improved. This paper will argue that the EU needs

a dual-purpose approach that both galvanizes its population and the wider economy – an opportunity which could be seized by using a new large-scale public consultation process compatible with current EU mechanisms. An opportunity focusing extensively on Europe's micro, small and medium-sized enterprises (SMEs), and cities and smaller communities as a means to better ideate, develop and support the implementation of the EU's next 10-year strategy.

High-level meetings in Brussels rarely reach the ears of everyday citizens and the opportunities to feel involved with the EU are not as plentiful as could be.

2.2 The Union's mandate – a story of halves

The timing for more ambitious public consultations relating to the future economic and social development of the EU could not be better. Perception of the European project shows a mixed yet improving picture. In 2017, 27,901 EU citizens interviewed across all Member States showed that a slight majority wanted the EU to intervene more in all 15 of 15 policy areas tested[35] compared to 12 of 15 as seen in a similar survey held in 2016.[36] This answer leans towards an increasingly positive mandate for EU action but at the same time lack of confidence persists. When asked whether EU Membership is good, only 57% of respondents answered yes in the most recent Parlemeter (Sep.-Oct. 2017). The same survey also showed that 44% responded that the EU is going in the wrong direction as opposed to a mere 31% who thought the EU is going in the right direction. Perhaps more importantly, up to 48% of people surveyed felt that their voices do not count in the EU.[37] This highlights an area for improvement in that current means of social participation in EU-level decisions is simply not enough - requiring new ways for engagement to tip the balance and capture the momentum of the EU's improving image.

The timing for more ambitious public consultations relating to the future economic and social development of the EU could not be better.

2.3 Public consultation – an underutilized tool

Public consultations are by no means a new tool. In attempts to gain insight into what stakeholders and citizens feel about reforms, legislative proposals, and other initiatives, the European Commission and many Member States hold public consultations. However, as it stands, consultations on the EU level have several limitations.

The EU's primary consultations, which are conducted by the European Commission, typically last 3 months. Currently, they are very much created in a 'build it and they will come' fashion, in that they are publicized and expected to draw in a rich range of relevant stakeholders. However, considering the sheer scale of the EU, input to consultations can often be low - both in terms of volume and diversity. For instance, in a consultation on modernizing and

35 DG COMM, Public Opinion Monitoring Unit (2017). *Europeans in 2017: Two years until the 2019 European Elections*. [online] European Parliament, p.13. Available at: http://www.europarl.europa.eu/pdf/eurobarometre/2017/2019ee/Two_years_until_the_European_Elections_PPT.pdf [Accessed 26 Apr. 2018].

36 European Parliamentary Research Service (2016). *Exploring the expectations gap*. Public opinion and EU policies. [online] European Parliament. Available at: http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/586596/EPRS_BRI%282016%29586596_EN.pdf [Accessed 26 Apr. 2018].

37 DG COMM, Public Opinion Monitoring Unit (2017). *A Stronger Voice Citizens' view on parliament and the EU*. Parlemeter. [online] Available at: http://www.europarl.europa.eu/external/html/parlemetre/eb88_v2.pdf [Accessed 26 Apr. 2018].

simplifying the common agricultural policy, German respondents made up 55.6% of 58,520 respondents compared to the near 0% seen with both Malta and Cyprus.[38] Depending on the policy area, similar stories can be seen across consultations where certain countries or sectors are overrepresented despite policies having wider European implications.

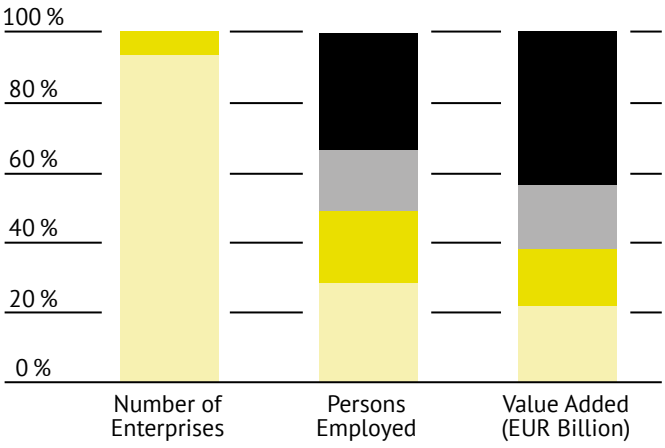
There are many factors that play into this. For one, engagement with many consultations is primarily found with stakeholders who already work with the Commission and/or national authorities. Typically, these stakeholders are 'insiders' with a lobbying presence in Brussels or their home countries, exposure to the EU policy-making process, and/or an awareness of and interest in consultations and forthcoming legislative proposals. Additionally, many consultations can be very specific and technical, further limiting input. Lastly, the common criticism of the EU's outward communication efforts also applies to consultations – many are simply unaware of the opportunity to provide input and the potential impact EU legislation can have on them. If consultations were to be used to support the next 10-year strategy, they would need to be improved with these shortcomings in mind.

Many are simply unaware of the opportunity to provide input and the potential impact EU legislation can have on them.

2.4 European 10-year strategies in review

Before moving on, it is also worthwhile to briefly look at the two previous European development strategies and which shortcomings need to be overcome.

Importance of SMEs in the EU28 (2015)



Definitions 43	Employees	Turnover	Balance Sheet Total
Medium	<250	<€50 million	<€43 million
Small	<50	<€10 million	<€10 million
Micro	<10	<€2 million	<€2 million

Despite improvements between the Lisbon Strategy (which spanned 2000-2010) and the current Europe 2020 strategy (running until 2020), there are still challenges that undermine the efficacy and potential impact of European development strategies – these include:[39]

- Low visibility and awareness among affected stakeholders.
- Implementation gaps existing between higher instances of governance (national governments and European institutions) and local actors (social partners and local authorities).
- Uneven implementation of initiatives and reforms across EU member states due to varying degrees of clarity of national plans and support.

38 ECORYS (2017). *Modernising & simplifying the common agricultural policy*. [online] Brussels: European Commission, p.19. Available at: https://ec.europa.eu/agriculture/sites/agriculture/files/consultations/cap-modernising/summary-public-consul.pdf [Accessed 26 Apr. 2018].

39 Lisbon Strategy evaluation document. (2010). [online] European Commission. Available at: http://ec.europa.eu/archives/growthandjobs_2009/pdf/lisbon_strategy_evaluation_en.pdf [Accessed 26 Apr. 2018].

Together, these challenges are creating difficulties for countries to meet targets. However, despite these issues, there is a silver lining. Europe 2020's mid-term review showed a very strong willingness from social partners to become greater active participants in current and future strategies – leaving room for improvement.[40] But how can the EU better involve social partners and close the implementation gap?

2.5 The EU's constituent parts

The key to improving the EU's next strategy would be to involve those stakeholders who have been relatively unheard, possess the potential for impact, and are close to the challenges facing the EU. This paper would argue that while SMEs and Europe's many communities (be they cities or towns) are already seen as crucial actors within policy discussions, their involvement in the actual policy development process is not comprehensive enough and thereby fails to capture useful information in creating and implementing policy. This is where consultations could help bridge the gap.

Starting with SMEs, which include Micro, Small, and Medium-sized enterprises (European Commission definitions below), there can be no doubt that they are Europe's growth drivers and job creators. In the past five years, SMEs have created around 85% of all new jobs in the EU.[41] With nearly 23 million SMEs – they represent 99.8% of all enterprises, more than 2/3rds of all employment, and generate more than half of the EU's total annual economic value.[42] Combined, these figures show SMEs as vital for Europe's economic and social prosperity.

On the European political scene, many SMEs, but not a majority, are represented via industrial and sectoral trade associations with a high fragmentation of interests between them. While it would be impossible for all businesses to have a voice, trade associations can only go so far. Additionally, many small firms do not have the financial resources, time, or expertise to coordinate amongst themselves or effectively represent their interests in Brussels. Furthermore, larger businesses have access to the resources required to have a more permanent and focused lobbying presence in Brussels - depending on the policy issue and interests, larger firms could leverage their clout against SMEs.

Given their economic and social importance (as most Europeans work for an SME), creating a 10-year development strategy that more fully addresses the challenges facing SMEs would go a long way towards supporting greater prosperity in the EU and strengthening the legitimacy of its policies in the eyes of citizens. By bringing the discussion more directly to SMEs and consulting with them, a drastically larger number of voices would be heard within EU policy-making.

Creating a 10-year development strategy that more fully addresses the challenges facing SMEs would go a long way towards supporting greater prosperity in the EU and strengthening the legitimacy of its policies in the eyes of citizens.

40 Results of the public consultation on the Europe 2020 strategy for smart, sustainable and inclusive growth. (2015). [online] European Commission. Available at: https://ec.europa.eu/info/sites/info/files/europe2020_consultation_results_en.pdf [Accessed 26 Apr. 2018].

41 Growth. (2018). *Entrepreneurship and Small and medium-sized enterprises (SMEs)*. [online] Available at: https://ec.europa.eu/growth/smes_en [Accessed 26 Apr. 2018].

42 SME Recovery Continues. (2016). Annual Report on European SMEs. [online] European Commission. Available at: https://ec.europa.eu/jrc/sites/jrcsh/files/annual_report_-_eu_smes_2015-16.pdf [Accessed 26 Apr. 2018].

A wider consultation process should also focus on another constituent unit, namely public authorities and communities in the form of cities and towns. After all, a well-thought-out development strategy ought to address the intended target group of policies and their impacts, whilst also ensuring proper implementation. Given that most of the EU's population lives in its various urban centers, they make for a highly relevant stakeholder group to focus on. At the same time, Europe's many communities are facing challenges in trying to cope with trends of urbanization, transitions towards 'smart' and 'green' cities, as well as supporting the EU's goal of an upward convergence of Europe's relatively under-developed regions. [43]

	Towns	S Cities	M Cities	L Cities	XL Cities	XXL Cities	Global Cities
Population	5,000–50,000	50,000–100,000	100,000–250,000	250,000–500,000	500,000–1,000,000	1,000,000–5,000,000	> 5,000,000
Number	~8414*	410	261	71	38	24	2

With the EU's population predominantly located in some 800 cities in addition to more than 8,000 towns of varying sizes,[44] urban centers represent a large portion of public and private sector economic activity. Amalgamated, these communities contribute heavily to the goals and targets of EU-level development strategies – making it essential to evaluate how on-the-ground implementation can best be supported. While there are bodies that represent regions and urban centers on the EU level, they face similar challenges to that of SMEs in representing their interests. Providing more extensive opportunities for input via consultation could, therefore, serve to support a strategy with a deeper understanding of their challenges.

While involving SMEs and communities is important, we also need to ask ourselves why they would be interested in participating in an extensive public consultation? Would they have valuable information to provide or have an appropriate level of understanding of the EU and its processes to contribute? Would they see results? After all, EU level policy-making can often be seen as more relevant to multi-national corporations and large actors who deal across borders than it is to local stores or towns. Additionally, with a large scale-consultation, there could also be a fear for participants of not being heard in the masses. With these considerations in mind, it is best to think of this proposed consultation process as an exercise of seeking ways in which the EU and the Member States could provide additional added-value to SMEs and communities rather than as a conventional consultation more relevant to a specific piece of legislation.

The incentive to participate is therefore not a guarantee for each respondent to have a substantial impact on their own, but rather a means to be heard if enough SMEs and communities voice the same concerns.

Obtaining accurate data is crucial to make effective and evidence-based policies and programs. Insights gained on local levels could be analyzed on the different degrees of aggregation (be it regional, national, or European) which in turn inform better legislation and programming at varying levels. The incentive to participate is therefore not a guarantee for each respondent to have a substantial impact on

43 European Commission, (2018). *What is an SME?*. [online] Available at: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en [Accessed 26 Apr. 2018].

