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EU at a Crossroads: European Commission Lays out 5 Scenarios for the Union's Future

Patryk Toporowski, Jolanta Szymańska

Ahead of the European Council summit on the 60th anniversary of the Treaties of Rome, the European Commission has prepared a white paper on the possible paths of EU development. The vague content of the document, though, reflects the uncertainty amongst the Member States, although the first reactions of Western European politicians favour the multi-speed Europe scenario. For Poland, especially as long as it remains outside the euro area, it will be important that EU discussions be inclusive and non-discriminatory.

For several years, the European Union has faced problems from both the outside and its own limitations. The 2008 economic crisis turned out to be only a prelude to multiple crises, including challenges of global migration and security. These successive layers of difficulties revealed the divisions between the Member States and led to further discussion on the direction of integration and cooperation in the EU.

One of the first proposals for the rehabilitation of European integration was the so-called "Five Presidents" report (by Jean-Claude Juncker, head of the European Commission, Donald Tusk, head of the European Council, Jeroen Dijsselbloem, head of the Eurogroup, Mario Draghi, president of the European Central Bank, and Martin Schulz, head of the European Parliament) presented in June 2015. It outlined the directions of further reform of the Economic and Monetary Union in the medium and long term. The first stage, up to 30 June 2017, assumed organizing and streamlining the instruments of EMU within the framework of existing treaties. The next one—with a deadline of 2025—anticipated changes requiring the opening of the treaties to revision. Its launch was supposed to be preceded by a presentation of the white paper in spring 2017 along with an assessment of the achievements of the first phase and recommendations for the second stage.

The outline of the reforms announced in the report was changed, however, by the shocks that occurred shortly after its presentation, notably the mass-migration crisis and Brexit referendum. In his State of the Union of September 2016, European Commission President Juncker announced that in March 2017, on the 60th anniversary of the Treaties of Rome, the EC would present a broader document containing a vision of the EU's future.

Five Scenarios beyond One-Track. The white paper on the future of Europe presented on 1 March is a very general document. The European Commission highlighted not one, but five visions of further EU development: "carrying on" (baseline scenario), "nothing but the single market", "those who want more, do more" (multi-speed), and "doing less more effectively" (focus on a few priorities), "doing much more together" (federalisation of the EU). The Commission did not indicate the direction the discussion should follow, only its position. The Member States will have a say on it. The paper will be complemented by more detailed documents devoted to the social dimension of the EU, deepening of the economic and monetary union, globalisation, defence, and EU finances. The EC will publish them by mid-2017.

The status quo scenario would maintain the current evolution of the Union: common growth strategy, improvement of the euro area, deepening the single market, crisis management, and strengthening the European External Action Service.

In the scenario limiting the EU to the internal market, the European Commission showed that even maintaining the four freedoms could be difficult. Drawbacks of this scenario would be mainly a departure from common trade policy

and abandonment of the EU's representation in international forums. The EU budget would be recalibrated to only functions of the internal market. Although the Commission wants to play the role of an impartial advisory body, it has not held back criticism of this scenario. It is, however, understandable. If this variant were implemented, the EC would only maintain its position in internal market regulations and would lose it in other areas of integration.

Juncker's preferred scenario of a multi-speed Europe is not new. Such ideas have appeared in the past and in the current EU structure, there are many elements confirming its reality. The Lisbon Treaty allowed for enhanced cooperation in a particular field when the countries concerned worked together. Most Member States in 2011 adopted the so-called Euro Plus Pact, and in 2012 most signed the "fiscal compact." Other examples of enhanced cooperation are found in the framework of European patents and in divorce agreements. This option requires a coalition of the willing in deepening integration in any field and between certain countries. Other countries remain at their present stage. The Commission ignores the problem of exclusivity in the coalition and notes that other countries will be able to join later. However, the experience of cooperation in the EU indicates the opposite tendency. An example of this is the gap between the formal requirements for participation in the Schengen zone and the political realities. Bulgaria and Romania, although they aspire to join the zone and, according to the European Commission, are ready to join, they cannot because of resistance from some Schengen members, including Germany, the Netherlands, Finland, and France. The Commission also does not discuss the potential for inequality in rights between the vanguard of integration and other countries. An example of this is the unsuccessful attempt by the European Central Bank to ban euro clearing transactions by entities outside the eurozone.

The biggest advantage of the "doing less more efficiently" variant would be a clear separation of responsibilities between the Member States and the EU institutions, along with an improvement in decision-making in matters supervised by the EU. The main problem, however, will be determining the scope of integration because of the divergent interests of the Member States. Currently, consensus is lacking even on the foundations of the EU, such as the internal market and the free movement of people. Member States for a few years now have increasingly and effectively challenged such things as giving social benefits to immigrants from other EU countries, as confirmed by Court of Justice of the EU rulings in the *Dano* and *Alimanovic* cases. The other point of contention between Member States is posted-worker regulations, in particular rules about the duration of the posting and the need for compliance of salaries with the destination country's labour market regulations.

The last scenario is the transfer of national powers to the EU level, thus creating a federation. This would mean a significant strengthening of the EU institutions in relation to the Member States and, according to the Commission, would allow improvements in conducting common defence and migration policies, as well as further improvement of the internal market and a common foreign policy.

Prospects. The Commission clearly signalled its position in the debate over the direction of the further development of the EU, but the Member States will have the decisive say on it. One should expect to the debate to intensify during the anniversary summit in Rome. However, because of upcoming elections in the largest Member States, this debate will be superficial in character. The situation is particularly unclear in France. A win for far-right candidate Marine Le Pen could dramatically change the French vision of Europe and instead of deepening integration would turn to forcing the EU to a minimum.

The most commonly advanced scenario is multi-speed Europe. This is confirmed by rival French politicians Jean-Marc Ayrault and Sigmar Gabriel's common position, announced after the presentation of the white paper. German Chancellor Angela Merkel has also promoted this vision, seeing it as an opportunity to accelerate integration. This scenario is attractive for the Benelux countries, as well as for Italy. The possibility of the coexistence of different ambitions of integration in the EU was seen in a statement by Marco Piantini, an advisor to Italian PM Paolo Gentiloni. Greece and Malta, which hold the EU presidency, both announced their interest in creating a coalition of the willing (avant-garde) concerning the social agenda. According to Greek PM Alexis Tsipras and PM Joseph Muscat of Malta, a strengthening of the social dimension of integration would reduce citizen scepticism of the European project. Multi-speed Europe is also dear to MEPs from the European People's Party (EPP) and the Socialists and Democrats (S&D). Italian Mercedes Bresso of the S&D, along with German Elmar Brok from the EPP, in a report concerning the future of the EU, pointed to benefits from enhanced cooperation, especially in the case of the integration of the euro area.

However, Central and Eastern European representatives say the EU must be careful in using the approach, seeing the threat of exclusion if multi-speed Europe is fully implemented. Hungary's Minister of National Economy Mihaly Varga points to the risk of a division between those countries in the euro zone and the others. In a statement prepared for the Rome summit, the Visegrad Group want to increase the role of each country in the EU decision-making process by including national parliaments in the regulatory work.

Given the large support for the multi-speed Europe model, Poland's promotion of another scenario (including the *status quo*) may prove ineffective. A better solution may be to promote inclusiveness and non-discrimination in a reformed EU by ensuring monitoring of decision-making in any coalition of the willing and developing a permanent consultative mechanism. The areas of deeper integration should be debated in the EP committees and states that remain "outside" should participate in some meetings of the avant-garde on integration.