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STREAMLINING THE EU:

BETTER GOVERNANCE WITHOUT TREATY CHANGE

TEPSA trans-european policy studies association

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FOREWORD

Jim Cloos
Secretary General
TEPSA

Giles Merritt
Senior Associate Fellow
Egmont Institute

The prospects for overhauling of the European Union (EU) treaties to dynamise decision-making and equip the Union with greater financial firepower seem dim. But although the political mood in Member States is not conducive to change, the need for more concerted European responses to domestic and external crises is urgent. This is what this communication is about.

It all started with a conversation between Jean-Louis De Brouwer (Director of the European Affairs Programme at the Egmont Institute) and the two of us in April of this year. We were discussing the upcoming European Parliament (EP) elections and the institutional changeover in the EU. Jean-Louis suggested we draft a paper on the theme. A paper, yes, but to say what? There are hundreds of papers written every day. What could be our added value? We concluded that we should use our joint experience of the EU to better connect the worlds of the practitioners and of the think tankers. The second thought was to focus on practicalities, on the 'how' more than on the 'what'. Everybody knows by now that the EU needs more competitiveness, more autonomy, more means. The difficulty is to pass from analysis to action. We also agreed that there was no point launching into a debate about treaty change at this time.

So, we put pen to paper and wrote down our ideas on governance, namely the way the EU system functions or does not function, the interplay between the various players, the daily grind of things. It soon turned out that, notwithstanding all our experience, we were struggling. So, the idea arose to consult with our networks. We sent the paper to colleagues and asked them for their thoughts. The high rate of responses we gathered confirmed that we were on to something. But it also showed that the task ahead of us was daunting. It started dawning on us that a one-off paper would not do the trick, that we needed something more ambitious and more 'sustainable', to use a term the 'Brussels bubble' loves. A process really over a longer stretch of time. So, in July we published a first modest paper on why governance is important, with comments on urgent issues linked to the institutional changeover.

We then started working on a more ambitious methodological paper integrating the suggestions we had received. The result is the paper in front of you. It is the beginning of a process, not an end product. This time we asked people to send us comments to the topics proposed by our paper.

Our text highlights five clusters where a streamlining of structures and procedures would better equip the EU to face its mounting challenges. They each consist of three elements: a brief overview of the issues, questions to be addressed, and comments or suggestions contributed by authoritative observers, many of them former senior EU officials.

- **Bandwidth** is chiefly about ways to balance centralised EU rules and actions with national responsibilities and sovereignty, as well as simplifying regulation and modernising the EU's administration.

- **Resilience** concerns the EU's goal of strategic autonomy and the practical steps this requires, including a fresh look at crisis management structures. We also included a sub-heading on foresight capabilities.

- **Financing** focuses not only on the issues that will dominate negotiations on the size of the next EU Budget - the Multiannual Financial Framework (MFF) - but also on the effectiveness of EU-related funding. It also looks at eurozone governance and the single currency's greater potential.

- **Global influence** covers the key role of the European Council and the problematic relationship between the European Commission, the EU's executive arm, and the European External Action Service (EEAS), its diplomatic service. Issues examined also include a re-thinking of arrangements surrounding external trade and the nascent defence capability.

- **Profile** looks at ways to revitalise the EU's much-criticised information and communication outreach, and thus counter the pull of Eurosceptic populism that risks sapping Member States' support for streamlining the EU.

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WHY THIS REPORT?

> ***The quality of Europe will be that of the relations between its component parts.***
>
> (Inspired by Hannah Arendt)

On the threshold of its eighth decade, the EU faces existential challenges that until recently seemed unimaginable. They are geopolitical, policy-related, and political as well as societal.

The familiar geopolitical context that helped shape European integration is changing into a multipolar world featuring competing rather than cooperating powers. Multilateralism is waning, and 'benign' globalisation is giving way to the weaponisation of trade and access to natural resources. These developments are at odds with the EU's basic DNA. Russia's invasion of Ukraine is re-landscaping Europe and has led the EU to open a membership perspective for Ukraine, Moldova, and Georgia. Europe has no choice but to wake from its geopolitical slumber.

There are serious policy-related challenges in shaping the Green Deal and the digital future, managing the daunting financial and regulatory costs, managing the politically polarising issue of migration, and reinventing European defence. At the same time, there is a crisis of democracy, sapped increasingly by ideological polarisation, instability, and the rise of the extremes, creating an even more challenging environment.

The EU must up its game if it is to confront these pressures. We must understand what is at stake, summon the political will to act, and ask tough questions. Why is Europe losing competitiveness? Why are we struggling to implement the Green Deal? Why are we lagging in the digital revolution? How is it that we allowed ourselves to become so dependent on Russian oil and gas and Chinese medicines and rare earth materials? Are we satisfied with the results of our development cooperation policies? Why are we powerless in the Middle East? How come our defence industries remain so fragmented?

To answer these questions, we must reckon with the specific nature of the EU. It is not a state nor a simple international organisation. It is a Union of states and peoples, and a new legal order based on a system of checks and balances. Such a system raises special issues of governance, namely the way it functions and how its various components interact. This is a broad theme that extends well beyond the EU institutions, embracing national authorities and administrations, but also civil society. The enlargement process lends greater urgency to this as it exacerbates the challenges facing national democracies. The problem is compounded by the growing influence of actors like non-governmental organisations (NGOs) and social networks.

Governance alone will not solve political disagreements. Both the European leadership and the citizens must wake up to the fact that existential challenges require fundamental reforms. Maybe the incoming President of the European Council could convene a brainstorming session with the other leaders to bluntly ask his colleagues how committed to Europe they are and whether they are prepared to take bold measures.

However, improving governance can help resolve problems and better implement agreements reached at the political level. It can improve the interaction between players and engender greater mutual trust. It can reduce excessive layers of bureaucracy and red tape and improve monitoring and evaluation of policies. All of this would make the EU more future-proof and resilient.

This is not an academic exercise but a practical one. It does not at this stage concern treaty change, although work on governance may eventually lead to reviews of the treaties. Being aware of the political sensitivities involved, we do not suggest that EU governance is a disaster. The EU has invented new ways of making diverse actors work together and has changed the European landscape for the better. But we believe the present EU system can and must function more effectively.

In July we published a preliminary paper to raise awareness about the importance of governance; we also looked at the most urgent organisational issues in the context of the institutional changes of 2024.

Now we move a step further by looking at what issues to look at in terms of governance. The ambition is not to re-do the recent Letta, Draghi and Niinistö reports, but to focus on the governance issues they raise.[1]

We have chosen five clusters where we think governance can and must be improved: the first deals with horizontal issues of governance within the EU (bandwidth), the four others look at how we can achieve more resilience, adequate finances, enhanced global influence, and a clearer profile. Each time, we try to explain the challenges and formulate questions on selected sub-items. We have asked former practitioners and think tankers across the EU to send us targeted comments on our paper, inserted under the relevant headings and sub-headings.

This paper is a starting point. Governance needs long-term attention. There are issues that short-term expedients will not solve. Two examples linked to the set-up of the Von der Leyen Commission illustrate the point. The high number of Commissioners already now poses difficulties; this will be even more problematic in a Union of potentially 36 Member States. That is why we should now start thinking about the shape of the next Commission from 2029 onwards. It would make sense to finally apply the reduced format foreseen in the Lisbon Treaty and to change the decision taken by the European Council in 2009 after the negative Irish referendum

[1] The follow-up to these reports requires strategic guidance from the European Council, taking inspiration from the 1989 Delors report on the Economic and Monetary Union. It succeeded because it was not the report of one man but the outcome of discussions with key representatives (the central bankers) of the Member States.

to stick with one Commissioner per Member State. This should happen well ahead of the setting up of the new Commission in 2029.

President Von der Leyen's mission letter to Commissioner Piotr Serafin invited him to prepare ideas for reforming the Commission's structure and functioning. It is an excellent idea. The problem is that Piotr Serafin will need time to work out a plan, and by the time he is ready, the Commission will be in full swing. A major overhaul of the portfolios and administrative structures would cause in-fighting and havoc. It would be more intelligent to discuss the Serafin report within the College and empower President Von der Leyen to present it to her successor before they set up the new team. Such a 'legacy reform' could work wonders.

We are reflecting with TEPSA and the Egmont Institute (and potentially other participants) on how we can, over the next two years, pursue more detailed work on the clusters contained in this paper and propose operational suggestions. We very much hope that our work will stimulate similar initiatives elsewhere, thus enriching the much-needed discussion on EU governance. While we have focused on the interplay between institutions and with Member States, we hope that the various institutions themselves, aided by research of experts, will review their own internal governance.

GENERAL REFLECTIONS ON THIS REPORT

Luuk van Middelaar

Director
Brussels Institute for Geopolitics

The thinking of Hannah Arendt, which inspires this working paper, focused on the excesses of ideology which led the continent to war and totalitarianism. As we know, for fear of reproducing old ideological or nationalist patterns, post-war Europe took the opposite path: that of technocracy. What was a farsighted approach in the days of Jean Monnet (and perhaps still in those of Jacques Delors) has touched its limits over the past 15 years. Today, the governance flaws raised in this timely and important paper are essentially due to this normative and depoliticised governance.

Here, Arendt is a great guide too. As few others, she theorised and celebrated the human capacity for political action and for new beginnings, always understanding power as emerging from relations between people and being embodied in institutions.

In this vein, *Streamlining the EU: Better governance without treaty change* rightly highlights the deeply political questions of territory, sovereignty, power, security and strategy which confront Europe today. The approach proposes a very concrete response to the continent's structural challenges (administrative complexity, lack of embodiment) and historical challenges (the return of war, crisis of democracy) by improving governance.

Whereas the post-Cold War EU derived much strength from its multi-layered, rules-based and value-driven interplay between actors, today it necessarily must learn also to unrepentantly deploy power – not least vis-à-vis external actors. Dealing with Europe's external representation, stand-alone tools in terms of economic security or defence amounts to a transition from governance to 'government', a passage from mainly normative, rule-setting policies to executive and 'embodied' decisions.