44 Cities in Europe: The New OECD-EC Definition. (2012). [online] European Commission. Available at: http://ec.europa.eu/regional_policy/sources/docgener/focus/2012_01_city.pdf [Accessed 26 Apr. 2018]; TOWN: Small and medium sized town in their functional territorial context. (2013). [online] ESPON. Available at: https://www.espon.eu/sites/default/files/attachments/TOWN_Case_Study_Report_-_Cyprus.pdf [Accessed 26 Apr. 2018].

their own, but rather a means to be heard if enough SMEs and communities voice the same concerns. At the very least, it's an additional channel of communication and an exercise in big data that provides up-to-date and multi-dimensional information for policy-makers.

2.6 Policy Recommendation

With the EU beginning work on its next 10-year strategy, it will undoubtedly have elements of public consultations involved, as is the standard for the European Commission. That said, to avoid the aforementioned pitfalls of consultations and improving upon the shortcomings of the current development strategy – the way consultations are used for this purpose needs to be revamped.

With Europe 2020's successor in mind, the European Commission ought to create a separate and large-scale consultation process focused on SMEs and communities – thereby giving them a clear channel of communication that avoids being diluted by other influences. There could be specific criteria for participation. For instance, representative organizations for businesses and/or their constituent members would have to fall under the EU definition of SMEs. Of course, this does not bar larger companies and other important stakeholders from participating and giving input through other channels (or possibly other tailored consultations), instead, these criteria give a greater emphasis on the proportionately overlooked actors that make up Europe.

The consultation process should have three aims in relation to the next 10-year strategy:

1. Conducting a stock-taking of the policies and programs across the EU relevant to SMEs and communities. This would serve to find and highlight best practices. Successful European and national programs should be expanded (and shared if they fit other political economies) while ineffective initiatives ought to be phased out. As such the consultation could help the EU and the Member States to test assumptions on their current policies and programming.

2. Broadening the input pertaining to policy challenges from all societal stakeholders who have a vested interested in Europe's next long-term strategy. The input from the consultation would include both qualitative and quantitative data and would be gathered via surveys, workshops, conferences, and other opportunities to provide ideas and feedback – thereby making the next strategy more representative of communities and businesses.

3. Coordinating EU and national level policy programming prior to the launch of the next strategy – focusing on optimizing upcoming programs and initiatives. With respondents providing insights into their challenges and the resources they currently find helpful; policy and program overlap between the EU and Member States could be more clearly identified. Discussions via workshops and conferences, in addition to analysis of the data, could find potential synergies that improve upon existing work in preparation of the next strategy. Additionally, as part of the consultation and the discussions around it, participants would become more aware of and help improve existing EU programs. Policy gaps could also be addressed by creating greater linkages between the suggested initiatives from respondents and EU funding. For instance, this could mean taking

ideas arising from the consultation process into account when creating calls for proposals within future EU project funding schemes.

2.7 The consultation process in practice

In practical terms, the consultation process could take up to a year and can be envisioned over three phases:

Preparation:

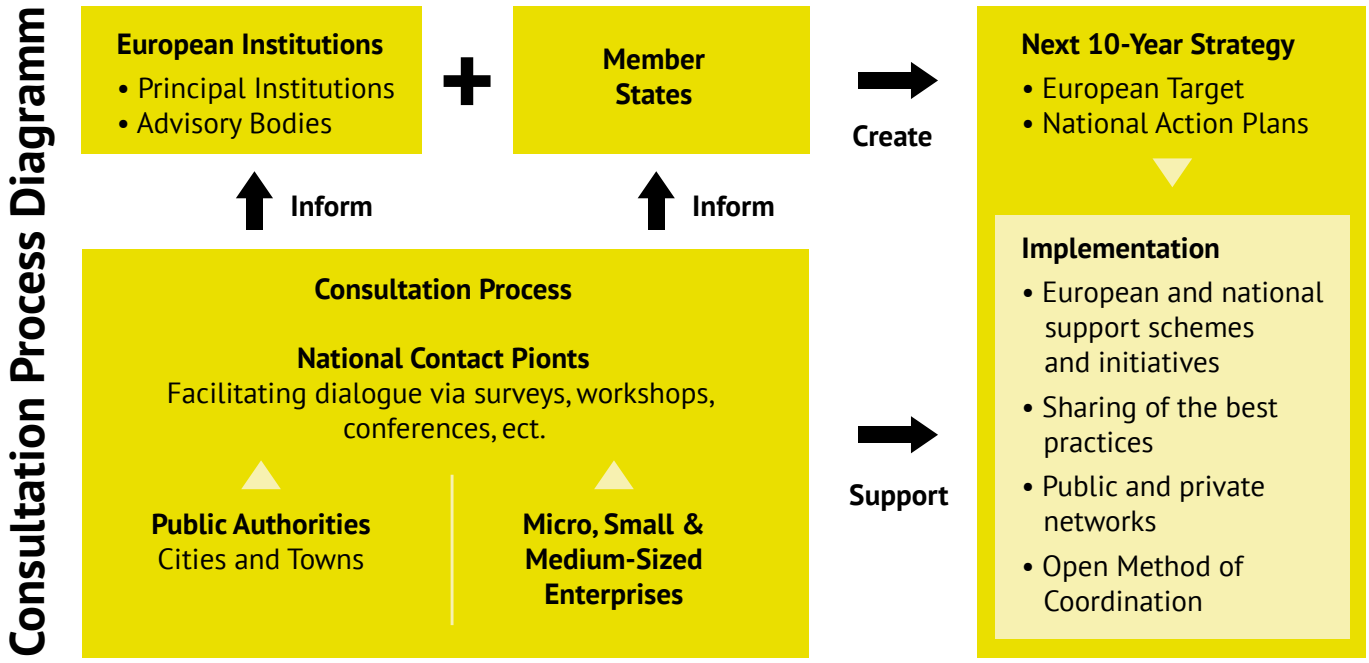
- The European Commission would create an open frame for discussion for the next 10-year strategy, building on its expertise of planning and operating public consultations. It would be based on Europe 2020's mid-term review and institutional insights gained during its operation.

- The European Commission would then, in conjunction with the EU's other principal institutions, advisory and consultative bodies (such as Economic and Social Committee and the European Committee of the Regions), as well as with the help of the Member States, map out and designate National Contact Points. These National Contact Points would be existing organizations who would serve as facilitators for discussion and points for input during the consultation. They could be composed of a combination of national and European business and industrial associations, national governments, and regional bodies for public authorities. It would be important for the EU to check with its partners to make sure that the contact point constellations make sense within each national context and that they have good ties with individual SMEs and communities.

- Prior to launch, the European Commission would work together with the National Contact Points to reach out to relevant local and regional bodies and raise awareness of the upcoming consultation. The key element would be to communicate the consultation's relevance in the upcoming 10-year strategy and allow business owners, employees, and citizens to provide input to the SMEs and communities that they are a part of beforehand. That said, it also important to highlight the boundaries of the consultation. It is not a silver bullet, nor would it supersede other existing policy mechanisms or the competencies of the EU or its Member States. Instead, it would be a supplementary practice that provides relevant information from those stakeholders who often go unheard and who stand to gain the most from tailored policy-making. The value of such policy-making could be found in reduced administrative burdens, the reduction of the duplication of initiatives across Europe, and improved efficiencies of EU programs and their impact on communities and SMEs.

Consultation phase:

- The National Contact Points would hold surveys, host workshops and conferences, and allow for other appropriate means of input. The central focus of the consultation would be to take stock of best practices, broadening the range of input, and leveraging data to improve existing and future policies and programs. Through the different channels of input, SMEs, communities, and involved citizens could voice their thoughts and concerns. It would be very important to make sure these businesses and communities can see themselves within the overall equation that is the EU – that it is made relevant to their trade or profession, or as members of their respective communities.



- The National Contact Points would also during this time gather feedback and spread information about current European and national initiatives, programs, and networks that are relevant to each of the stakeholders. Relevant in the sense of providing potential benefits to organizations based on their size, sector, and function. This could also include offering to link them to relevant EU networks (be they sectoral, regional, etc.) and existing EU schemes and programs that could serve to benefit them. Additionally, it needs to be stated that many participants will not have perfect information of the EU and European policy-making. While some input might be based on faulty assumptions, the consultation process has an immediate added-value of combating misinformation or lack of awareness of EU tools at the disposal of SMEs and communities through information sharing and mediated discussions via the National Contact Points.

Post-consultation:

- From the gathered data, it would possible to identify priorities for businesses and communities within local, national, and European cross-sections. This could provide a basis for further discussion between the European Institutions and the Member States in finalizing the next 10-year strategy.

- Feedback gained during the consultation could highlight success stories and opportunities for cooperation between regions or Member States, potentially giving renewed incentives to use the previously failed Open Method of Coordination[45] originally proposed in the Lisbon strategy.

- Data could also be used by different EU bodies and agencies to improve existing EU programs and initiatives, spawn inspiration for new programs and policies, and ensure a more socially optimal use of EU funds, by, for instance, designing future EU calls for proposals and EU projects with the consultation input in mind.

- Networks and ties created during the consultation (be it through socialization or by design) could also

45 A soft law and voluntary approach of coordination utilizing guidelines and indicators, benchmarking, and the sharing of best practices instead of requiring new or amended laws. The Open Method of Coordination also allows for greater cooperation within policy areas that typically fall under the competence of Member States.

be used as a means of translating the goals of the next strategy into actionable measures – thereby shrinking the implementation gap and helping Member States in achieving the next set of European 10-year targets.

- It would also be possible to publish the data from the consultation as a means of showing the people of the EU that they are being heard, support wider EU public policy research, and to use the data as a base point for comparison at the next 10-year strategy's mid-term review.

2.8 Who stands to gain from a consultation?

By making the next 10-year strategy open for greater input from SMEs and communities, and aiming to make it more relevant for its constituent actors, several benefits are conferred.

First, for the Member States, this approach makes it possible to create European targets and national plans that better reflect reality. Regarding eventual policy implementation, asymmetrical information needs to be properly considered in that the European Institutions and Member States do not always have absolute clarity of the issues at play at all levels of implementation. Information on the ground is often 'sticky', in the sense that recipients of products and services know more about their needs than providers do. Getting this information can be costly and difficult to retrieve, yet this information is important in creating effective solutions.[46] Without it, tailored policy-making and support mechanisms for businesses and communities are more difficult to create. By involving those closest to the problems at hand, not only is the 'sticky-information' issue lessened but it also supports principles of subsidiarity, better use of public resources, and the creation of more socially optimal policies and programs. It also bestows the next EU strategy legitimacy and fights the sense of remoteness from the EU by giving clear opportunities for citizens to voice their business and community concerns. Overall, having a good overview of the challenges on the Member State level through direct feedback from businesses and communities allows for the creation of actionable plans that reflect each political economy – something which would directly benefit the Member States and their actions.

Secondly, for Europe's businesses and communities, this approach would be welcomed in that it stands to give them a greater voice that reflects the impact they have on the EU. We have to face the fact that the EU is ultimately the amalgamation of its constituent parts. As Europe's growth drivers and urban centers, business and communities end up being where policies and programs are implemented – it is therefore important to facilitate dialogue and understand the challenges that currently exist. Through this, it would be possible to create the structures and tools needed to better support these small yet numerous stakeholders throughout the EU. As a result, the continent would be better poised at creating meaningful change. Simply by involving these stakeholders, supporting, and further empowering them, the EU lays the foundation for larger and more systemic change – the type of social impact and tangible difference that can be felt by its population.

Third, on a European level, it should be mentioned that this proposal finds itself within existing European mechanisms. The use of public consultation

46 Hippel, E. (2016). *Free innovation*. 1st ed. MIT Press.

is a staple of the European Commission and many Member States. Extending it to coordinate with National Contact Points is not an impossible nor a necessarily difficult feat. A number of regional bodies, industrial associations, and social partners also frequently consult with their constituent members. As such, in terms of political capital and coordinative needs, the proposal exists within the realm of the possible and appears to be a very low hanging fruit that could potentially provide substantial benefits whilst improving perceptions of the EU. Business management and political science studies also widely support the idea that diversity leads to better decision-making. The reason being that diversity fosters greater ideation and critical examination of existing options. Decisions are assessed with additional pros and cons gained from alternative viewpoints and counterfactuals that might not have come forth if the decision process in question was narrower in its scope.[47] Bringing in more stakeholders could provide similar benefits for the creation of the EU's next strategy thereby conferring a greater impact on its future prosperity.