Hence, I believe, the vital importance of communication – of reducing the gap between word and deed and restoring a credible language – that this paper concludes on. Certainly, quite a number of the issues, challenges and dossiers this paper eloquently highlights can be dealt with among experts and stakeholders versed in the local Brussels jargon. It would certainly help. But, ultimately, Europe can only emerge as a strong strategic actor in tomorrow's world if its actions are sufficiently backed by public opinions across the EU. The proposed brainstorming session between the incoming European Council president and the other leaders on how committed to Europe they are would be a fascinating trigger of such an exercise.

How to make Europe fit for a new historic era? That is the question underlying this engaging working paper. It goes beyond the calendars of the EU's new political cycle (2024-29), its next MFF (2028-34) or enlargement prospects but rather asks whether the institutional set-up which Europe gave itself after 1945 and after 1989 is still adequate now that we are definitely leaving the post-war and post-Cold War periods and entering an as yet unnamed future and a world of graver geopolitical risks.

Catherine Day

Former Secretary General
European Commission

The governance issue is timely as the EU approaches its next enlargement. An in-depth examination of the current system is clearly needed to maintain citizens' confidence that the EU works and will still work when expanded.

Experience shows us, though, that our political leaders do not wish to spend time on abstract issues such as governance or foresight, either domestically or on EU questions. This will not be a political issue until there is a concrete proposal to engage them.

For now, this is a task to be spearheaded by the senior level of the EU institutions (and interested academics, think tanks, NGOs etc.) who should take a long and hard look at what currently works or not, and why. Most of the senior levels in the various institutions have long service, are aware of the shortcomings, and should be willing and able to contribute to designing a better governance system.

This kind of work cannot only be Brussels-based. The Achilles' heel of the EU is poor implementation of EU decisions, and implementation is done by and in the Member States. Over time, Member States have become less willing to live up to their obligations – so successive treaties have had to ratchet up penalties, going as far as Article 7 on the rule of law. But something is fundamentally wrong when Member States prefer to pay daily fines rather than live up to their commitments. In private at least, all current Member States accept that their national success depends on a well-functioning EU.

A way forward would be to create a Task Force of Secretaries General of the Institutions and Member States, with up to two years to produce a blueprint for redesigned EU-level governance. This should be done in Brussels and then be taken up by the Presidents of the institutions before going to the European Council.

Pierre de Boissieu

Former Secretary General
Council of the European Union

Governance should never be taken lightly, as neglecting it can have serious consequences. To address governance effectively we must adopt a pragmatic, common-sense approach.

First, appoint the right people to the right positions at all levels. Political considerations should not override competence in this process. This is true for civil servants but also for nominating Commissioners.

Second, establish effective communication and collaboration between institutions and Member States. In France, and no doubt in other Member States, the knowledge about the EU has significantly declined, while Brussels suffers from excessive silo thinking. A system of 'vases communicants' — fluid and dynamic exchanges and mobility — can bridge these gaps.

Third, recruit more specialists, including engineers and scientists, into institutional roles and ensure they are fully integrated into the system. The modern world requires a good understanding of technical issues. Administrations benefit form diversity in their recruitment.

Fourth, delegate responsibilities intelligently, clearly defining the scope, latitude, and limits of each mission to ensure accountability and focus. Micromanagement stifles energies and innovation and risk-taking.

Fifth, align policies with available resources. While it would be nice to first determine needs and then allocate funding, reality often requires adapting to the resources at hand. Once funding decisions are made, prioritise and organise accordingly.

Gerhard Stahl

Former Secretary General
European Committee of the Regions

Governance, important though it is, is often overlooked. The successful implementation of policies and programmes depends on appropriate governance structures. Deciding whether a form of governance is adequate first requires concrete understanding of the institutional, administrative, cultural, and even behavioural elements involved.

This is a challenging task in a decentralised political system like the EU. The Union is a multi-level democracy with institutional diversity and the involvement of outside interests and civil society in its decision-shaping.

Another element to affect the governance in some policy areas is that the most appropriate measures cannot be taken because of unclear and overlapping competences, and a lack of financial resources. In such cases, second or third best solutions can complicate governance and the implementation of policies.

The EU faces three major and, so far, unresolved constraints:

- Agreed policy objectives cannot be achieved with an EU budget of around 1% of Gross National Income (GNI);

- The European economy lacks sufficient private investment financing compared to the US which benefits from the dollar as the international reserve currency;

- The EU cannot stand on an equal footing in negotiations with the United States (USA) when it needs the USA for nuclear deterrence and military defence.

Based on these limitations, the EU has often opted for second best policy solutions even though they complicate implementation and future governance. Some EU policies must also achieve sometimes contradictory objectives at the same time. For the operational part of the governance exercise, it is useful to identify both the optimal governance answer in a particular policy area as well as the second-best solution.

Improved governance models in the EU require four basic elements: a better understanding of multi-level governance within the Union; cutting red tape and streamlining cumbersome hindrances to implementation; more effective multi-level economic coordination; and, finally, on-the ground evaluation of policies.

Pierre Vimont

Senior Fellow
Carnegie Europe

What is the overall problem with EU governance today? Geopolitical crises outside the Union and the changes taking place inside Member States explain the perception of an EU in search of fresh momentum. Yet beyond this reality lies a more profound and worrying absence of motivation for action.

The appetite for more integration supplemented with a clear sense of direction and purpose seems to be missing in most debates. It is as if the EU had reached the limits of its usefulness and only holds on out of routine and practical convenience. In years past, the EU's constant renewal meant concrete objectives that were enshrined in new Treaties - the Single Market with the Single European Act; the single currency and political Union in the Maastricht Treaty; the institutional revision in the Lisbon Treaty. Each of these achievements re-energised the integration process. Today's lack of political appetite for a new treaty suggests we no longer know how to rekindle that energy.

Because both the Letta and Draghi reports call for a new momentum, and define the challenges for European survival, they represent a unique opportunity to check the political will and engagement of EU leaders for more integration. The risk here, as the Budapest informal meeting of the European Council showed, is of classical, bureaucratic working agendas instead of honest and deep-down political discussion of the following crucial questions. Are leaders committed to more integration, and where should the next integration steps take place? Will they confirm their adherence to the principle of loyalty embodied in the Treaty which implies publicly opposing the corrosive brand of populist Euroscepticism? Do they agree on the need for checking EU regulation (as underlined by Draghi) and providing clear guidelines on how to limit excessively detailed provisions?

These are only few of the questions EU leaders should address. But they are the precondition to reconfigure a fluid political chain of command and more efficient decision-making over the whole EU governance system.

Klaus Welle

Former Secretary General of the European Parliament (2009-2022)

Academic Council Chairman Wilfried Martens Centre for European Studies

The EU has been regularly confronted with crises over the last 15 years, ranging from the financial crisis to uncontrolled migration, COVID-19, Russia's aggression against Ukraine and spiraling energy and food prices. This accumulation should not be seen as accidental but rather as outward signs of a loss of power and control and of a changing global order. Equally, rising right-wing (and partly left-wing) populism can be understood as a reaction to the present system's reduced capacity to deliver for the lower middle class, which is most dependent on a functioning state.

In crisis situations, the EU has been able to develop steps to transform what was basically a legislative machine by adding complementary executive capacity on a federated level.

The establishment of major central funds and systemic banking supervision during the financial crisis, the strengthening of Frontex, the common procurement of vaccines and now military equipment all testify to this.

Geopolitics will be decided by geo-economics. We will not be able to compete with American venture capitalism or with Chinese state capitalism through start-ups that aim to create monopolistic players in the digital space. Mario Draghi's recipe is right: if we are to avoid continuing on the path of slow economic decline we need a dramatic increase of investment as share of Gross Domestic Product (GDP), annual productivity increases of about 1%, a re-focusing on our internal markets, the creation of an attractive environment for private investments by completing the Banking Union and the Capital Markets Union, a reduction of the regulatory burden and, finally, better control of public debt with clearly defined outcomes, not just targets.

CLUSTER I
BANDWIDTH

The EU's bandwidth is wide, but is it wide enough? Interaction between national and EU levels is key, and the EU has developed a sophisticated system for defining and implementing policies. The spectrum ranges from common policies to intergovernmental arrangements, so governance models vary accordingly. Common policies require greater centralisation, but even here implementation demands the involvement of national administrations, witness the agri-food sector. Brussels cannot replace national and regional administrations and their knowledge of the local conditions.

In areas of mixed competence subsidiarity rules apply. The question is whether it is more effective to run things from Brussels or whether decentralisation would be preferable. This raises the question of trust. Are the various national and regional administrations capable and willing enough to ensure a proper implementation of policies? Or should Brussels run things to ensure coherence and commonality, but with the drawback of a lack of knowledge of how things work on the ground and a misguided emphasis on 'one size fits all'?

1.

Better use of networks of national administrations (run and monitored by the Commission) and EU Agencies. Networks seem to work well in areas such as food policy, air traffic control and even external border controls. Agencies can help relieve the Commission of more technical work.

- Could the network model be further developed and applied more widely? Are there areas where a more centralised approach is or remains necessary?
- How can we best ensure monitoring and measure not only efficiency (respect of rules) but also real-life effectiveness? Can Artificial Intelligence (AI) be harnessed to improve matters?
- Is the present framework for agencies (exclusive financing by the EU budget, the application of EU staffing regulations) still fit for purpose? Are there possibilities for merging agencies or their services?

Adriaan Schout

Senior Research Fellow
Clingendael Institute

Concepts like 'ever closer union' and subsidiarity do not give clear indications on the interplay between the EU and national levels. As the EU entered into new policies and absorbed new countries that lacked administrative capacities, governance emerged as a major theme. Making a wide range of national policies and institutions compatible required more cooperation, but 'more Europe' does not mean a lesser role for Member States.

They have had to align pension funds and overhaul national environmental policies and institutions. They have also redefined external border control to ensure that national practices align with the demands of a networked European border control system. Even such a centralised EU competence as competition policy has had to evolve from a unitary into a network system.

Cooperation of this sort does not equate with intergovernmentalism. European networks feature collectively defined rule books, team-based legally binding processes, and transparent inspection procedures. The Commission acts as the guardian of these networks, and if necessary takes Member States to the Court of Justice of the EU. By relying on networks and network-based capacity building, even weaker countries have adapted their administrations to meet the required standards. This explains why European food standards, for instance, are globally

trusted. Similarly, complex airplanes can be serviced in all Member States up to the highest safety standards. The networks ensure transparency of the monitoring system and thus create trust.

Not all EU policy areas function effectively, often because some EU networks are poorly developed, leading to inadequate national capacities and a lack of mutual trust. Economic monitoring and control, essential for the stability of the eurozone, remain largely centralised in the hands of the Commission. This leads to a limited sense of ownership among Member States regarding economic policies and very different levels of quality across the EU. The EU's weaknesses are often not due to a lack of legal integration, but stem from weak national institutions and poorly developed cooperative structures.

Monique Pariat

Former Director General for Migration, Security and Crisis Management
European Commission

The EU's agencies are heterogeneous in nature and structure. Some raise their own funding or charge for their services, while others (for instance in the Justice and Home Affairs area) must rely financially on the EU budget. That is why the common approach to their functioning and governance decided in 2012 is difficult to apply.

In the case of budget-financed agencies, there is a dichotomy between the legislator's requests to increase the tasks of the agencies and the EU budget constraints. Moreover, the fact that most of the agencies' staff fall under the EU staff regulation and consequently the related heading of the EU budget, creates another straitjacket to fulfil additional duties.

The problem is compounded by the fact that the Commission only has a minority part in the Management Board despite the EU budget being the only financial contributor. The Management Board can make decisions with a solid majority that cannot be implemented because of the abovementioned EU budget and staff constraints.

Some more flexibility in the funding and staff policy would be an improvement, for instance by allowing direct contributions and more secondment of staff directly from the Member States.

It should be possible to achieve economies of scale by merging some services such as staff and information technology (IT) management or audits between agencies. Merging some agencies could also be a promising idea, but this would certainly face resistance from Member States.

2.

Better regulation and simplification: EU legislation replaces twenty-seven distinct sets of rules with one. That helps reduce red tape, but EU regulation often also imposes additional burdens. This is not the responsibility of one institution, it is a collective one, including the national administrations. The result is negative for competitiveness, innovation and risk-taking. It is not a new phenomenon; already in 1995 the Santer Commission advocated to "Do less, but better". [2]

- Does the Green Deal go too far in imposing rules? Are there ways of adopting a more 'positive' approach whilst adhering to our objectives? How can we make sure that digital legislation remains ahead of the curve?
- What can be done to reduce Member States' gold-plating of EU directives (and then blaming 'Brussels')? Should there be more EU regulations, or would that exacerbate accusations of having things imposed by Brussels?
- How can we really ensure simplification?[3] Could project funding be made less bureaucratic and less micro-managed? Should institutions set up a joint task force to look at these issues?

Catherine Day

Former Secretary General
European Commission

We probably need to consider in advance how much variance across Member States we are prepared to accept on big policy issues. Federal countries (USA, Germany, etc.) accept quite big regional differences. If we could somehow define and agree what core things need to be common we could then more easily agree less detailed rules and also attach conditionality to delivery, including for any related EU funding.

Member States never bought into one EU rule replacing twenty-seven. Could they be persuaded to start to scrap national rules in areas where good EU rules exist (like they do on veterinary and plant rules?).

[2] See The Compliance Doom Loop by Luis Garicano. It is an eye-opener.

[3] One may ask the question whether the 614-page Commission Better Regulation Toolbox really makes things simpler and less bureaucratic.

The Better Regulation agenda has become overly bureaucratic. The concept has worked in many ways – we now have better quality Commission proposals and most co-legislation is decided in first reading because of better preparation. If the Better Regulation approach has been established, it should be possible to simplify it and boil it down to a set of principles to be followed.

If we could agree on conditionality of EU funding we could simplify a lot. Directives could set out what needs to be done and each Member State could then commit to a more detailed plan of how and when it will meet the requirements with funding dependent on reaching clear milestones.

Jean-Paul Decaestecker

Retired official
General Secretariat of the Council of the European Union

The EU is increasingly accused of being over-prescriptive in its regulations, duplicating national legislations and imposing heavy reporting requirements on economic operators as well as national and regional authorities, notably for small and medium enterprises. This cost is often increased further when Member States go beyond the strict transposition of European directives by adding requirements that are not necessary for the implementation of the original act.

Regarding duplication of legislation between the EU and national levels, administrations at times resist scrapping existing legislation out of convenience. Improved cooperation between European and national and regional administrations could contribute to a more consistent implementation of EU laws, starting from the transposition stage.

One should not, however, forget that one of the benefits of (environmental) legislation is the risk awareness it brings to operators and controllers. Take the recent floods in Europe where people could have better understood that they were exposed to some risk because of water streams, mountains nearby and weather patterns. The physical preconditions (now aggravated by climate change) have been there for ages: did anyone, though, warn people when buying properties there that they would be at risk, did building companies refuse to build because of the risks, did financial institutions refuse to finance these companies? No.

Legislation forces one to look at potential risks before deciding to go ahead and to take protective measures. Such legislation should not impose hundreds of pages of requirements, tests, assessments, but provide general guidance on how to look at risks.

There are at least two ways of doing this:

- The one favoured by the Commission and most national 'green-minded' legislators, combining detailed requirements and reporting obligations, at a significant *ex ante* cost for economic operators, but with possibly reduced costs *ex post* in terms of insurance and damage remediation and improved image.
- A lighter, but potentially riskier, approach where, apart from more generic requirements, the legislation would mostly provide guidance and require far less detailed reporting but under which the operator would still have to declare that it is compliant with the generic requirements. This approach would be combined with more random spot checks, potentially leading to penalties in cases of non-compliance.

Adriaan Schout

Senior Research Fellow
Clingendael Institute

Simplification of EU legislation is in high demand these days, as evidenced by the Draghi report and the many complaints made about the management of EU funds. So the first question to be asked is: what level of harmonisation is required? The success of Jacques Delors' internal market programme was linked to minimum harmonisation combined with mutual recognition.

Over time, EU legislation has shifted toward maximum harmonisation. As a result, the functioning of the internal market is now overly regulated; it suffers from fragmented legislation and faces implementation and supervision deficits. The question now is what the optimum level of harmonisation should be. Minimum standards allow states to remain aligned with specific national conditions while allowing entrepreneurs room for manoeuvre. It is worth accepting diversity in some areas rather than further harmonisation because that could revitalise the internal market and create new avenues for competition.

As to the EU's finances, the balance between minimum and maximum harmonisation seems to have disappeared. Procedural details abound, and this leads to box-ticking and a lack of coherence between the objectives of the various programmes. As a result, effectiveness suffers and supervision becomes complex and ineffective. Errors in spending far exceed the material threshold of 2%, with procedural complexities being among the major root causes.

Marco Siddi

Leading Researcher
Finnish Insitute of International Affairs

The European Green Deal is a bundle of policies with plenty of in-built flexibility. Its flexible nature corresponds to the direction of climate policy governance during the last decade: while overall targets are set at the multilateral and at the EU level, parties decide on how to achieve them.

In the EU, Regulation 2018/1999 on the Governance of the Energy Union and Climate Action required each Member State to submit in 2019, and every 10 years thereafter, an integrated National Energy and Climate Plan (NECP), including national policies and contributions to the EU-wide renewable energy and energy efficiency targets. Member States must update NECPs every five years, submit biennial progress reports on the implementation of their NECPs and annual reports on their greenhouse gas emissions to the European Commission. This reporting system may appear convoluted, but it responds to the need to have Member States actively involved and 'free' to shape their energy transition, while allowing the Commission to oversee national policies in order to achieve EU-level targets.

If the EU is serious about achieving climate targets, it can either keep the current system that essentially delegates the choice of policies to Member States (as long as targets are achieved); or it could adopt a more top-down approach, with the centralisation of decision making in Brussels. What cannot be done is dismantling the existing governance system without a clear alternative, as this would undermine the Green Deal and EU climate policy as a whole. EU climate legislation is already ridden with flexibility mechanisms, indicative targets, exemptions and optionality: backtracking on key measures would be tantamount to accepting the looming climate catastrophe.

3.

Reviewing the EU **administrative machinery**: the EU's permanent civil service provides it with independent and high-level expertise, but this should not prevent an examination of its functioning and structure.

- Staff recruitment has been far below optimal over the last years, with the European Personnel Selection Office (EPSO) struggling; what could the EU do to remedy the problems?
- Is there a need and an appetite for a fresh look at the statute, the pay modalities, the scrutiny of performance, and the balance between 'lifetime employment' and other ways of hiring?
- How can we reinforce interinstitutional cooperation? Ensure greater mobility between the institutions (and with the Member States)? Create more synergies on technical issues including on training?

Cesira D'Aniello

Former Secretary General, European Ombudsman
Former Director of Human Resources, General Secretariat of the Council of the European Union

Staff recruitment: The EU needs a top-notch civil service that adheres to the highest international standards of public administration. Good administration should be its guiding principle, but historical twists mean such practices are not as ingrained and widespread as they should be. This needs to be corrected.

The EU's fields of action have increased dramatically over the last 20 years, leading to growing expectations of its capacity to deliver strategies, policies, and implementation. To meet expectations, every area of EU governance must be scrutinised and improved, including its civil service.

The adequacy of current policies and practices on recruitment, salary scales, career progression, performance and ethical standards should be assessed. Deeply-rooted cultural approaches - proceduralism and resistance to scrutiny as well as to interinstitutional service-sharing – equally need to be tackled.

Problems affecting the civil service have no single easy solution. Most are interrelated and feed into each other. All require changes in legislation or policy as

well as administrative culture. Action is possible, but requires the will to challenge taboos from the past.

- Reform must be supported by, or better, launched at the top political level.

- A strong 'Brexit-type' task force headed by a political figure and assisted by top-notch expertise should be appointed to analyse each issue, report, and make recommendations.