Bringing in more stakeholders could provide similar benefits for the creation of the EU's next strategy thereby conferring a greater impact on its future prosperity.

Finally, in addressing Euroscepticism, people are more likely to accept political decisions, regardless of the outcome, if they were involved in the decision-making process and felt they were heard. This is because being part of wider and more inclusive discussions and seeing one's own input become part of a final product instills a sense of ownership even in cases where the outcome is not always optimal for everyone. One becomes more accepting of compromise, appreciates the overarching and often complex EU policy processes, and gains a greater understanding of other viewpoints. Without involvement, people have a tendency to be dismissive of views contrary to their own. For the sake of a sense of European ownership, involvement must be broad. By involving SMEs and communities, which in turn represent and voice the concern of Europe's workers and citizens, the EU and its Member States gain a greater mandate and space to act within.

The question is not whether the EU should reform but how it ought to come about. In an increasingly competitive world with major social and economic shifts gleaning over the horizon, cost-effective and impactful policies and programs have never been more important – even more so for the EU, which finds itself fending off sceptics and racing to keep up with growing public expectations. By launching a wider and more inclusive consultation process on the EU's future development strategy, the EU gets accurate and dynamic information to base its actions on, it directly addresses the perception of the EU's poor external channels of communication, and most importantly, it creates a strategy that meets the needs and concerns of people, businesses, and communities at large. The EU's future will depend on its ability to act in the next decade – bold actions require even bolder plans.

47 McKinsey & Company (2015). *Diversity Matters*. [online] Available at: https://www.mckinsey.com/~/media/mckinsey/business%20functions/organization/our%20insights/why%20diversity%20matters/diversity%20matters.ashx [Accessed 26 Apr. 2018].

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McKinsey & Company (2015). *Diversity Matters*. [online] Available at: https://www.mckinsey.com/~/media/mckinsey/business%20functions/organization/our%20insights/why%20diversity%20matters/diversity%20matters.ashx [Accessed 26 Apr. 2018].

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TOWN: Small and medium-sized town in their functional territorial context. (2013). [online] ESPON. Available at: https://www.espon.eu/sites/default/files/attachments/TOWN_Case_Study_Report_-_Cyprus.pdf [Accessed 26 Apr. 2018].

3 Engaging Europeans with Citizen Assemblies: A bottom-up approach for meaningful participation

Federico Cecchetti, Moritz Neubert & Pauline Westerbarkey

Summary

Over sixty years after the ratification of the Treaties of Rome, the European Parliament Elections 2019 will take place amid a crisis of liberal democracy. During the upcoming legislative period, national governments and EU institutions must break new ground in a concerted effort to engage their citizens in innovative ways. Therefore, we suggest establishing Citizens' Assemblies based on the hitherto successful model tested by the Republic of Ireland. Citizens from all EU countries will be randomly selected to participate in Citizens' Assemblies and discuss selected topics as suggested by the incoming European Commission. Citizens will come together on the regional, transregional and on the European level. After concluding their deliberations, citizens will submit their proposals to the European Commission to introduce the policy proposals into the legislative process.

3.1 EU skepticism continues to grow

The EU has been criticized for political and/or economic reasons over the course of the European integration. Voices accusing the EU of suffering from a democratic deficit – usually defined in terms of decrease in national parliamentary control, increase in the power of executives, no direct election of the European Commission by the citizens, and lack of powers by the European Parliament – have become more dominant in recent years.[48] The EU itself gives a detailed definition of the accused deficit and therefore seems to be aware of criticism and shortcomings.[49] Doom scenarios of an oncoming demise or calls for abandoning the EU are uttered on both sides of the political spectrum. If the EU is to continue its path to further integration, a number of challenges have to be addressed.

The rise of EU-sceptical populist parties threatens the support of several countries for any further integration. The chairman of Poland's ruling nationalist-conservative Law and Justice Party (PiS) called for reforms to reduce the competences of the EU.[50] Hungary's government promoted a "Stop Brussels" campaign and claims the EU would endanger the countries' independence. In the last French and Italian elections, Marine Le Pen reached the second tour in France with a program of national protectionism and a promise for a referendum to leave the Eurozone, while in Italy the populist and euro-sceptical parties Cinque Stelle and Lega secured an important increase in votes leading to their emergence as the two main winners and formation of a new governing coalition.[51] Likewise, a Dutch MEP recently accused the EC of "dictating" the nations.[52]

48 Andreas Follesdal and Simon Hix, "Why There Is a Democratic Deficit in the EU: A Response to Majone and Moravcsik," *JCMS: Journal of Common Market Studies* 44, no. 3 (September 2006): 533–62, https://doi.org/10.1111/j.1468-5965.2006.00650.x.

49 EUR-Lex, "Democratic Deficit," Glossary of summaries - EUR-Lex, accessed March 30, 2018, http://eur-lex.europa.eu/summary/glossary/democratic_deficit.html.

50 Deutsche Welle, "Poland's Influential PiS Party Leader Jaroslaw Kaczynski Calls for EU Reform," *DW.COM*, February 7, 2017, http://www.dw.com/en/polands-influential-pis-party-leader-jaroslaw-kaczynski-calls-for-eu-reform/a-37435599.

51 Anne-Aël Durand, "Ce que propose Marine Le Pen dans son programme," *Le Monde.fr,* April 23, 2017, http://www.lemonde.fr/les-decodeurs/article/2017/04/23/ce-que-propose-marine-le-pen-dans-son-programme_5115963_4355770.html.

52 Paul Withers, "'Enough' Dutch MEP Anger at EU 'dictatorship" Where Juncker's Commission Dictates Terms,'" *Express*, March 29, 2018, https://www.express.co.uk/news/world/938528/eu-european-commission-dutch-mep-marcel-de-graaff-dictatorship.

Negative discourse is part of every debate, but the current negative discourse about the EU is often confined within national boundaries, all the while euro-sceptic voices in the European Parliament are becoming stronger, with the potential of changing narratives and shifting coalitions towards a more euro-sceptic direction.[53] The European Parliament Elections 2019 are unlikely to change this trend as pundits expect increasing fragmentation and electoral gains of populist and EU-sceptical parties.[54] The ultimately most striking example of dissatisfaction with the EU is the outcome of the Brexit referendum in the United Kingdom in June 2016.[55]

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Against this backdrop, key political leaders are now referring to the idea of a "two-speed Europe" as a last resort. Amongst other reasons, the unresolved differences between Southern and Northern countries, as well as between Western and Eastern members, seem to encourage a return to multiple levels of integration. With an increasing number of citizens turning their backs on the European project, continuing a top-down model of integration is neither appropriate nor sufficient.[56] On the contrary, such an approach could foster mutual mistrust between the European States and their citizens.

Overall, all these elements point to the same underlying challenge: citizens do no longer feel that their voices are heard on the European level. According to the 2018 Eurobarometer, such ideas are shared by almost 50% of EU citizens.[57] To address these feelings of disconnection, national governments and the EU must break new ground to overcome what is becoming an existential crisis. On the celebration day of the 60th anniversary of the Treaties of Rome, the EU highlighted the importance of those Treaties as "ushering the longest period of peace in written history in Europe."[58]

53 Nathalie Brack, "Eurosceptics in the European Parliament: Exit or Voice?," *Journal of European Integration* 34, no. 2 (February 1, 2012): 151–68, https://doi.org/10.1080/07036337.2012.641087; Richard Whitaker, Simon Hix, and Galina Zapryanova, "Understanding Members of the European Parliament: Four Waves of the European Parliament Research Group MEP Survey," *European Union Politics* 18, no. 3 (September 2017): 491–506, https://doi.org/10.1177/1465116516687399.

54 See for instance Ryan Heath, "4 Biggest Risks to Europe's 2019 Election" in Politico or Étienne Bassot, "Ten issues to watch in 2019" from the European Parliamentary Research Service.

55 Alex Hunt and Brian Wheeler, "Brexit: All You Need to Know about the UK Leaving the EU," *BBC News*, March 26, 2018, sec. UK Politics, http://www.bbc.com/news/uk-politics-32810887.

56 As of 2017, 47% of EU28 citizens declared that they "tend not to trust the European Union". (European Commission, "Public Opinion in the European Union", Standard Eurobarometer, May 2017, 14, http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/ResultDoc/download/DocumentKy/79565).

57 See Standard Eurobarometer (November 2018): "Close to half of EU citizens agree that their "voice counts in the EU" (49%, +4 percentage points since spring 2018). Conversely, 47% of EU citizens disagree (-2 since spring 2018, and -20 since spring 2013), and 4% (-2) answer that they "don't know". This is the first time since 2004 that a majority of Europeans believe that their voice counts in the EU." (European commission, "Public Opinion in the European Union", November 2018.

58 European Union, "60 Years of the Rome Treaties", Text, European Union, February 9, 2017, https://europa.eu/european-union/eu60_en.

This proposal does not aim at blandishing discussions about the EU, but rather at reviving a culture of discussion and debate on the European level.

No revival of the European integration process can go forward without credible inclusion and participation of the European citizens. This proposal's ultimate rationale is to transcend national boundaries, bring together people from different backgrounds and origins, and make them realize the strengths and challenges that the EU institutions are facing while pursuing their mandate. Democracy cannot be only represented by a combination of electoral moments: democracy must also evolve into an everyday learning process and practice.

Overall, all these elements point to the same underlying challenge: citizens do no longer feel that their voices are heard on the European level.

This proposal's ultimate rationale is to transcend national boundaries, bring together people from different backgrounds and origins, and make them realize the strengths and challenges that the EU institutions are facing while pursuing their mandate.

3.2 Shortcomings of existing frameworks for citizens' participation

European frameworks to encourage citizens' participation are not completely absent. On the one hand, the European Parliament was designed to become the major channel for citizen's representation at the EU level starting in 1979, given its direct election and direct universal suffrage. On the other hand, channels of direct democracy can be identified with public consultations, or the instrument of the European Citizens Initiative. However, these frameworks have proven unable to solve the problems addressed in the previous section.

Looking at the European Parliament, it is undeniable that its role has increased throughout the years. This, in turn, should have promoted an external image of the EP as the institution embedding the concerns of European citizens. Yet, the 'Parlameter 2018' showed that only 51% of the surveys' respondents are 'interested' in the upcoming European Parliament Elections and only 32% hold a 'positive' image of the EP.[59] The disinterest in the European Parliament Elections can further be observed and numerically quantified by low voter turnout in European elections. Turnout in such elections has continually decreased throughout the years and reached a historic low in 2014 with only 42.61%, down from 61.99% in the first elections of 1979.[60] Putting aside national variations, we are able to identify a larger pattern: the disconnection between the parliament and the citizens it is supposed to represent.

With regards to public consultations, a risk of representing and including "usual suspects" exists.[61] Significantly, these consultations fail to give a voice to those citizens whose daily life is not directly related to EU politics, and such one-time consultations restricted to a narrow topic contradict the everyday learning process of democratic participation. Additionally, the European Citizens Initiative has

59 European Parliament, "Parlameter 2018"

60 The 'Parlameter 2017' shows that 33% of the respondents hold a positive image of the EP (European Parliament, "Parlameter 2017", accessed March 30, 2018, http://www.europarl.europa.eu/external/html/parlemetre/eb88_v2.pdf).

61 "... well-known (functional and territorial) lobbyists orbiting EU institutions" (Michèle Knodt, Christine Quittkat, and Justin Greenwood, *Functional and Territorial Interest Representation in the EU* (New York London: Routledge, 2012), 62–67).

worked only on a restricted number of occasions, its hurdles are too high, and instead of a democratic debate, it merely constitutes a collection of signatures. As of 2019, the statistics for ECIs shows that out of 58 proposed initiatives, 21 were refused, 26 found insufficient support, 15 were withdrawn, and only 4 cases have been successful.[62]

The European Commission under Jean-Claude Juncker has further held over 1'200 Citizens' Dialogues. Taking place in all member states and across borders, these dialogues mirror town-hall meetings and bring together European decision-makers and citizens with the goal of "presenting and communicating the common agenda, listening to ideas and engaging with stakeholders."[63] After an initiative by European leaders, 96 citizens gathered in Brussel in May 2018 to design an online questionnaire which seeks to collect input on the Future of Europe Agenda.[64] Although these Citizens' Dialogues are an admirable attempt to revive participation, this proposal calls for a more permanent, binding, and participatory mechanism for meaningful and transformative action."

In sum, the available mechanisms for direct citizen participation are not sufficient to re-associate European citizens with the European Project.

Another proposal for direct citizens participation often invoked and practiced on the national level are referenda. Nevertheless, these do not provide space for learning- processes and debate either but ask citizens for a yes-or-no decision, and referenda – such as the Brexit Vote – frequently take place in polarized and emotional contexts.

In sum, the available mechanisms for direct citizen participation are not sufficient to re-associate European citizens with the European Project. First, all of them constitute one-time decisions and not a continuous process characterized by debate and learning. Second, these mechanisms only include citizens in the final stages of the policy-making process, and rarely leave space for inputs and critiques. Reviving citizens' participation requires a new, radical and ground-breaking approach.[65]

3.3 Creating European Citizens' Assemblies to revive participation

Recently, a group of intellectuals, academics, and politicians around the French economist Thomas Piketty has issued a "Manifesto for the democratization of Europe".[66] Notwithstanding the potential of the proposed policies, the envisioned "European Assembly" – consisting of members from national and the European parliaments – does not suffice in times when mistrust in political elites is high.

In a search for initiatives that enhance bottom-up political participation, the EU can draw on the experiences of its member states and benefit from their learning processes. In Germany, the conservative party organizes so-called "Werkstattgespräche" to discuss questions around migration. Against the background of the gilets jaunes, Macron initiated

62 European Commission, "Successful Initiatives", accessed July 23, 2018, http://ec.europa.eu/citizens-initiative/public/initiatives/successful?lg=en.

63 https://ec.europa.eu/commission/sites/beta-political/files/soteu2018-citizens-dialogue-brochure_en.pdf

64 Ibid.

65 Art. 11(1) of the Treaty on European Union holds that "The institutions shall, by appropriate means, give citizens and representative associations the opportunity to make known and publicly exchange their views in all areas of Union action." The outlined participation crisis encourages an extensive reading of "appropriate means," allowing for a radical and ground-breaking approach-

66 http://tdem.eu/

"Le grand débat national", consisting of local town hall meetings, online contributions, stands close to post offices and train stations, and regional conferences.[67] In light of the imminent Brexit, Macron also proposed the creation of a Conference for Europe engaging engage with citizens' panels, academics, business and worker representatives, as well as religious and spiritual leaders to define a roadmap for the EU.[68]

In a search for initiatives that enhance bottom-up political participation, the EU can draw on the experiences of its member states and benefit from their learning processes.

However, similar to the EC's Citizens' Dialogues, such town-hall meetings are not going far enough. Similarly, Macron's Conference for Europe would benefit from citizens' input prior to its agenda-setting stage. To revive meaningful citizen participation, this proposal calls for the establishment of a European Citizens' Assembly. The proposal of a Citizens' Assembly has, amongst others, recently been discussed in the United Kingdom to break the impasse over Brexit.[69] The most far-reaching project to address the identified disenchantment with politics has so far taken place in the Republic of Ireland.

3.3.1 The Experience of the Citizens' Assembly in the Republic of Ireland

The first Irish experiment of participative democracy dates back to 2012.[70] The national parliament established the "Convention on the Constitution", a decision-making forum with a mixed composition of randomly selected citizens, parliamentarians, and political parties' representatives. The Convention discussed a number of proposed constitutional amendments. The most striking result was achieved on same-sex marriage which was approved by a majority of 62.1% in a national referendum.

Following the Convention model, a so-called Citizens' Assembly was set up after elections in 2016. The objective was to create an assembly "without participation by politicians and with a mandate to look at a limited number of key issues."[71] Chaired by a Supreme Court Judge, the Assembly consisted of ninety-nine randomly selected citizens, and substitutes, who were representative of the Irish society with regards to socio-economic criteria, gender, age, residence, and social class. The members did not receive a salary but were compensated for the expenses in conjunction with their participation. Further, the Citizens' Assembly operates in a highly transparent way, publishing a number of documents on its homepage throughout the entire process. The Citizens' Assembly was set to consider a number of controversial issues.

Between October 2016 and April 2017, the Citizens' Assembly met in five weekend sessions to discuss the issue of abortion. To this end, five experts were appointed to serve as an advisory group and based on public submissions seventeen civil society organizations were selected to present their perspectives. During its final meeting, the Citizens' Assembly voted on and identified recommendations which

67 https://www.gouvernement.fr/le-grand-debat-national

68 https://www.theguardian.com/commentisfree/2019/mar/04/europe-brexit-uk?CMP=Share_AndroidApp_Tweet

69 See for instance an editorial in The Guardian : https://www.theguardian.com/commentisfree/2018/dec/20/the-guardian-view-on-a-brexit-citizens-assembly-the-peoples-voice-is-needed

70 Retrieved from: https://www.constitution.ie/AboutUs.aspx

71 The Government of Ireland, "A Programme for a Partnership Government", May 2016, 153, https://www.merrionstreet.ie/MerrionStreet/en/ImageLibrary/Programme_for_Partnership_Government.pdf.

were then submitted to the legislature of Ireland (the *Oireachtas*). Ultimately, the ban on abortions was overturned during a referendum in May 2018 with 66.4% voting in favour of dropping the Eight Amendment to the constitution.

3.3.2. *European Citizens' Assemblies*

At the time this proposal is put forward, the experience of the Citizens' Assembly in the Republic of Ireland can be considered a success.[72] As the Chairperson reflected in the final report, "Ireland is now the only country where such an exercise has led to two changes to the Constitution being approved by the electorate".[73] Although it has to be acknowledged that Ireland – one relatively small country – and the European Union – a heterogeneous union of 28 member states– do not share the same political culture, the Irish model can serve as an example of how to create a new channel for political participation. David van Reybrouck, in an open letter to Jean-Claude Juncker in November 2016, called for a Citizens' Assembly in the European Union.[74] This proposal echoes and builds on this call. The establishment of European Citizens' Assemblies thus emerges as a promising strategy to revive European integration and give people a collective objective as it allows a way to break the "pro-EU vs. anti-EU" narrative as citizens would discuss what kind of EU they want.

The Irish model can serve as an example of how to create a new channel for political participation. The establishment of European Citizens' Assemblies emerges as a promising strategy to revive European integration and give the European people a collective objective.

The general framework of the European Citizens' Assemblies

To accommodate the EU's size as well as its diversity, the Citizens' Assemblies shall be set up in a three-level framework. On the first, or regional level, Regional Citizens' Assemblies will be established. On the second, or transregional level, representatives from several Regional Citizens' Assemblies will come together to form Transregional Citizens' Assemblies. On the third, or European level, representatives from the Transregional Citizens' Assemblies will convene to form the European Citizens' Assembly. Thus, the three-level framework would look as follows:

Citizens' Assemblies will deliberate ten potential topics proposed by the incoming European Commission in a consultative and inclusive process. As a first step, members of the Citizens' Assemblies will vote to select the three topics that will be discussed by all assemblies. Such a procedure ensures both the efficiency and legitimacy of the agenda-setting process. In addition, the small number of topics will facilitate the dissemination of information and media coverage.

72 Retrieved from: https://www.citizensassembly.ie/en/The-Eighth-Amendment-of-the-Constitution/Final-Report-on-the-Eighth-Amendment-of-the-Constitution/Final-Report-incl-Appendix-A-D.pdf.

73 https://www.citizensassembly.ie/en/Manner-in-which-referenda-are-held/Final-Report-on-the-Manner-in-Which-Referenda-are-Held-and-Fixed-Term-Parliaments/Final-Report-on-Manner-in-which-Referenda-are-Held-Fixed-Term-Parliaments.pdf (p. 98)

74 We have one year to make democracy work in Europe. Or else the Trumps take over", David Van Reybrouck (November 2016)

The selection of a limited set of issues also allows for a right balance between a bottom-up approach supported by top-down guidance from the EC, while ensuring that the respective assemblies focus on similar agendas which enhances coherence between different assemblies. Assemblies on each level will consult with experts of their choice and invite civil society organizations to discuss the selected topics. In their meetings, the Citizens' Assemblies will identify priorities and develop policy proposals to address these issues.

Citizens' Assemblies will deliberate ten potential topics proposed by the incoming the European Commission in a consultative and inclusive process.

The Citizens' Assemblies in Numbers

The set-up to create the Assemblies and facilitate the identification of appropriate units on the regional and transregional level can draw upon the "Classification of Territorial Units for Statistics" as designed by the European Union.[75] As the different levels largely correspond with administrative units on the national level, its usage will facilitate the implementation as the appropriate authorities with the respective responsibilities and competencies are already in place.

On the first, or regional level, ninety-eight Regional Citizens' Assemblies will be formed.[76] After their deliberations, each Regional Citizens' Assembly will determine the thirty-three participants who will be sent as delegates to Transregional Citizens' Assemblies.

On the second, or transregional level, three neighbouring Regional Citizens' Assemblies will come together to form Transregional Citizens' Assemblies. These discuss their different or similar ideas and integrate them to form a concerted legislative proposal. The Transregional Citizens' Assemblies shall be composed in a way to maximize the collaboration transcending national boundaries in order to promote a sense of a European identity.

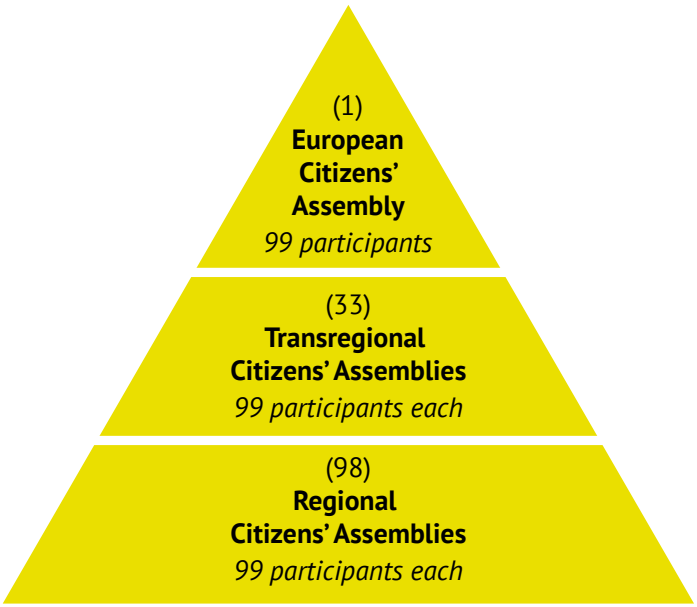
The Transregional Citizens' Assemblies shall be composed in a way to maximize the collaboration transcending national boundaries in order to promote a sense of a European identity.

The participation of the European Commission is meant to encourage a better coordination between the Commission's own agenda and the work of the Citizens' Assemblies, although the contribution of the former shall remain exclusively technical rather than political.

As for the third level, the thirty-three Transregional Citizens' Assemblies will each send three delegates to the European Citizens' Assembly to present and discuss their respective proposals.

75 The "Classification of Territorial Units for Statistics" (NUTS) serves as a useful and practical tool since it is being used as a reference for the allocation of the European Union's Structural funds and Public Procurement mechanisms and using an already existing framework would not require further negotiations.

76 The first level of the NUTS Classification identifies 98 regions accross the European Union. Each region would thus form a Regional Citizens' Assembly.