- Reform should not be self-standing, but part of a broader package addressing medium-long term financing, expenditure, and governance, in the context of the MFF.

Employment conditions: The EU civil service enjoys a combination of privileged employment conditions easily perceived as anachronistic. While it is important to offer good career perspectives and an excellent work environment, reforms are probably needed. For a start, some key questions should be raised.

Are salary scales balanced and adequate to attract the staff the EU needs? Large categories of staff are paid high salaries for jobs entailing little personal responsibility, initiative or specialisation, while young professionals from wealthier Member States are not joining the EU institutions due to uncompetitive starting salaries. High-level specialised executives cannot be recruited either. A growing number of contract agents – with lower salaries, limited contracts and almost no career progression – is hired to cope with shortages of permanent policy officers.

Possible remedies include:
- Raise entry level salaries for policy staff to attract young professionals from all Member States.
- Create a new staff category to allow translators to work remotely from Member States. Machine translation and AI already make this possible.
- Hire secretarial and clerical staff locally – at excellent conditions but not at those of policy staff. Consider outsourcing. Do not include these staff categories in geographic balance.
- Ensure that other staff categories contribute to the rebalancing effort.

Are the rules governing career progression still valid? The system remains affected by seniority bias, frustrating young dynamic staff. Staff in policy areas routinely lament that translators of equal grade but higher seniority are favoured.

Possible remedies:
- Link promotions exclusively to taking up more responsible jobs.
- Empower managers to assess staff realistically without fearing excessive procedural and legal challenges.

Does recruitment respond to job-seekers' expectations and does it help to achieve geographic balance? EPSO has not functioned satisfactorily: recruitment is slow and geographically concentrated.

Possible remedies:

- Short-term: recruit young talents through faster internal competitions - within each institution or, better, interinstitutionally - from the growing number of contract agents.
- Medium-term: overhaul EPSO.

Is underperformance adequately managed? Supervisors are reluctant to undertake time-consuming, complex procedures necessary to certify underperformance or lack of discipline. They also fear retribution.

With serious offences hardly sanctioned, minimal thresholds of performance and conduct become acceptable or even the norm.

- Fast-track procedures to sanction slack performance and breaks of discipline are required.

Are high ethical standards upheld? Staff's awareness as public servants, paid by taxpayers' money to provide high-quality service to citizens is not always obvious.

- External scrutiny is necessary to identify questionable practices. Ethical guides should be strengthened and taken seriously.

Interinstitutional cooperation: Administrative culture underpins key behaviours of the EU civil service. Three recurrent problems of approach should be examined.

First, proceduralism often replaces substance, not only in the budget and spending areas. All boxes are ticked in both planning and reporting activities, but the usefulness of programmes and projects, or the proportionality between means, objectives and results are not questioned. 'One size fits all' planning and reporting obligations apply equally to diverse departments.

- External scrutiny, auditing, simplification of redundant procedures, and further reform of the Financial Regulation would improve efficiency, as would (reformed) training.

Second, administrative policies and practices are not transparent or even legible. Control bodies – for example, the EP Budgetary Control Committee, increasingly the Court of Auditors, the Ombudsman – cannot effectively monitor them because they are opaque. As a result, the distribution of administrative resources (assets, staff, outsourced services, financing), their productivity and performance are rarely addressed or assessed. Institutions eschew exposing their internal administrative dysfunctions, following a successful old narrative branding any criticism as providing ammunition to attack the EU as such. Protection for EU whistleblowers is not strong enough.

- Via budget negotiations, institutions should be required to publish legible data on their allocation of administrative resources (including outsourcing and IT) to allow scrutiny by auditors, analysts, and scholars.

Third, interinstitutional service sharing is insufficient. Major economies of scale are possible in IT, security, accounting, estates, data protection, human resources management and transformation, and training. Institutions claim that this would hamper them in their specific institutional roles.

In practice, they want to preserve additional benefits granted to their own staff beyond the letter and spirit of the Staff Regulations (the common management of staff rights would make this difficult) or, since common IT systems make low-skilled jobs redundant, they follow the line of their staff representatives and opt to keep their own systems.

- Budget negotiations should identify duplications and insist on rationalisation.

Finally, in support of all other reforms, training and internal communication should be overhauled. They should focus on assessing policies, working methods and one's own performance honestly and critically and help shed a deeply ingrained self-congratulatory approach.

- External scrutiny could help modernise both systems.

Catherine Day

Former Secretary General
European Commission

I am not convinced that interinstitutional mobility is the answer. We need distinctive institutions for the overall institutional checks and balances. However, we could look at promoting more co-working on issues – while preserving the Commission's right of initiative, perhaps we could look at scoping exercises in key policy areas so that everyone gets a sense of the challenge and a flavour of where the problems lie. In the meantime, I would be reluctant to give in to EP calls for the right to initiate legislation. We would never be able to have a focused agenda.

We should also focus on a genuinely tripartite five-year work programme now that new mandates are largely synchronised. The EP and the Commission have been improving on this but the Council has not really engaged. Member States need to take it seriously and co-pilot, otherwise they are playing catch up.

I agree that EPSO has become overly complicated. Is there something to be explored in setting it up as an Agency and also giving it a training function – a sort of *École Nationale d'Administration* for the EU institutions?

Jim Cloos

Secretary General
TEPSA

These issues concern all institutions. But each single institution should look at its own governance. At the end of the 1990s, the Council of the EU commissioned a major report by its Secretary General and the Head of the Legal Service on 'The operation of the Council with an enlarged Union in prospect'. It had quite an impact at the time. As we are gearing up to a new enlargement, it may be a clever idea to launch a similar initiative today, also taking account of the experience gained with the implementation of the Lisbon Treaty. The latter introduced codecision as the default option for adopting legislation. This means that the work of the so-called trilogues (informal meetings of the Council, the EP, and the Commission) has taken on more importance. This could also be an occasion to look at the issue of qualified majority voting (QMV) (application, extension) and the (sometimes perverse) effects of the existing transparency regulation. Another theme could be the relations between the Council and the European Council, in view of the growing role of the latter over the past years.

CLUSTER II
RESILIENCE

EU resilience has been severely tested over the past twenty years, and we can expect more of the same in the coming years. It is important for the EU to become 'antifragile', a concept coined by Nassim Nicholas Taleb. We propose to look at three related issues in this context: strategic autonomy, crisis management and foresight.

1.

Strategic autonomy: international developments oblige the EU to increase its strategic autonomy. This is a relative concept, not an absolute one, so we are not talking about autarky nor protectionism. We are talking about resilience, the capacity to act and defend EU interests and values, and the avoidance of excessive dependencies on single suppliers.

- How can the European Council ensure political guidance and tasking in this respect? Could the 'Strategic Agenda' approach under Donald Tusk's presidency serve as an inspiration?
- Concerning the method: could we take inspiration from Jean Monnet's '*bilans*' to conduct a comprehensive review over the next years of all policies, looking at strengths and weaknesses and suggesting action?
- What other governance measures could help pursue the objective of strategic autonomy?

On this subject, see Erik Jones' contribution in *TEPSA's Recommendations to the incoming Polish Presidency of the Council*. He calls for rewriting the economic DNA of Europe around five principles:

- Competitiveness rests on innovation;
- Innovation starts with investment;
- Investment requires incentives;
- Incentives need planning;
- The rules should be adapted for different sectors.

2.

Crisis management: the EU has struggled in its management of the post-2008 crises because historically it is a regulatory power more than an executive one. Under the circumstances, it has done rather well, but in a chaotic and improvising manner. The time has come for a methodological review of EU structures and workings.

- What lessons (positive and negative) should the EU draw from the experience of managing the post-2008 crises?
- How to strengthen the crisis management structures and tools within and between institutions and Member States? Would a joint task force help in this respect?
- How can we further reinforce the interplay between Member States and institutions, bearing in mind that many of the competencies to manage crises remain national?

Eric Maurice

Policy Analyst
European Policy Centre

The EU has no shortage of crisis units. In addition to the national ones, there are the Emergency Response Coordination Centre in the Commission, the Integrated Political Crisis Response in the Council, and the EEAS Crisis Response Centre. The challenge is to improve coordination between them as well as with their national equivalents. It is also to better liaise between the technical, operational, level, and the political, decision-making level. This is a lesson to be drawn from the COVID-19 crisis, as set out in the report on EU preparedness by the former Finnish President Sauli Niinistö.

The succession of crises since 2008 tested the EU's executive capacities. It must be able to absorb potential shocks, adapt to the nature of the crisis, identify solutions, and foster collective political will to take the necessary measures. This is more important than designing specific crisis mechanisms.

In governance terms, there should be a distinction between emergency situations, where coordination at the operational level is key, and potentially systemic crises, where political decisions need to be taken. For the latter, mechanisms at the highest levels should be established to avoid competition and overlaps between the institutions and their leadership, as well as to ensure that expert levels will be able to support political agency.

Preparing for crises means anticipating them, and crisis management should be connected with analysis of the global context. Institutional processes should try to integrate situational awareness and foresight into political discussions, for example through the General Affairs Council or informal Council meetings. Once a year, the European Council should hold a strategic discussion based on a foresight analysis.

Monique Pariat

Former Director General for Migration, Security and Crisis Management
European Commission

The EU has managed the crises it confronted after 2008 effectively, but often in an *ad hoc* and rather unstructured manner. Handling crises demands three distinct things, all of which the EU finds difficult:

- A better risk and threat assessment.
- A more robust prevention preparedness.
- A faster and more comprehensive coordination.

The EU needs a better organised EU-wide response, and a better articulation between the civil and defence sector.

The European Civil Protection Mechanism, coordinated by the Commission via an Emergency Response Coordination Centre functioning 24/7 all year round, has provided rapid, structured, and efficient responses in past crises. National authorities can activate it to enable coordinated assistance in a case or emergency, including financing by the EU budget. In 2019, the EU decided to reinforce this mechanism through RescEU's funding of weaker crisis management capacities in some Member States.