Organization of the different assemblies

With technical support from the European Commission, the European Citizens' Assembly will transform their proposals into concrete policy options, which shall be introduced by the European Commission in the ordinary legislative procedure. The participation of the European Commission is meant to encourage a better coordination between the Commission's own agenda and the work of the Citizens' Assemblies, although the contribution of the former shall remain exclusively technical rather than political.

Random selection

One of the crucial added values of these Citizens' Assemblies lies in the random selection of participants. As in the Irish example, assemblies on each level will be constituted of ninety-nine citizens eligible to vote, who are randomly selected but representative with regards to gender, educational level, regional origin, and socio-economic background.[77] Moreover, the random selection opens up a radically different channel for participation and creates a system of demarchy or lottocracy, the first of its kind on such a big political scale. Through a random selection process, the Citizens' Assemblies attempts to create an inclusive process and reintegrate people who may have turned away from the political process.

This effect can potentially be multiplied, as the Assemblies' participants are likely to share and discuss the issues within their social networks, thereby spreading the word and enhancing informal exchanges on critical policy issues.

The idea thusly integrates citizens into the EU political process and gives them an active role in shaping the discourse on policy issues. Citizens who may feel a certain democratic fatigue will be able to make their voices heard and their ideas count. The Citizens' Assemblies thereby contribute to creating local democracy tying in local populations from the local level to the EU level in a new bottom-up process.

The Citizens' Assemblies thereby contribute to creating local democracy tying in local populations from the local level to the EU level in a new bottom-up process.

Hence, the Commission should take a more active approach, such as exploring innovative strategies to unravel the constant tension between direct and representative democracy, as well as taking into account the failure of the ECI.

The role of the European Institutions

Viewed by many as the clearest exemplification of the "ivory tower", the incoming European Commission should promote a new image of itself as a real representative of European citizens. Hence, the Commission should take a

77 Retrieved from: https://www.citizensassembly.ie/en/About-the-Citizens-Assembly/Who-are-the-Members/.

more active approach, such as exploring innovative strategies to unravel the constant tension between direct and representative democracy, as well as taking into account the failure of the ECI. Building upon the Citizens' Dialogues, our proposal may represent a decisive step in the right direction. Indeed, by leading the establishment of these European Citizens' Assemblies, the EC could finally alleviate its depersonalized and detached perception. With its right of initiative in the legislative process, the EC's cooperation is crucial for the outlook of the European Citizens' Assemblies.

At the same time, mechanisms of cooperation with the European Parliament should be prioritized, especially where Regional Citizens' Assemblies are concerned. On the one hand, the MEPs expertise about their constituencies will help to adapt to local needs. On the other hand, promoting this approach may bridge the disconnection between the EP and the citizens. Including the EP is crucial to avoid disengagement or obstruction of the process by the EU institutions if they are not involved in the process.

3.4 Implementation measures

1. The incoming EC should instruct external and impartial consultants to do a random sampling to nominate participants and substitutes. The appointed external consultant should engage with national and regional entities. To ensure that local specificities are carefully taken into consideration, the EC should prioritize the representation of different social and ethnic minorities. No distinction based on discriminative grounds will be tolerated. To this end, representatives of local communities shall be included in the sampling process.
2. The incoming EC should identify and propose 10 potential topics to be discussed.
3. The incoming EC should provide social rewards and incentives to participants: i.e. compensation for their time, for the lost work hours, transportation. Being part of the Citizens' Assemblies shall become a matter of pride for European citizens. A strong advertising campaign shall be launched on Members States' TV broadcasts and internet platforms, raising awareness on the Citizens' Assemblies program. Additionally, the EC shall take all the required measures to guarantee that no person will face repercussions in their workplace. All expenses for transportation, food, and logistics shall be covered.
4. The incoming EC and European institutions should provide formal guidance, logistical, and translation services to the assemblies. The EC shall provide the Citizens' Assemblies with expert level support. This includes the provision of a European functionary coordinating the meetings, and crucially, legal experts providing legal guidance. The coordinator/expert/legal adviser will facilitate a constructive discussion, helping citizens formulating their policy proposals in a pertinent format. This format shall be standardized, enlarging the chances for a cooperative dialogue when Transregional Citizens' Assemblies and the European Citizens' Assembly are concerned.

3.5 Policy recommendations

In the light of the preceding sections, we recommend the incoming European Commission and European Parliament as well as other European Institutions and national government to use the legislative period from 2019 to 2024 to undertake the following steps:

To the incoming EC:

- Approach the Irish government and Citizens' Assemblies participants to gain insight into their lessons learned and then promote the proposal on the European level.

- Develop a detailed procedural concept for the Assemblies.

- Set up surveys to gauge citizens' interest: what conditions have to be fulfilled in order to guarantee a successful set-up and constructive citizen participation?

- Promote and advertise the creation of European Citizens' Assemblies: create a public discourse of participative democracy and public expectations both for the EC and for the Assemblies.

- Invite member states, regional bodies, and the EP to make recommendations to delineate the collaboration between the different institutions and their role in engaging citizens.

- Encourage member states to conduct pilot projects in their regions.

To the incoming EP and MEPS:

- Bring together constituencies with the EC and other constituencies: serve as local contact points to ensure implementation in and participation by local constituencies at the EU level.

- Set up pilot projects and/or simulations of the Assemblies: in the context of other simulations (co-)organized by the EP such as Model European Union simulations, cooperate with local associations and initiatives to encourage pilot projects or (student) simulations of the Assemblies.

- Support the EC by providing expertise and recommendations during the creation and during the proceedings of the Assemblies: as representatives of the citizens, the EP and MEPs shall assess the feasibility and connect different policy levels.

To member states:

- Provide support to the EC and encourage local efforts to set up the Assemblies: member state commitment is relevant especially at the first two levels of the Assemblies, particularly in making available the necessary structures and advertising the project itself.

- Set up pilot projects and/or simulations of the Assemblies: in the context of other simulations (co-) organized, cooperate with local associations and initiatives to encourage pilot projects or (student) simulations of the Assemblies.

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4 European Union, develop your Strategic Autonomy through a strong and effective European Defence Market

How can Europeans strengthen EU Armaments Cooperation and obtain strategic autonomy in the EU-27

Fanny Randanne

Summary

As a result of divergent strategic priorities and several political traumas, Europe now has to make concrete proposals to overcome the national fragmentation of the European Union (EU) defence market and make the member states choose cooperation over competition. Currency and defence are among the principal functions of nation states. The creation of a single currency has been an important step forward in the process of European integration; can another step forward be taken today in defence with the establishment of a genuine European defence market?

Work on the future of the European defence market reveals a deep and growing tendency for states and companies to establish permanent structured cooperation in defence and armaments projects through common capability programmes in order to reduce costs, increase interoperability and efficiency, and also to relaunch the process of European integration and make the EU more independent at the international level.

The first part of this paper focuses on the difficulties presented by political deadlocks, traditionally related to the decision-making dilemma of developing military capabilities posed to the member states. The second part compares the current European Defence Technological and Industrial Base (EDTIB) with the above-mentioned perspectives in the form of two future scenarios. The first scenario concentrates solely on European cooperation development, while the second scenario explores a smart "à la carte" solution. The third and final part of the paper analyses the results and recommends a few actions in order to reinforce the EDTIB and to reach the EU's strategic autonomy objective:

- ✓ The collaboration with NATO has to be maintained and pursued. The EU needs NATO's expertise to build a strong EDTIB and to have the insurance of interoperability with US forces and other NATO nations.
- ✓ The EU needs to strengthen its industrial leaders and its SMEs so that they can grow and take on global competition by means of mergers or alliances in the context of economic warfare.
- ✓ EU member states should identify capability gaps (between the EU, and between EU and NATO countries) and build a common strategy to divide work and objectives among nations (EU and non-EU states).

4.1 Introduction

This is the first time since the end of the Cold War that circumstances are beginning to generate a new momentum for a European defence market. The illegal annexation of Crimea by Russia in 2014[78] and the terrorist attacks committed by non-state actors

78 Baezner, Marie; Robin, Patrice, "Hotspot Analysis: Cyber and Information warfare in the Ukrainian conflict", *Center for Security Studies (CSS), ETH Zürich*, June 2017, p. 4.

(like al-Qaeda or the Islamic State group) affecting Western Europe have underlined the importance of a more coherent common security policy. The Brexit referendum in the United Kingdom has removed the main obstacle to a common European defence policy[79] and the European Union's (EU) credibility and legitimacy must be regained. Finally, the presidency of Donald Trump appears to threaten the North Atlantic Treaty Organization (NATO) and leads the EU to re-examine the question of "America's unconditional security guarantee"[80]. Within this context, the concept of "strategic autonomy" has become omnipresent in the speeches of our political leaders[81] and in the work of the EU, notably in its new Global Strategy for the European Union's Foreign and Security Policy (Global Strategy)[82] written by High Representative Federica Mogherini and presented in June 2016. This strategic autonomy implies operational autonomy[83] and industrial autonomy[84] and can be realized precisely through the development of a competitive European Defence Technological and Industrial Base (EDTIB)[85]. The EU has two options for developing its military capabilities: to cooperate or not to cooperate at the European level. In other words, EU member states have the possibility of cooperating with other European states by launching joint capability programmes such as the aircraft Eurofighter Typhoon[86] or the military transport airplane A400M, Europe's largest defence project[87] (see Annexe), or by giving priority to self-sufficiency and the preservation of national interests through the implementation of national defence programmes such as LeClerc battle tanks or Rafale fighter jets developed by France. The ultimate objective of these two options for the State is to create competitive, innovative and sustainable defence programmes.[88] Developing a more collaborative defence culture in Europe can provide more cost-efficient and interoperable defence capabilities to EU member states.[89]

The EU has two options for developing its military capabilities: to cooperate or not to cooperate at the European level.

In 2017, the EU – and more specifically the European Commission – launched several strong incentives through initiatives to make member states choose cooperation over competition[90] such as the Coordinated Annual Review on Defence (CARD), the Permanent Structured Cooperation (PESCO) and European Defence Fund to support joint capability programmes.[91] The European Defence Agency

79 Fitter, Dan; Lars, Miethke, "British Pragmatism? European Defence and Security Institutions in the Brexit Negotiations", *Agora Report*, November 2017, p. 5.

80 Zapfe, Martin, "Threatened from Within ? NATO, Trump and Institutional Adaptation", *Center for Security Studies (CSS), ETH Zürich*, November 2017, p. 4.

81 Ayrault, Jean-Marc; Zaoralek, Lubomir, "Vers une autonomie stratégique de l'Europe", *Tribune Conjointe Ouest France*, November 2016.

82 Mogherini, Federica, "Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign and Security Policy", June 2016, p. 4.

83 Operational autonomy is the capacity to deploy without relying on non-EU assets.

84 Industrial autonomy is the capacity to produce all of the equipment that this requires.

85 See the *EU Global Strategy on Foreign and Security Policy (EUGS)*, p. 45.

86 The Eurofighter Typhoon's development began in 1983 with the Future European Fighter Aircraft programme, a multinational collaboration among the UK, Germany, France, Italy and Spain.