Since its creation in 2001 this mechanism has been used more than 700 times, and more frequently than ever after 2022.

But more needs to be done:

- Developing trusted frameworks and platforms to share confidential information and intelligence.

- Setting out clearer lines of command, translated into standing operating procedures for interaction between institutions and with Member States, assessed through tabletop or live exercises like the recent EU Integrated Resolve exercise 2024. This would increase efficiency but also increase mutual trust.
- Enhancing the EU's rapid response capacity, as set out in Commissioner Hadja Lahbib's mission letter and the recently published Niinistö report.

3.

Foresight: In this fast-changing world foresight can be a valuable tool for understanding future trends and improving preparedness. This is not about foretelling the future; it is about asking 'what if?' questions and increasing resilience.

- What could be the European Council role in spearheading foresight?
- How could interinstitutional foresight be improved?[4] Could an interinstitutional body with great intellectual freedom be set up to provide decisionmakers with scientific knowledge and reasoning?
- How could the EU set up a more ambitious foresight network with the Member States? Who should be the interlocutors in the Member States?

Victor Burguete

Senior Research Fellow
Barcelona Centre for International Affairs (CIDOB)

The European Council has a unique opportunity to lead on foresight by gathering insights from different geographies and perspectives, which is a strategic asset for scenario building and future planning as it would help to detect and minimise biases. The Commission's Joint Research Centre (JRC) and the European Parliamentary Research Service have embraced foresight as a strategic tool for researching and developing policies. The European Council's added value could be to drive foresight efforts while integrating national insights into policymaking. A positive example of collaboration between national and EU institutions is Resilient EU2030, a document produced during the Spanish Presidency of the Council of the EU.

An interinstitutional body could equip decision-makers with tools that are crucial to detecting early signals, tracking trends, and developing scenarios, while also testing EU policies through gaming exercises. This means going beyond 'what if?' approaches by integrating into the design of EU policies information about the geopolitical ambitions of third parties. One warning, though; a central hub for producing foresight might be suboptimal if its capacity to think out of the box were so compromised that it falls prey to the bandwagon effect.

[4] The European Strategy and Policy Analysis System (ESPAS) was an attempt at doing just that, via informal cooperation between the institutions allowing for open discussion and brainstorming. It continues to function but seems to have fallen victim to status thinking and lost its freedom to think outside the box.

The EU should promote the idea of national and regional foresight offices, along with the involvement of think tanks and civil society practitioners. Their output could be consolidated in an EU Foresight Studies Repository. Calls for foresight on specific topics could stimulate these activities and foster networks. Greater engagement with policy-makers would ensure that these efforts move beyond academic exercises and contribute to policy development.

Leo Schulte Nordholt

Retired official (Formerly European Council Unit)
General Secretariat of the Council of the European Union

The EU can avail itself of the Commission-led JRC, which packs considerable scientific brainpower in multiple fields, but is focused on analysis, not foresight, and lacks political clout. The inter-institutional informal 'ESPAS' network, which deals with long-term foresight, has likewise failed to reach the top political level, as too many actors diluted the punch and the confidentiality of its thinking and output.

To build a serious foresight structure with operational impact, it should be connected to the top political level, namely the Presidents of the European Council and of the Commission, and linked to similar outfits in Member States.

Top-level researchers could be selected from the JRC and elsewhere (no more than 50-75 total, distributed over key areas), to serve in a 'European Council foresight team'. This should be led by top-level officials with both scientific and political experience, under the authority of a political heavyweight: ideally a former European Council member, independent but close to the European Council and the Commission's Presidents.

This team should work on selected issues, after being tasked by the European Council (based on a joint proposal by the presidents of the European Council and Commission).

Some possible themes with a timeline of 10-15 years (2035-2040) could be: where is the space race leading and what does that mean for the EU? How will migration currents affect the EU? What will the impact of climate change be on the EU's economy and social structures? How can the EU develop a European defence industry? Will autocratic powers dominate the world and what does this mean for the future and survival of the EU?

Quantity is the enemy of quality: the European Council could have two or three thematic discussion a year on the basis of short papers. The discussions should be confidential, in private, with no public written outcome. The findings should lead to further work and possibly tasking.

Sinikukka Saari

Leading Researcher
Finnish Institute of International Affairs

Strategic foresight is a valuable tool for understanding trends and improving preparedness. It is key to future-proofing long-term strategies, thus contributing to the EU's strategic autonomy and crisis management.

But foresight is not about predicting a future through extrapolation of current trends, but rather about envisaging plausible futures and exploring how to achieve strategic goals in different settings. The process can improve effectiveness and identify opportunities, risks and disruptions.

Through foresight, the EU can adapt to a more volatile and uncertain global environment. Paradoxically, the foresight process should be both institutionalised and de-institutionalised simultaneously. Institutionalised to ensure continuity and constant learning, and de-institutionalised to ensure critical thinking and to avoid complacency and cognitive inertia. This could be done by building a 'Red Team' that would challenge conventional wisdom within an organisation.

Strategic foresight within the EU could be done interinstitutionally and by inviting outside contributions (such as ESPAS), in a smaller and more homogenous group (within European policy planners' group which meets regularly) or with outside partners (for example, the EU-Singapore foresight workshop). In several Member States, foresight is done regularly at a higher institutional level, and this could be considered within the EU context.

CLUSTER III

FINANCING

The future financing of EU policies is a key challenge. A daunting array of policy reforms will require massive amounts of money, as the Letta and Draghi reports emphasise. The question goes far wider than the EU budget (a mere 1% of GNI), encompassing the issues of possible new own resources, joint borrowing, and the completion of a Capital Markets Union.

7.

The future MFF discussions: this will be a key moment for reviewing financing and policy issues.

- What are the key governance issues related to the next MFF? How can the EU best establish positive (and negative) priorities.
- Are there ways of streamlining the different programmes presently used to distribute EU money?[5]
- Should there be a review of the cofinancing modalities?

Jean-Paul Decaestecker

Retired official
General Secretariat of the Council of the European Union

Meaningful progress on the MFF, especially if new Own Resources are to be developed, demands progress on private financing. This in turn calls for a comprehensive approach to financing, and here are some recommendations:

- Rationalisation of the MFF implies a focus on the major priorities identifying relevant public goods at the European level and defining envelopes within which programs and financing are available.

- Reinforced and credible control of financial commitments should combine an *ex ante* evaluation of the expected benefits (it is difficult to assess macroeconomic impacts, but many Member States do) and better *ex post* control of implementation (requiring exchange of good practices between national administrations and courts of auditors).

- Unless citizens are satisfied that the money spent is achieving results, they will oppose increased EU spending. Although citizens may already be involved *ex ante* in the selection of infrastructure projects potentially eligible to EU funding, one can certainly do more in terms of their active participation.

[5] The Von der Leyen suggestion to replace the programmes with one envelope by Member States has raised violent debate.

- Member States should appropriate these priorities and policies through greater recourse to co-financing within the framework of Union instruments. The use of non-EU budget financing that would contribute to these policies requires deepening the Capital Markets Union and the Banking Union along with the mobilisation of sources (banking, savings) of financing to serve these priorities. This would mean, for instance, that industrial policy must be part of a new 'social contract' where firms which contribute to EU objectives, such as public goods covered by the MFF, will be eligible for EU support.

- To the maximum extent possible (leaving aside natural disasters, war, etc.) and looking at what the U.S. is doing, e.g. for space and defence, EU support (whether direct or mediated through Member States) should be in the form of incentives through public procurement rather than subsidies.

Jakša Puljiz

Head of Department for European Policies
Institute for Development and International Relations (IRMO)

The EU must resolve its substantial budgetary needs if it is to meet its lengthening list of long-term priorities. The EU budget, meanwhile, is being challenged over the efficiency and added value of its programmes. These are questions that will have to be addressed in the forthcoming MFF negotiations.

On the revenue side, because it's unlikely that Member States will significantly increase their contributions, consensus on new Own Resources is essential. Proposals already made by the Commission should be a starting point for the forthcoming discussions.

On the expenditure side, a more ambitious simplification of budget programme structures is needed, particularly through a reduction in their number and a consolidation of their budgets. Proposals to merge complementary centralised programs concerned with innovation and technology, digitalisation, and business development seem reasonable because that could streamline procedures, reduce redundancies, and better define timelines for funding applications. More comprehensive and stronger budgetary instruments are needed that explicitly target projects with clear EU added value and offer a unified framework for the preparation, selection, and financing of projects.

Any radical changes in funding levels or governance of shared-management cohesion and agriculture programmes are unlikely to survive the MFF negotiations. More attention should therefore be given to programmes that offer added value. Those with less added value for the EU could require greater financial contributions from Member States.

On co-financing, a thorough review of the rules across all EU budget programmes is needed to maximise the EU budget's multiplier effect.

Linking financial support to the implementation of reform plans should continue. Building on the experience of the Recovery and Resilience Facility (RRF), a similar conditionality approach should be applied to future investment support programmes managed by Member States.

2.

Monitoring and evaluation: If citizens are not satisfied that money spent via and for Europe is achieving results, they will oppose increased EU spending.

- Are there ways of better integrating costing and evaluation into the legislative process of the EU?
- How can we go beyond the respect of the legality and procedures and better evaluate the effectiveness of spending? Would it help to commission independent assessments of the RRF and other major spending?
- How can we overcome problems of trust and excessive layers of procedures and controls? Would it help if the institutions jointly assessed the financing of projects, involving the political level in the process?

Adriaan Schout

Senior Research Fellow
Clingendael Institute

The debate on the future of the EU's finances will be tense, as usual, but also different. Given the number of EU ambitions on the agenda, the first requirement for the next MFF will be its legitimacy in the eyes of the public. The flaws in the current budget are well documented and include outdated priorities, a lack of flexibility to respond to new demands, and excessive bureaucracy. The margin for error in spending is also too high, and the effects of the EU's spending are disappointing. Analysis of these flaws' root causes is urgently needed.