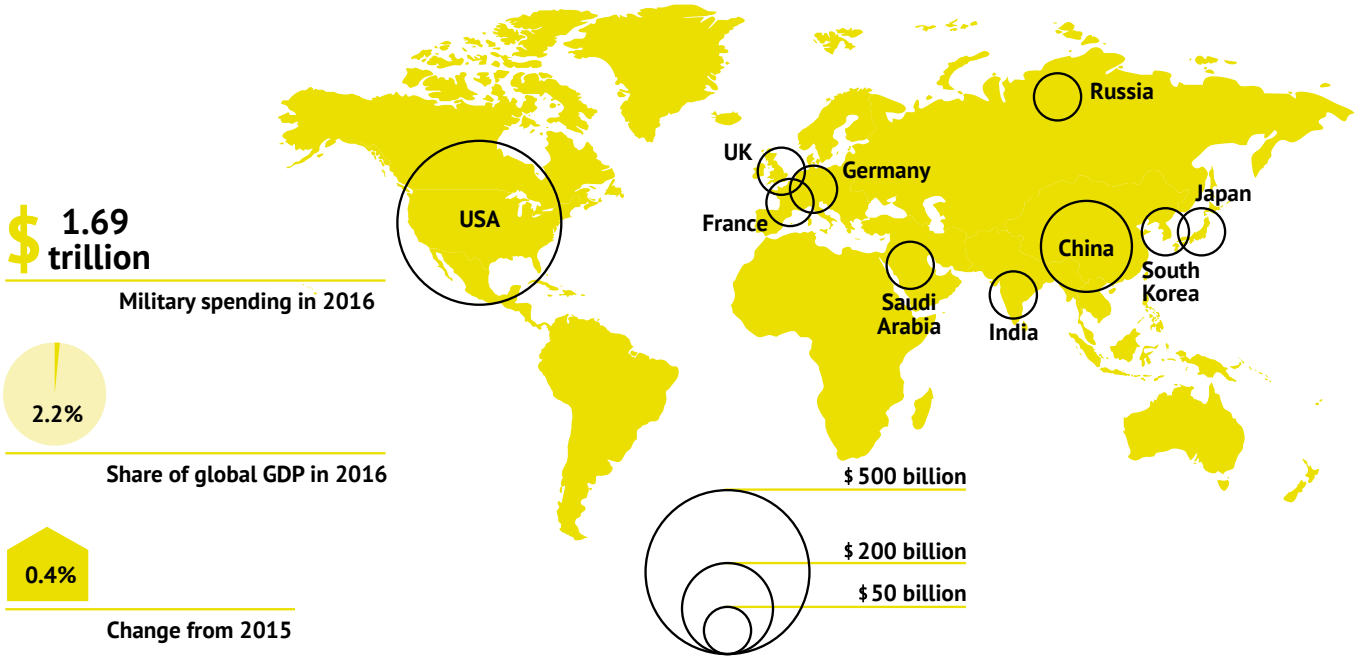
87 The A400M is the EU's famous armament cooperation and has been signed in 2003 between Airbus and OCCAR (the European Procurements agency).

88 See the EUGS, p. 46.

89 Paillard, Christophe-Alexandre; Butler, Nick, "Today's technological innovations for tomorrow's defence", *Armament Industry European Research Group*, December 2016, p. 7.

90 European Commission, "The State of the Union 2016 : Towards a Better Europe – A Europe that Protects, Empowers and Defends", *European Commission – Press release*, 14 Septembre 2016.

91 Subject to the approval of the European Parliament, €500 million allocated from the EU budget after 2020 should be spent to co-finance the joint development of new defence technologies. A



Traditional competitors and emerging markets vis-à-vis EU member states in terms of military spending.
Source: Stockholm International Peace Research Institute (SIPRI), 2017.

(EDA) – an international organisation comprised exclusively of EU members – is acting as the secretariat for these initiatives and ensuring that there is no unnecessary duplication.[92] In parallel, the EU expanded its cooperation with NATO by building on the 2016 Joint Declaration.[93] The momentum generated by these incentives offers a unique opportunity to overcome the national fragmentation of the European defence market and to make the EDTIB capable of competing with traditional competitors (United States, China, Russia) and emerging markets (India, Saudi Arabia)[94] through cost reduction, specialization and restructuring.

Developing a more collaborative defence culture in Europe can provide more cost-efficient and interoperable defence capabilities to EU member states.

There is an additional challenge to a common European defence market. From a regulatory point of view, for many years the EU defence market was considered to be outside the scope of application of EU regulations. The intra-EU defence equipment market remains fragmented because of the protection of national markets by member states and divergent strategic priorities. National regulations generally allow contracting authorities to protect their domestic industries. The member states' concerns are also included in Article 346 (1)(b) of the Treaty on the Functioning of the European Union (TFEU).[95] This provision may be invoked by member states to exclude certain public procurements from internal market rules (Directive 2004/18/EC) to protect the essential security interests of the State. However, these exemptions in the TFEU exacerbate the industrial fragmentation and deter member states from coop-

€90 million research test programme for 2017-2019 has already been started. See the European Commission, *Communication on Launching the European Defence Fund,* COM(2017) 295.

92 Domecq, Jorge, "Coherence and focus on capability priorities : why EDA's role in CARD, PESCO and EDF matters", *elcano*, April 2018.

93 Defence Package: Fact Sheet, December 2016, p. 3.

94 Bitzinger, Richard; Popescu, Nicu, "Defence industries in Russia and China: Players and Strategies", *European Union Institute for Security Studies (EUISS)*, December 2017, p. 81.

95 Former Article 296 of the Treaty on European Union.

erating with other States by launching joint capability programmes.[96]

The EU regulation which permits exemptions from the rules on the free movement of goods (Article 26 and 114(1) TFEU), national fragmentation, and the choice of the armaments cooperation policies by member states affect the industry's competitiveness and raise several research problems: What needs to happen in order to bring a genuine level of cooperation and integration in the European defence market? What strategic options can be imagined in order to strengthen EDTIB, deter member states from using Article 346 TFEU, and avoid dependence on the global market?

These exemptions in the TFEU exacerbate the industrial fragmentation and deter member states from cooperating with other States by launching joint capability programmes.

To answer these questions, the first part of this paper focuses on the difficulties presented by the political deadlock traditionally related to the decision-making dilemma of developing military capabilities posed to the member states: the choice between self-sufficiency and the preference for European and/or extra-European cooperation. These obstacles have each time been linked to the question of strategic autonomy.[97] The second part of the paper compares the current EDTIB with the above-mentioned perspectives in the form of two future scenarios. The first scenario concentrates only on European cooperation development which, nevertheless, implies a common political will for the EU member states. The second one explores a smart "à la carte" solution. The goal is to consider strategic options by identifying their main opportunities and highlighting their difficulties. The third and final part of the paper analyses the results, summarizes the advantages and disadvantages of the two scenarios, and sketches some recommendations in order to reach the EU's strategic autonomy objective.

This enhanced EDTIB can be achieved two ways: first, by overcoming national fragmentation of the EU defence market with an incentive to industrial concentrations and joint projects through CARD, PESCO and the European Defence Fund which respond to EU member states' capability priorities; second, by reducing disparate industrial visions among EU member states through a harmonization of defence policies.[98]

4.2 Difficulties for a common European defence market

Before discussing the practical aspects of EU armament cooperation reform, it is useful to briefly summarize the difficulties and expectations of different actors involved in this process of integration. The parameters of the European armaments sector have changed considerably in recent years. The EU's Defence Package,[99] adopted in 2007, was the first stage of including defence products in a single

96 Simon, Edouard, "EU Regulatory incentives for armament cooperation", *French Institute for International and Stretgic Affairs (Iris),* May 2017, p 6.

97 Vincze, Hajnalka, "Les points de blocage lancinants de l'Europe de la défense", *Institut de veille et d'étude des relations internationales et stratégiques (IVERIS),* December 2016.

98 *European Defence Agency*, "Strategy for the European Defence Technological and Industrial Base", European Defence Agency, 2017.

99 The Defence Package included a legislative proposals for two Directives: Directive 2009/81/EC on Defence and Security Procurement and Directive 2009/43/EC on transfers of defence-related products within the EU.

market and establishing a legislative framework to improve competitiveness. Moreover, since 2014 and the Crimea crisis, the defence budgets of member states have stopped decreasing and "members of NATO have pledged to aim to progress towards the defence spending"[100]. But despite the 2016 EU Global Strategy, the European Defence Package and the augmentation of the defence budgets of most of the EU member states, EU armament cooperation is advancing quite timidly. Compliance with the 2009 Defence Directive, national fragmentation, and deficiencies created by major international organisations operating in the context of defence cooperation are partly a barrier to structural improvement in the European defence market.[101]

But despite the 2016 EU Global Strategy, the European Defence Package and the augmentation of the defence budgets of most of the EU member states, EU armament cooperation is advancing quite timidly.

4.2.1 Difficulties for a common European defence market

For many years, the EU defence market was considered to be outside the scope of application of EU regulations.102 It has been fragmented by the internal markets of each member state, with a strong preference for either national or US procurement leading to inefficiencies, duplication, a high cost of ownership, and less competitiveness in the global market.

Before the establishment of the EU Defence and Security Procurement Directive 2009/81/EC, Article 346 (1)(b) of the TFEU allowed for the exclusion of the entire defence sector from EU legislation[103]. Prior to the introduction of TFEU, contracts related to defence and security fell within the scope of Directive 2004/18/EC (civil procurement directives), which offer exclusions of contracts "when they are declared to be secret, when their performance must be accompanied by special security measures in accordance with the laws, regulations, or administrative provisions in force in the member states concerned, or when the protection of the essential interests of that Member State so requires".[104]

Directive 2009/81/EC (18) is clear in its definition in Article 346, and it cannot be considered as a general exemption of defence and security-related contracts from EU legislation but must be justified on a case-by-case basis.[105] On the contrary, its intention has not been fully adopted by the member states. Nevertheless, if a member state chooses to apply the Article 346 exemption incorrectly, then the member state should be challenged to present justification of their case to the EU.

Nevertheless, if a member state chooses to apply the Article 346 exemption incorrectly, then the member state should be challenged to present justification of their case to the EU.

100 North Atlantic Treaty Organization, *Wales Summit Declaration*, September 2014.

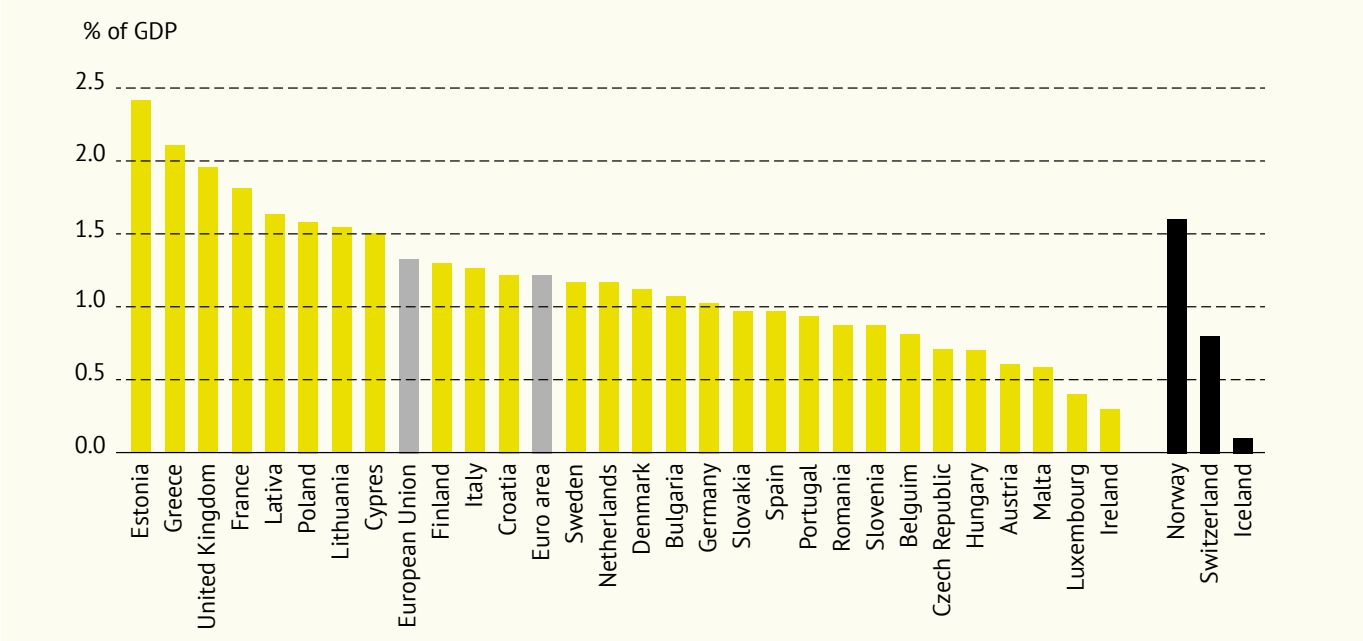
101 *Council of the European Union*, "Implementation Plan on Security and Defence", Council of the European Union, May 2017.