Instead, the EU seems not to have reflected on these causes before embarking on an overhaul of the EU budget that will be based on the RRF model. This shift results from frustrations with the lack of national ownership of country-specific recommendations from the European Semester combined with bureaucratic constraints, particularly of the Cohesion Fund.

The plans for the next MFF focus on increasing spending flexibility and providing incentives for reform through performance-based payments. The 'open model' instead of multiple earmarked funds is being explored to offer Member States opportunities to better target national needs.

The effectiveness, efficiency, and legality of spending will largely depend on Member States' ability to manage EU-financed investments, and on the Commission's ability to monitor and audit the Member States. Experience with the current MFF and the RRF shows that the necessary governance requirements for such an overhaul are not in place. The new plan risks being a leap in the dark.

Member States often lack the necessary management, supervisory, and auditing capacities, while the Commission lacks independence and wears too many hats to ensure the required trust in the budget. Reports by the European Court of Auditors have documented the limitations of performance-based EU spending and of the RRF's governance. The Commission and Member States are still inclined to present overly optimistic pictures of the quality and results of EU spending, and of payments made even when targets are not met.

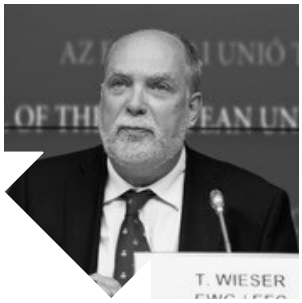
Design failures in the EU's finances include a tendency to centralise management and control within the Commission. Thousands of projects, milestones and targets in the EU's diverse Member States cannot be effectively controlled from the centre. Monitoring and control should be outside the Commission to ensure independence and transparency. And the current modes of operation - including in the RRF - lack national ownership for transparent and effective spending.

Before overhauling the current budget, the EU needs to agree on a system of independent first-line control in the Member States and a team-based system of second-line control (controlling the controllers). Unless the next EU budget is based on independence, transparency, and principles of subsidiarity-based enforcement, the legitimacy of EU spending will be further eroded.

3.

Euro area governance: the Economic and Monetary Union's (EMU) fundamental design combines a central approach on monetary policy with the retention of national competences in all other fields with a significant macroeconomic and cross-border impact. This is a challenge. Today's set of rules on economic policies relies heavily on a complex set of coordination mechanisms that sometimes look more like bureaucratic mechanisms than policy coordination.

- Can the EU streamline economic surveillance mechanisms?
- What should be the balance between coercive measures and more incentive-based mechanisms to ensure the respect of the criteria? Where are we on the reform of the Stability and Growth Pact?
- Has the time come to review the external representation of the Euro? Should the EU adopt a more proactive stance in promoting the Euro as a reserve currency?



Thomas Wieser

Fellow
Vienna Institute for International Economic Studies (WIIW)

While EU monetary policy is conducted by the European Central Bank (ECB), Member States determine their fiscal, structural, employment policies. This challenges euro area governance because developments in one country affect the others.

The Eurogroup was created in 1998 as a forum for dialogue on issues affecting the whole euro area and is chaired by one of the national finance ministers. Its increasing responsibilities suggest a need for a full-time Eurogroup president who would not have a national portfolio. The Eurogroup's Secretariat is currently with the Commission's Directorate General for Economic and Financial Affairs but could be moved to the General Secretariat of the Council (GSC) as is usually the case with Council work. This would free the Commission services to concentrate on policy issues while also allowing the GSC to provide the president of the European Council (also chair of the Euro Summits) with more expertise on financial and monetary matters. It would also make sense to revert to the former practice of regular policy-oriented meetings between the presidents of the European Council, the Commission and the ECB as well as the Eurogroup president.

In the wake of the euro area crisis after 2008, the EU has made major advances. It created a Single Supervisory System of the ECB to directly oversee its major banks, and set up the Single Resolution Mechanism to ensure that failing banks are resolved in an orderly manner. The European Stability Mechanism is also able to provide huge loans to euro area Member States in the context of economic adjustment loans that prescribe reform and adjustment measures.

The EU has tried to strengthen fiscal discipline through the Stability and Growth Pact and the Treaty on Stability, Coordination and Governance in the EMU. Opinions differ, but there is wide-spread agreement that these agreements are complicated and difficult to enforce. They have not prevented the debt levels of many Member States from steadily drifting upwards. Introducing overall QMV in the Council for fiscal policies would help, but it looks unrealistic as this would shift constitutional responsibilities from capitals to Brussels; in other words, a far greater change than those of the Maastricht Treaty.

Today's set-up of rules on economic policies relies heavily on complex coordination mechanisms, but these seem bureaucratic and should be reviewed. At the beginning of the EMU, coercive measures were the instruments of choice, yet the Stability and Growth Pact's financial sanctions have never been applied. The EU has moved towards more incentive-based mechanisms, as with the recent RRF which links disbursement of money to agreed reforms. It remains to be seen how effective this has been, but it would be unsurprising if the huge amount of detail drowned out the larger picture.

CLUSTER IV

GLOBAL INFLUENCE

To be a key actor on the global scene, the EU must develop stronger and more coherent external relations and policies. The first challenge is that external relations are subject to different rules; while trade is an exclusive EU competence, the Common Foreign and Security Policy (CFSP) and the Common Security and Defence Policy (CSDP) are, for historical reasons, intergovernmental.

At the same time, Member States have quite different visions of the international scene, for reasons of history and geography. Although only natural, it risks preventing unity of action; witness the Israel/Palestine conflict. Where Ukraine is concerned, the situation is better as the EU has shown unity of action despite sometimes diverging views. Tensions nevertheless remain and may well flare up as the situation worsens on the ground.

The plain fact is that the EU is still struggling to define its role on the international chessboard. The biggest unresolved challenge is Europe's future relationship with the USA. Are we content to be America's junior partner, or do we want a more autonomous stance based on how we see European interests? Such questions go beyond improvements to governance; they demand profound political debate at the highest level. A fresh look at governance would contribute, however, to greater coherence in our external policies. We therefore propose to look at horizontal governance issues, the roles of the High Representative for Foreign Affairs (HR) and the EEAS, and at the key areas of trade and defence.

1.

Horizontal governance issues: this is about better linking the various strands, the preparation of summits with third countries, more synergies between the diplomacies of the Member States and that of the EU. These are all issues that already figure in an annex to the conclusions of the European Council of 16 September 2010, which discussed foreign policy issues (in the presence of the foreign ministers). The follow-up since then has been disappointing[6].

- Has the time come for a new debate among Heads on these issues initiated by the incoming European Council President António Costa?
- Would it make sense to use such an exercise to investigate the issue of QMV, for example through activation of the *passerelles* in the Lisbon Treaty or the introduction of a 'super qualified majority'…?
- How could the EU improve its external representation?[7]

Tom De Bruijn

Former Permanent Representative to the European Union
Dutch Ministry of Foreign Affairs

In an increasingly complicated, multipolar and geopolitically shifting world, the EU must enhance its capacity to formulate and carry out basic foreign policy strategies (beyond the day-to-day foreign policy issues).

A way of achieving this could be to set up a European Security Council. As long as formal decision-making power is not altered, this can be done without treaty change. It goes without saying that political will is a prerequisite if national interests and divergences due to different historical and geographical perspectives are to be

[6] On synergies between national diplomacy and EU diplomacy, for instance, the text contains a simple but potentially useful suggestion of a running calendar referring to top level contacts with important partners. It was never implemented. The idea was to use European Council meetings to exchange on those contacts and avoid the discrepancy between what national leaders say to the Chinese president and what the EU representative are told by the Member States to raise with him (in a nutshell, Member States use the EU level to buy themselves a good conscience on values, while they focus on [national] interests in their bilateral talks). The Chinese of course see that and use it to their advantage. On external representation, the last five years have seen constant fights between the two presidents who seemed to vie for a post that does not exist in the EU system, that of president of the EU. On the more positive side, the preparation of summits with third countries has seen a more direct involvement of the president of the European Commission's chief of staff and a more pronounced role of Coreper over the past years.

[7] On this see our July paper.

overcome. Interinstitutional conflicts should also be put aside; otherwise, new institutional arrangements are useless.

The practical functioning of such a Security Council could be divided into successive stages.

First, there would be an Interinstitutional Security Committee, composed of the President of the European Council, the President of the Commission and the HR. Depending on the subject, they could invite on an *ad hoc* basis other players, like the Commissioner for Trade. For such a committee to be efficient and effective, its agenda needs to be thoroughly prepared; that would be the responsibility of a European Security Advisor, fully focusing on strategic security issues. This function could be attached to the president of the European Council.

Second, to ensure Member States' commitment without losing focus, the Security Council would be convened with a limited number of heads of state or government (or foreign ministers). There could possibly be two permanent members (Germany and France) and four rotating members (North, East, South and West in the EU).

Finally, the recommendations of the full Security Council would be put for decision at regular European Council meetings to achieve consensus (as long as decisions are not taken by QMV) and legitimacy.

Nicole Dewandre

Visiting Professor
College of Europe in Bruges

The EU has always been geopolitical, with the prevention of wars among Member States as its original *raison d'être*. The EU has striven since the mid-1980s to become a global actor in itself, compensating for Member States deemed too small to be significant. The EU's size and weight thus became a new *raison d'être*, but this has created a sort of 'zero-sum' game between EU and national competences.

The EU became an economic giant in a world where geopolitics was relatively stable and simple, and where the EU naturally aligned with the USA. Now that the USA's hegemony is being challenged by China, Russia and the Global South, a multipolar world is emerging. The EU needs to find its place and role on the global chessboard. It cannot simply stick to the USA. This requires a revival of the original relational approach, and its application within the EU and globally. Hence, three recommendations for a new governance:

- Abandon the objective of being the one big actor replacing the Member States. Find better ways of interacting between the EU and national levels.
- Enhance the dialogue between Member States and accept diversity and robust debate, without this being perceived as the end of the EU.
- Push for a geopolitical Europe which continues to promote peace in the world, not in words but in deeds. Multipolarity does not need to mean wars. It means pursuing transactional policies and speaking to all.