102 Randazzo, Vincenzo, "Article 346 and the qualified application of EU law to defence", *European Union Institute for Security Studies*, July 2014, p. 1.

103 Article 346 (1)(b): "any member state may take such measures as it considers necessary for the protection of the essential interests of its security which are connected with the production of or trade in arms, munitions and war material; such measures shall not adversely affect the conditions of competition in the internal market regarding products which are not intended for specifically military purposes".

104 See Article 14 of Directive 2004/18, entitled "Secret contracts and contracts requiring special security measures".

105 See the Directive 2009/81/EC on Defence and Security Procurement (18), p. 3.



General government total expenditure on defence in the EU member states[106]. Source: Eurostat Database, 2016

4.2.2 Industrial fragmentation

One of the major obstacles to the creation of a European defence market is industrial fragmentation.[107]

Despite the emergence of several pan-European defence groups - which have been subject to industrial concentrations in response to pressure from the global defence market - they remain fragile because of the fragmentation of the European market and a dependency on exports. The notorious failure of the merger between Airbus and BAE Systems highlights the difficulties in achieving a common industrial vision. As a consequence, this industrial fragmentation leads to inefficiencies, a high cost of ownership, less competitiveness in the global market, and the unnecessary duplication of military capabilities.[108] A 2013 report on the cost of the European division estimated that closer European cooperation on security and defence could lead to cost savings of between € 26 and € 130 billion a year in the overall defence budgets of EU member states without a reduction in effectiveness.[109]

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In addition, the European defence industry is highly concentrated. Only six member states have a strong industrial defence production: United Kingdom, France, Italy, Germany, Spain and Sweden[110]. These countries spend more on defence capabilities than other member states, and the differences in member states' contributions to defence are important. It is necessary here to mention that, for

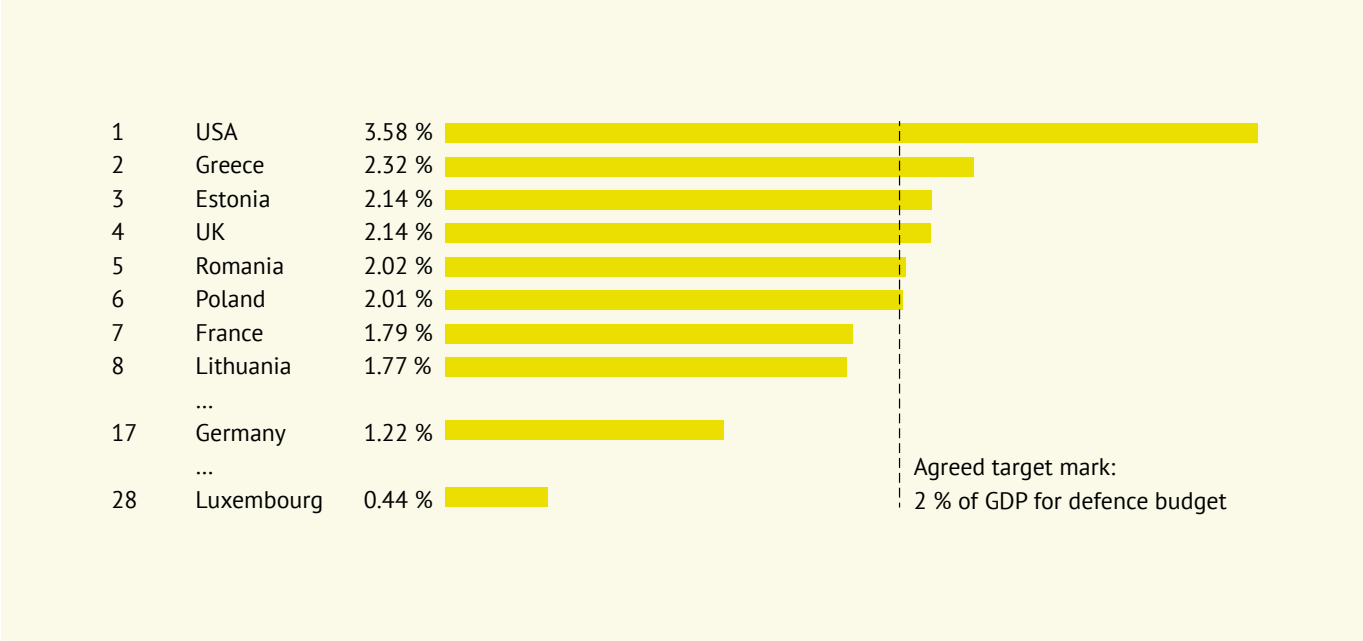
106 http://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20180518-1?inheritRedirect=true.

107 *European Defence Agency*, "Strategy for the European Defence Technological and Industrial Base", European Defence Agency, 2017.

108 Heuninckx, Baudouin, *The Law of collaborative Defence Procurement*, 2011, p. 28.

109 Ballester, Blanca, "The Cost of non-Europe in Common Security and Defence Policy", *European Parliamentary Research Service,* 2013, p. 8.

110 Communication from the Commission, *Green Paper on Defence Procurement and on the future Commission initiatives*, COM(2005) 626, p. 2.



Defence spending NATO member states as a proportion of GDP. Source: NATO, 2017.

the first time since 2017, a specific grant from the EU budget has been allocated for collaborative research in innovative defence technologies. Thus, € 90 million is allocated for the period 2017-2019 and € 500 million is expected for the period beyond 2020. This underlines Europe's commitment of investing in groundbreaking technology in order to control the gap with its potential competitors.

As a result, the European defence market is characterized by 27 national defence markets.[111] This situation is directly linked to the protectionist national policies of the member states. To this day, the EU governments remain sovereign and decide what they want to buy and with whom they wish to cooperate. European member states continue to produce their own national defence White Papers ignoring the EU and/or NATO guidelines.[112] Henceforth, states should plan together and invest in joint capability programmes in order to permit cost reduction, industrial specialization, and the restructuring of the European defence market.

States should plan together and invest in joint capability programmes in order to permit cost reduction, industrial specialization, and the restructuring of the European defence market.

4.2.3 Cooperation with NATO

Contrary to the EU's defence budget, NATO has a budget of € 1.29 billion, including € 655 million for equipment in 2017.[113] NATO proposed that member states spend at least 2% of their respective GDP on defence by 2024. NATO states voluntarily committed to this stipulation at the summits held in September 2014 and July 2016. Based on this 2% target, more than 20% of defence budgets will have to be invested in new armaments and research programs.[114]

111 Ballester, Blanca, "The Cost of Non-Europe in Common Security and Defence Policy", *European Parliamentary Research Service*, 2013, p. 45.

112 Biscop, Sven, "New Momentum for European Defence Cooperation", *Norwegian Institute of International Affairs*, 16 November 2016.

113 Barnes, Julian, "NATO to increase counterterrorism funding in line with Trump Agenda", The Wall Street Journal, October 2017.

114 See the NATO Parliamentar Assembly report, "Defence innovation: Capitalising on NATO's Science and Technology Base", *NATO*, 23 April 2018, p. 14.

The 2006 EU-NATO Joint Declaration[115] declared there were strong necessities required to ensure the development of key capabilities necessary for the common goal of maintaining Union security. The proposals provided for a strengthening of political dialogue between the two organisations and included regular reviews to maintain momentum and ensure implementation.[116]

The EU needs this expertise to build a strong and competitive EDTIB and to have the insurance of interoperability with US forces and other NATO nations.

In Europe, NATO plays a key role in enabling cooperation and interoperability among NATO nations, notably through the NATO Defence Planning Process and NATO Standards (STANAG)[117], which give nations the same munitions, have compatible communication instruments, and have the same references for protecting their vehicles. The EU needs this expertise to build a strong and competitive EDTIB and to have the insurance of interoperability with US forces and other NATO nations. However, a particular competition remains between NATO and the EDA. Indeed, the role and purpose of the EDA overlap with the missions of the NATO Maintenance and Supply Organisation (NAMSO) and the Organisation for Joint Armament Cooperation (OCCAR)[118] – the latter organisation manages joint capability programmes between NATO members. Competition between the EU and NATO cooperation programmes adds a factor of division,[119] complexity and redundancy. Despite decades of military cooperation within NATO and the EU, member states continue to go in a largely uncoordinated manner for defence planning.[120] Greater cooperation is the key factor for the promotion of a competitive European defence industry.

It would aim to create supranational mechanisms for managing the defence industry.

4.3 Desired Scenarios

After briefly considering the main trends affecting the European industry's competitiveness, in this next section, we are going to compare the current EDTIB with the above-mentioned perspectives in the form of two future scenarios. The first one imagines a scenario concentrated only on European cooperation development, which nevertheless implies a common political will for the EU member states. The second scenario explores a smart "à la carte Europe" and will be considered as the most likely scenario.

4.3.1 Scenario I: Moving towards European self-sufficiency

This scenario of self-sufficiency would necessarily imply integrated defence capacities. It would aim to create supranational mechanisms for managing the defence industry. However, the implementation of this scenario presupposes that member states give up some of their autonomy in decision-making as well as national tools for the production of weapons. The European Commission's proposal of Novem-

115 The Joint Declaration have been signed by Presidents of the European Council Donald Tusk, of the European Commission Jean-Claude Juncker and NATO Secretary General Jens Stoltenberg in Warsaw on July 2016

116 Defence Package : Fact Sheet, December 2016, p. 3.

117 Chritian Nünlist, "Arms Procurement: The Political-Military Framework", *CSS Analyses*, November 2015, p. 2.

118 OCCAR is an international organisation comprises of EU member states but established outside the EU's institutional framework.

119 European Parliament, "EU and NATO: Cooperation or Competition ?", *Policy Department*, October 2006.

120 European Commission, "Reflection Paper on the Future of European Defence", June 2017, p. 15.

ber 2016 to create a single European arms market is a variant of this scenario. This European Defence Action Plan focuses on strengthening EU defence industries through the integration of a European defence fund for collaborative research projects and by supporting SMEs by fostering investments in defence supply chains. It also implies an "open and competitive single market for defence", which would lead to assistance programmes run by the European Commission to ensure that the member states obtain "the best value for money in their defence procurement". This support would be like a supranational management process and could eventually lead to the integration of budgets, defence policies, and the creation of European defence industries like the Airbus Group (formerly called European Aeronautic Defence and Space Company - EADS) born of a merger of three European giants in aerospace and electronics sectors.

The aim is to adapt the mechanisms of "à la carte" cooperation introduced by the Treaty of Amsterdam to the needs of the defence industries.

- ✓ *Pros:* With this scenario, armaments cooperation between the EU-27 goes further than ever before. Decisions are made faster and implemented more quickly at the EU level through the EDA; the EU has better autonomy (notably from the U.S.) and security of supplies in times of war.

The CSDP boosts European defence and R&D budgets more than ever. In fact, EU governments are more likely to spend money on defence if it's organised under the EU rather than NATO; PESCO will certainly prioritize armaments needed for EU missions and not NATO ones. And finally, European defence industries and jobs are better protected.

- ✓ *Cons:* Relations with NATO and EU allies are restrained in order to protect European defence companies and enhance a European defence policy, but it will certainly damage an already fragile transatlantic relationship and competition. Political opposition between the EU and NATO, making them competitors for the attention and money of member states, could have harmful consequences.

This kind of scenario has no real chance of emerging in the future mainly because of the lack of flexibility and of the political opposition still on-going between member states that prefer transnational cooperation and others that favor European cooperation.