Monika Sus

Associate Professor
Polish Academy of Sciences

Coordinated and coherent external representation is crucial if the EU is to be seen as influential and reliable by other global actors. Enhancing efforts here should be a top priority for António Costa, not least because the previous EU leadership left significant room for improvement. Conflicting statements from EU officials on the war in Gaza were a stark example of the need for a more unified and consistent approach.

To enhance the external representation and coordination of EU Member States' relations with third countries, a robust mechanism should systematically record national diplomatic engagements with key countries such as China, the USA and other strategic partners. This should be anchored within the framework of the GSC, where a dedicated team would maintain ongoing contact with national diplomatic secretariats to ensure the collection and exchange of information. Once operational, this mechanism could be leveraged to support the preparation of summits with third countries and joint messaging on strategic EU issues.

Strengthening the horizontal coordination of the EU's external representation requires much closer collaboration between the presidents of the European Commission, the European Council, and the HR.

This should involve regular meetings between them and a deeper integration of their teams when drafting joint statements, coordinating foreign visits, and aligning strategic communications. In short, strengthening the EU's internal communication is essential.

Pierre Vimont

Senior Fellow
Carnegie Europe

The CSDP field requires its own decision-making process if the EU is to be seen as a genuine geopolitical actor. The following steps should be envisaged:

- A clear leadership from the EEAS, involving all appropriate Commission services, to prepare policy papers for discussion at relevant stages in the Commission and the Council. An innovation should be that in the concluding steps there would be a meeting of national security advisers from the Member States (jointly with the EU Permanent Representatives if needed). The European Council should discuss foreign and security policy matters in sessions devoid of other items. These sessions could be rebranded - for visibility's sake - as the European Council sitting in the formation of a 'European Security Council'. Decisions taken at the European Council should return to foreign ministers for implementation.

- A strategy-oriented preparation with policy papers drafted under specific rules: strict confidentiality (along the lines of the sanctions decision process), a choice of precise options followed by clear action-oriented propositions. This type of drafting implies a completely new administrative culture representing a new trademark for this process.

- Diplomatic actions focused on flexibility. With little hope of QMV being implemented soon, emphasis should be put on a more frequent use of current Treaty provisions that allow for flexibility (constructive abstention, enhanced cooperation). Calls to the European Council when foreign affairs ministers face a Member State's opposition should also become a more natural procedure. Additionally, the use of intergovernmental formats (*ad hoc* groups of like-minded Member States like the EU-3 in the Iranian talks) or that of Article 44 of the Treaty on European Union should be facilitated.

- A more frequent use of Member States' diplomatic resources. Detailed guidelines with possible concrete actions (common reports and visits, joint communication initiatives…) should be sent by the EEAS to EU delegations, and by Member States to their national embassies, for improved collaboration in third countries and international organisations. Deputing Member States' foreign affairs ministers to act when on diplomatic missions on behalf of the EU should become more systematic.

Mariam Khotenashvili

Executive Director
TEPSA

What lessons for EU governance can be drawn from the geopolitical setbacks the EU has been incurring in its enlargement region over the last years?

Global influence is not just a foreign policy concept – EU enlargement is a vital part of it, while being a much broader policy. Many of the issues of governance coincide and require improvement, especially as the general pattern so far has shown that EU's enlargement policy has not succeeded in preventing democratic backsliding in candidate countries.

Lessons in preparedness and accountability: institutional responsibility needs to exist for pursuing EU geopolitical interest at a time when it matters. While ministers and national leaders only work on EU issues part-time, they should ensure that someone has executive responsibility for success and failure, also in external policy.

- Clarify and streamline responsibilities between the Commission and the EEAS vis-à-vis enlargement countries. Establish accountability for achievements and setbacks. Approach successful EU enlargement (to interested countries) as a core geopolitical interest, not as a fair-weather process.

Lessons on the policy toolbox: opening and closing doors towards the next stage of the EU accession process does not constitute action. Support for Organisation for Security and Co-Operation in Europe-led election monitoring missions (arriving only once every four or five years) is insufficient for preventing democratic backsliding.

- For candidate countries, a 'geopolitical' EU should organise its own democracy protection mechanism, throughout the electoral cycle and including vigorous support for civil society. Build mechanisms of European defence and intelligence, acting as counterweight to the EU's geopolitical rivals and providing security foundations to EU enlargement policy.

Lessons on external representation: when a candidate country government becomes uncooperative, the EU tends to disengage. Some argue that EU ambassadors who become too visible or outspoken tend to get penalised, rather than rewarded.

- While scaling down support for a non-cooperative government, work actively with remaining allies within the country who actually stand up for democratic values. Be present: maintain high-level contacts, albeit with non-government actors. In all contexts, headquarters should reward active and visible EU ambassadors.

2.

The roles of the HR[8] and the EEAS: there has not been sufficient reflection on this issue. The HR and the service have been between the rock of the Commission jealously guarding its extensive competencies in external representation and the hard place of the Member States jealously defending their sovereignty. So far, none of the HRs has managed to have close relations with both the president of the European Council and that of the Commission.

- What practical measures could help integrate the new HR into a joint team with the President of the European Council and the President of the Commission?
- How could the HR be better employed in the EU's external representation?
- Should there be a reflection on whether it makes sense for the EEAS representatives to chair the Political and Security Committee of the Council and working groups under CFSP?[9]

Niklas Helwig

Leading Researcher
Finnish Institute of International Affairs

In today's volatile global landscape, the role of the HR as the EU's diplomatic broker is increasingly vital. It could be far more impactful if the HR were to better utilise three assets granted by EU treaties.

First, the HR's unique position as Vice-President of the Commission provides the opportunity to combine the increasingly important sectoral policy competences and resources of the Commission with the political power of Member States in the CFSP – a link that has been a at the center of the Lisbon Treaty reform, but so far underused. Although the HR's Deputy Head of Cabinet co-chairs the External

[8] HR, as the treaties say, not HR/VP. When the HR chairs the Council, they are chair of one of the configurations of the Council; they are not chair of the Council as Vice-President of the Commission. The HR is one person with three distinct roles: chairing the FAC, being Vice-President of the Commission and running the CFSP daily. They are also in charge of the European Defence Agency.

[9] This may seem a strange question. But if one looks at the way the Commission wields influence in trade matters, it is a legitimate one. Would the Commission be more influential if it chaired the trade committees in the Council? Most certainly not. This would hamper its margin of manoeuvre. One could even ask the question whether the HR should chair the FAC. But since this is a treaty provision, it may be better not to touch it. Also: one of the reasons for creating the post was to ensure visibility and permanence towards the outside world.

Coordination group in the Commission, the Commission's Secretariat General and President's Cabinet increasingly direct global policies independently. Despite the HR's waning influence within the Von der Leyen commission, Kaja Kallas could still capitalise on her 'double hat'. Strengthening connections between the HR cabinet and Commission Directorates General can yield more robust and well-rounded CFSP proposals for Member States.

As chair of the Foreign Affairs Council (FAC), the HR also serves as a crucial bridge between the European Council - the EU's highest-level CFSP institution - and the main foreign policy structures in the Council and EEAS.

Coordinating efforts with the European Council President's office could bring much-needed synergy. Despite ongoing coordination issues between FAC and European Council agendas, the HR and European Council President's cabinets should jointly prepare foreign and security policy items for upcoming European Council meetings, incorporating input from Commission services, the EEAS, and Council preparatory bodies. This regular practice would help ensure that the HR and Council receive strong mandates from heads of state or government to advance CFSP issues.

Finally, the HR must prioritise direct connections with major Member States, particularly France, Germany, Poland, Italy, and Spain, as well as smaller states with regional insights. Formal Council processes must be supplemented with informal channels to enable agile responses to global crises, especially as the Political and Security Committee, once regarded as the linchpin of EU foreign and security policy, faces diminishing influence.

Sabina Lange

Associate Professor, University of Ljubljana
Senior Lecturer, European Institute of Public Administration (EIPA)

The HR operates at the foreign ministers' level. In terms of policy, her triple role as chair of the FAC, Vice-President of the Commission and person in charge of the daily running of CFSP requires close cooperation both with the President of the European Council and the President of the Commission. She benefits from the assistance of the EEAS, including the 145 EU delegations abroad, but can also draw on the expertise of the Commission services and the GSC. This, and her participation in the work of the European Council potentially allows the HR to play a major coordinating role in external relations. This potential has not always been used to the desired effect. What is missing is a mechanism to improve coherence, effectiveness, and visibility in EU foreign policy. It would help if the HR took the

initiative to bring together for weekly meetings high-level officials from all 'external actors' (the cabinet of the Presidents of the European Council, the Commission, the EEAS) together with the presidency of the Council to coordinate the respective external representation agendas, collect comments on draft European Council conclusions as well as on the follow up to the latter.

In view of her heavy agenda linked to her three functions, the HR should prioritise when it comes to external representation and decide which negotiations she will undertake personally. Burden-sharing with foreign ministers who could deputise in dossiers they have a particular competence, or interest in would both lower the pressure on the HR and increase the sense of ownership of Member States. Another idea would be to review the number and roles of the various EU Special Representatives and to make better use of them. The HR herself should run key files.

The HR's contribution to preparing the work in the European Council is presently mainly based on the role of chair of the FAC. Since the president of the Commission is a member of the European Council there is a tendency to confine the HR to CFSP matters.

It would help if the Commission President gave greater latitude to the HR in the preparatory process since she is also a Vice-President of the Commission. The HR should attend Coreper meetings for the preparation of files for the European Council meetings. She would in this way also be able to better insert the work of the Political and Security Committee on CFSP and CSDP issues and on crisis management into the process, which, in turn, would also regain some of its lost strategic role.

Klara Lindström

Analyst
Stockholm Centre for Eastern European Studies

It is a problem for an EU facing unprecedented geopolitical challenges that the HR role remains unduly constrained by a confusing and contested institutional structure. The best option is to give the HR a stronger mandate, along with practical measures for integrating the HR into a joint team with the Presidents of the European Council and the Commission and ensuring a 'whole of government' approach on lower levels. These measures could:

- Establish regular trilateral meetings between the HR and both Presidents to align strategic priorities and coordinate on key foreign policy issues, and implement joint horizon scanning and scenario planning exercises involving all three offices.