4.3.2 Scenario II: A smart "à la carte" Europe for real strategic autonomy

The second scenario suggests a more attractive solution for European citizens and governments than the previous one. It is characterized by a progressive system and a complementary approach. The aim is to adapt the mechanisms of "à la carte" cooperation introduced by the Treaty of Amsterdam to the needs of the defence industries. In this scenario, two levels of defence cooperation and integration can be addressed. At the European level, several measures and arms acquisition projects could be developed by a small group of EU countries willing to advance, notably through the EDA, which would act as a manager of CARD, PESCO and the European Defence Fund.[121] The EDA would ensure coherence on capability priorities and efficiency in cooperation

121 See the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions, *Launching the European Defence Fund*, COM(2017) 295, Brussels, 07 June 2017.

between these countries. At the national level, it is a scenario where a group of member states decide to do more in common and cooperate closely on armaments matters. It is exactly the same process as the Schengen area or the single currency.

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This scenario is progressive, as the process will take years to develop. The aim is to gradually converge the defence industrial policies of the member states and to integrate defence procurement while promoting new armaments programs within the European Union. On the military level, a "military Schengen" can be imagined in collaboration with NATO that brings a good interoperability on military operations issues. Contrary to the EU, NATO has a complete chain of command structure, knows how to build a complex information system, and how to conduct a tactical and concerted military operation.

A logical beginning would be a better harmonization of the requirements imposed on the capabilities and military requirements. This would amount to a harmonization of demand. In addition, there would be additional market elements for which States could jointly create a general policy framework in the form of procedures and rules. These elements would necessarily include competition law, industrial cooperation (facilitated cooperation, transnational cooperation between stakeholders) and legal instruments to avoid the use of exemptions by national governments and defence industries – in particular, article 346 TFEU.[122]

- ✓ *Pros:* As a result, it can be expected that further consolidation of industrial capacities will strengthen the already existing European industrial leaders. This restructuring process is accompanied by an increased competition between European and international companies, but also by a closer cooperation between these industrial leaders on European projects.

The processes of Europeanisation will continue. Together with NATO, a genuine and competitive European defence market can be created. With this scenario, the European defence dimension remains complementary to the national and transatlantic dimensions. This requires cooperation with NATO and the US on R&D in order to avoid an overly complex and costly structure for the utilisation of European resources. The EU and NATO collaboration would mainly be based on a total complementarity and not on competition, especially on military operations. This scenario develops a strong and competitive EDTIB and has the insurance of interoperability with US forces and other NATO nations. Coalitions would emerge to work together and agree to deepen their armaments cooperation. The unity of the EU-27 and statutes of other member states are preserved. This scenario is halfway between the intergovernmental and supranational solutions. Its direct benefit is linked to the economic benefits conferred by the States on integration. A reduction in armaments costs is expected within this scenario because of the economic gains an EU defence market has to offer (see 2.2).

122 Burkard Schmitt, "European armaments cooperation", *Chaillot Papers*, April 2003.

- ✓ *Cons:* Critics could be against this closer cooperation mechanism and reject this second scenario because of the risk that an "à la carte" approach would create a "two-speed Europe" and thus, disrespect Article 1 of the Treaty on European Union (TEU). But this is a strategic risk that Europeans should now take. Integration can be increased progressively through the years in the same way that the EU's transition towards economic and monetary union (EMU) did.

4.4 Conclusion and recommendations

Several conclusions can be drawn. The first of these is the confirmation of the persistence of the national framework as the main reference for the establishment and maintenance of an industrial and technological defence base. But the recent declaration for more European defence by France, Germany and Italy just after the Brexit referendum calls for a new momentum for a European defence through "the necessary commitments for our joint operations, as well as for our military capacities and industry"[123]. The French and German Foreign Ministers also published a joint statement for a "more coherent and a more assertive Europe on the world stage"[124]. These positions offer the EU-27 an opportunity to recall the Union's legitimacy and to reach the EU's strategic autonomy after the British vote to leave.

These positions offer the EU-27 an opportunity to recall the Union's legitimacy and to reach the EU's strategic autonomy after the British vote to leave.

This paper shows that states and industry leaders want to establish a genuine, permanent and structured cooperation in defence and armaments projects. As per the agreement of 2017 between 25 of the 28 EU member states, the main European arms-producing countries are now fully engaged in this process, especially Germany and France, who have agreed to develop joint military equipment for their land forces. This process is based on the reaffirmation of the national dimension through more flexible links between the State and its industrial leaders,[125] and on a growing strategy of cooperation with European partners. More cooperation is the key factor for the promotion of a competitive European defence industry. The conditions are now almost all united to create an explosion of the number of projects and scope of EU cooperation in armaments in the coming years.

The conditions are now almost all united to create an explosion of the number of projects and scope of EU cooperation in armaments in the coming years.

Two desired scenarios were analysed in this paper and an original European approach has been proposed for reforming the European armament cooperation and obtaining a strategic autonomy in the EU-27.

The favoured scenario in our work is characterized by the fact that it is progressive and complementary in terms of the national and transatlantic dimensions. Its aim is to build a European industrial and technological defence base capable of making the

123 "European Union – British referendum/priorities for stronger, intensified action", *Joint Statement* by M. François Hollande, President of the Republic of France, Mrs. Angela Merkel, Chancellor of Germany, Matteo Renzi, Prime Minister of Italy, Berlin, June 2016.

124 "A strong Europe in a world of uncertainties", *Joint Statement* by Jean-Marc Ayrault and Frank-Walter Steinmeier, June 2016.

125 Such as BAE Systems, Airbus, Finmeccanica and Thales.

European actors autonomous and overtaking the important gap between the US and the EU: a " strategic autonomy " vis-a-vis the outside, but also with regard to internal economic interests. This scenario includes the development of a stronger EDTIB, joint procurement, and more integrated capabilities. This scenario is based both on an innovative and competitive European defence industry and on the complementarity of existing institutions, such as the EDA, OCCAR and STANAG (NATO's agency) as the defence arm of the EU. This scenario can also stimulate growth and employment.

Its aim is to build a European industrial and technological defence base capable of making the European actors autonomous and overtaking the important gap between the US and the EU.

The following proposals can be formulated to regulate, lead and accelerate the integration process and to make a stronger EDTIB.

1.

The EU member states should implement a unique structure to strengthen the development of the EDTIB. In that respect, OCCAR (defence development and procurement) should be merged with the EDA (initial studies) to better perform and be more coordinated. Thus, the EDA should be reformed to carry out its own research projects through an autonomous budget. Reforming the EDA is possible after the Brexit referendum. Indeed, the more NATO-minded United Kingdom will no longer be able to use its veto. However, the UK should continue to be associated with the EDA projects as a third-party country – as Norway and Switzerland did respectively in 2006 and 2012 by an administrative agreement. The UK, the European Commission and the EDA have a strong interest in continuing to cooperate post-Brexit. Developing and consolidating the EDTIB is a prerequisite for Europe as a credible global player.[126]

2.

In addition to focussing on the European market, the Europeans should also continue to cooperate with NATO. NATO member states should continue to progress towards strengthening NATO's target of 2% of GDP for common defence capabilities. The new cooperation between the EU and NATO should take place in full respect of the decision-making autonomy of both organisations, based on the principle of inclusiveness, and be without prejudice to the specific character of the security and defence policies of all members. A stronger European Union in defence will be the best guarantee of a reinforced and stronger NATO, contributing to rebalancing efforts and investments between both sides of the Atlantic. The EU needs NATO's expertise to build a strong EDTIB and to have the insurance of interoperability with US forces and other NATO nations.

3.

After the Brexit, the UK should be involved in any European cooperation in defence. The UK is the second global power in Europe and, even if it decides to move towards NATO after Brexit, an effective cooperation can still be imagined.

4.

European governments have committed themselves to a policy of integrating public procurement through the adoption of the two defence Directives

126 The UK is one of the four member states that spend at least 2% on GDP on defence.

of requiring member states. This policy needs to be pursued further, notably by improving knowledge of these Directives and enforcing a strict interpretation of article 346 TFEU in order to prevent national governments and defence industry from using this exemption. Today, the European Commission's reminders to ensure compliance with the directives are not sufficiently dissuasive. The European Commission should be in charge of the surveillance of the respect of the Directives and should use all of the instruments at its disposal - including the threat of legal action with the European Court of Justice - to ensure the compliance of member states with the Defence Directive.

5.

The EU should consider the possibility of modifying the governance of PESCO by applying the clause allowing the passage from unanimity rule to majority rule.[127] It will encourage more member states to join such programmes and eliminate any existing national capabilities that prove to be redundant.[128] PESCO can represent a good test of the EU's political cohesion in defence. Nowadays, Germany, France, Italy, Spain, Finland and the Benelux states have expressed interest in this mechanism. Simultaneously, the use of this mechanism could also help to redefine relations between NATO and the EU in order to provide an inclusive approach and to seek synergies between these two cooperation formats.

6.

The EU needs to strengthen its industrial leaders (like Airbus) and its SMEs so that they can grow and take on global competition by means of mergers or alliances in a context of economic warfare. In fact, their emergence remains fragile by the fragmentation of the European market and remains dependent on exports. Within this context, the EU should continue to increase financial incentives like VAT exemptions to the European defence industries and SMEs to give them more capabilities of investment and greater means of fighting against international competition in the context of economic warfare. Finally, a more harmonized and streamlined European defence policy could bring efficiency gains due to the further specialisation of countries, regions, or companies in certain technologies.

7.

EU member states should identify capability gaps (between the EU and between EU and NATO countries) and build a common strategy to divide work and objectives among nations (EU and non-EU states). To build this common strategy, a reinforced coordination between PESCO (collaborative stage for European joint procurement) and CARD (control of this collaborative environment) should be implemented. At the same time, the EU defence spending will have to be more coordinated and more effective to develop these capabilities, which EU lacks nowadays; the EDA may have a role to play in this coordination and can conduct the development of a stronger EDTIB in order to reach the EU's strategic autonomy objective.

On the basis of the current political will of governments, these proposals seem difficult to achieve. But it is presently absolutely vital to seize the opportunity of the United Kingdom's withdrawal from the EU, Donald Trump's presidency, and the renewal of

127 Defined by Article 42(6) and Article 46 TEU, PESCO allows for a group of member states to integrate more closely on defence matters. Participation in PESCO is voluntary and its activation must be authorised by a unanimous vote of the European Council.

128 Frédéric Mauro, "Permanent Structured Cooperation, The Sleeping Beauty of European Defence", *Analysis Note, GRIP*, May 2015, p. 15.

a strong French leadership to rethink the European defence market, the EU's strategic autonomy, and the place of Europe in the world.

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4.6 Annexe

4.6.1 Glossary

CARD	Coordinated Annual Review on Defence
CSDP	Common Security and Defence Policy

Defence Procurement Directive

Directive 2009/81/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security, and amending Directives 2004/17/EC and 2004/18/EC

EDA	European Defence Agency
EDF	European Defence Fund
EDITB	European Defence Technological and Industrial Base
EU	European Union
EUGS	EU Global Strategy on Foreign and Security Policy
NATO	North Atlantic Treaty Organization
NAMSO	Maintenance and Supply Organisation
OCCAR	Organisation for Joint Armament Cooperation
PESCO	Permanent Structured Cooperation
TEU	Treaty of European Union
TFEU	Treaty on the Functioning of the European Union

4.6.2 Exhaustive list of intra-EU armaments cooperation programmes

PROGRAMMES	MEMBER STATES CONCERNED	DESCRIPTION
A400M	Germany, Belgium, Spain, France, Luxembourg, UK, Portugal	Transport aircraft
COBRA	Germany, France, UK	Counter-battery radar
EUROFIGHTER	Germany, Spain, Italy, UK	New generation combat aircraft
HELIOS	France, Italy, Spain, Belgium	Optical observation system
HOT	Germany, France	Long-range wire-guide anti-tank missile
MILAN	Germany, France, UK	Medium-range portable wire-guide anti-tank missile
NH 90	Germany, France, Italy, Netherlands, Portugal	Military transport helicopter
TIGER	Germany, France	New generation combat helicopters

Source: Burkard Schmitt, "Armaments cooperation in Europe", Institute for Security Studies: https://www.peacepalacelibrary.nl/ebooks/files/07-bsarms.pdf.

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