- Ensure a seamless information flow between EU institutions in the field of the CFSP by improving and updating the arrangements for the exchange of classified information.

- In the European Council, the HR should be given a clear task of preparing external policy packages for leaders to decide on. That would require the EEAS to support the HR with strategic thinking and innovative proposals. The HR should also be able to draw on Commission and GSC input.

As the EU aims to strengthen its global outreach, there is a need to better employ the HR in the EU's external representation. The following steps could be considered:

- Increase the HR's visibility in high-level international forums and negotiations. The HR should appoint deputies with specific regional responsibilities so as to enhance global presence.

- The European Council should give the HR a stronger mandate to act on matters on which Member States have decided to take common action. The HR should be 'first among equals' among all Commissioners with portfolios that touch on EU external relations.

- EU delegations should be upgraded in terms of personnel and expertise and given stronger roles in coordinating EU instruments on the ground. The appointments of the heads of delegations should be jointly decided by the presidents and the HR.

Dietmar Schweisgut

Secretary General
Austro-French Centre for Rapprochement in Europe (CFA/ÖFZ)

The Lisbon Treaty created the post of HR, with a triple role (chair of the FAC, Vice-President of the Commission, conductor of the CFSP), supported by a new EEAS. The new system has not delivered on the ambition of creating an effective and united foreign and security policy.

While the new EU delegations - built on the basis of the existing Commission network - improved coordination on the ground and in many instances raised the profile and the visibility of the EU, the EEAS headquarters in Brussels struggled to become a decisive factor next to the Commission, while Member States were reluctant to accept and support the authority of the HR.

The EEAS was set up in haste after the second Irish referendum on the Lisbon Treaty in October 2009 amidst widely differing views on its status and organisation among the Commission, the EP and Member States. The result was a compromise which satisfied nobody. It took years to establish trust and define a workable division of labour between the Commission and the EEAS. It also meant that the HR never managed to carve out a decisive role in the new institutional set up between the European Council, the Council and the Commission which remains in charge of the most important instruments of the EU's external action from trade, finance to development cooperation.

In a radically changed geopolitical environment it would make sense to reassess the situation. As the Commission now has a Commissioner in charge of defence - something that long seemed unthinkable - should it not be possible to merge the EEAS with the Commission? This would be an important step towards bringing all policy instruments together and making the EU a more effective player in a world of power politics.

Pierre Vimont

Senior Fellow
Carnegie Europe

The purpose here should be twofold: there must be a well-defined mission mandate for the HR and the EEAS as the operational arm, and a greater sense of ownership by the Member States.

The HR's role should be as strategic 'thinker-in-chief'. Today's geo-economics are part of the broader geopolitical landscape. One cannot plan future trade relations or new technology capacities without inserting EU strategic thinking into a broader political context. Anticipating the policies of the forthcoming Trump administration cannot be limited to the trade field, and thus to possible counter actions in the case of tariff rises. The thinking process must encompass all areas of USA-EU relations, and the same applies to China, Russia and all other partners of the EU.

What should this new method entail?

- The HR's team must oversee the coordination of all EU strategic thinking, and this must be open to outside contributions while remaining centralised around the HR along with the Commission and the Council services and working groups.

- The HR must participate in regular trilateral meetings with the Presidents of the Commission and the European Council to keep them informed, set the shared working agenda and coordinate visits to foreign partners.

- Inside the Council, the HR should take advantage of her presence at the European Council and become the natural channel of transmission between the European Council and the lower levels of action in the Council and the Commission. This would enhance the CFSP governance process. The chair of the FAC, which should remain with the HR, must be seen in that context.

- Chairs of the Political and Security Committee and the CFSP working groups currently attributed to EEAS officials should be brought back into the ordinary rules of the Council working methods and allocated to the rotating presidency. This change would reinvigorate a sense of common ownership between Member States and the CFSP institutions.

- EEAS services should become the natural drafters of strategic papers circulating amid the different services and working groups. Hence the need to learn this new administrative culture and be ready to face complex and contentious issues when defining all possible options for foreign policy action.

3. SECTORAL POLICIES: TRADE AND DEFENCE

Trade issues: because trade is a common policy, governance is much more straightforward, and the EU is the key player. EU trade policies have adapted to the shifts around the world. After the failure of the World Trade Organisation talks 15 years ago, it started negotiating Free Trade Agreements with partners, while also looking at ratification and simplification issues. The EU has adopted a wide range of autonomous measures to defend its interests in the face of growing weaponisation of trade.

- Does the EU need more autonomous tools?
- How could the EU better counter short term political reasoning both within and outside the EU and naked disinformation on the Free Trade Agreements?
- Should we take a fresh look at the various clauses the EU attaches to Free Trade Agreements and reflect on how to avoid possible perverse effects?

European Defence: the failure of the European Defence Community in 1954 led to Europe's hard security being based on the North Atlantic Treaty Organisation (NATO) and its American leadership. Current developments, not least uncertainties within the USA, are forcing the EU and Europe to work towards a reinforcement of its defence. This raises uncomfortable questions, notably around military capabilities, and financial resources.

- How can we ensure a better return on investment on defence spending by the 27 Member States?[10] How can the EU ensure that the Member States invest in a true European defence industry? What should be the respective roles of the Commission, the European Defence Agency and the European Investment Bank?
- How should the relationship with NATO develop? Via a strong European pillar within NATO? Via the review of the bilateral relationship between the EU and NATO? Via a more autonomous European use of NATO assets?
- What could a reset with the United Kingdom (UK) look like in security and defence?

[10] Amounting to around EUR 260 billion a year, which is a considerable sum, and increasing. But there is far too little coherence and cohesion and no truly European defence industry.

Claude-France Arnould

Former Ambassador, French Ministry of Foreign Affairs
Former Chief Executive, European Defence Agency

We do have a strong and internationally competitive European defence industry; 4 EU countries account for more than 24% of all weapons exports worldwide. Yet at the same time, almost four-fifths of the defence equipment acquired by EU Member States between Russia's invasion of Ukraine and June 2023 came from outside the EU. Nearly two-thirds of that was bought from the USA.

The EU's main defence companies are oriented towards 'grand export' markets rather than the capability requirements of European armies. This reflects decades of shrinking investment in defence and the lack of an internal EU armaments market. What is expected from increased defence spending is primarily to provide for our security.

Security requires a solid European capacity to act, autonomously if needed, namely with a sufficient level of independence. But security is also understood by many as striving by all means to keep the American protection, which includes buying American.

We must reconnect our industrial and technological potential with our operational needs and foster efficiency through cooperation within the EU. It means harmonised capabilities requirements, common procurement, training and maintenance, significant common projects, public and private funding, synergies with other European policies (research, industry, competition, space, digital…).

Europe has the appropriate structures if we combine EU institutions' competence and put a stop to institutional rivalry. We can rely on the orientations provided by the European Council, the involvement of defence ministers, the mobilisation by the Commission of its powerful tools, as well as on the European Defence Agency for matching capability requirements and industrial and technological potential and for offering the possibility to manage projects, *à la carte*, in small groups, without procedural delays. The European Defence Agency can also accommodate third states.

Managing complex programs can be entrusted to Europe's long-established Organisation for Joint Armament Cooperation, or to a leading national procurement agency. The European Investment Bank should support small and medium enterprises and start-ups and send a positive signal to investors who are still reluctant to invest in defence. Time is running out and the stakes are high. What is now needed is political pressure from the European Council pushing EU structures to combine their strengths.

The relationship with NATO has been a prerequisite from the very first steps of the EU in security and defence. The many EU-NATO declarations of cooperation and the Treaties themselves have underscored over the last 20 years how essential it is, and why it must be further developed. That this needs to be repeated again and again, however, shows that there are inherent difficulties.

The greatest disappointment has been the so-called Berlin Plus agreement of 2002 that was meant to provide the EU with access to NATO assets, consisting mainly of the Supreme Headquarters Allied Powers Europe (SHAPE) planning, command and conduct capacity. Berlin Plus has only been used for the EU's two operations in former Yugoslavia, and that after laborious negotiations. Subsequent moves have been blocked by Turkey, which does not allow a relationship that includes Cyprus. Yet relations between NATO and the EU have developed, built on contacts and cross participation in meetings, both at political and at staff level. They are fruitful when informal and result-oriented, specifically those involving the NATO command structures for operations (SHAPE), and Supreme Allied Commander Transformation (SACT) for capabilities.

Using the term 'European pillar' within NATO is a way of underlining the readiness to mobilise the full EU potential to foster the joint defence effort and thus comfort the alliance. Finland's former President Sauli Niinistö expressed this clearly in his report on enhancing the EU's defence readiness: "The need for stronger European responsibility will remain beyond individual elections or political cycles in the USA," he observes. "The more we are ready to do together as the EU, the more we can expect our partners to be willing to contribute to our shared preparedness". This should not be overplayed, though. The idea of a European 'caucus' is unacceptable to non-European Allies. Besides, it could not function institutionally; the nature of the EU prevents it from being a pillar of a military organisation.

What would make is difference is a clear orientation on the issues to be addressed by SHAPE and SACT, EU Member States and the European Defence Agency. A priority should be to clarify the availability of command assets if and when the EU might need to take military action, based on Article 42(7) of the Treaty on European Union, in the case an EU Member State has been attacked while NATO decides not to intervene.

CLUSTER V
PROFILE

To gear itself up for the changing demands of the 21st century, the EU must raise and improve its profile and communication. The EU's national democracies will resist change unless they first understand its reasons.

A 'good news' mentality has long hampered EU communications. It is sometimes argued that cultural and linguistic diversity, coupled with confidentiality restraints and political considerations, makes communication difficult, but these are minor considerations. Brussels' reluctance to define difficulties and name names often turns its information efforts into propaganda. In this respect, the degree of autonomy enjoyed by the European Commission is, paradoxically, a communications hindrance. The political cut-and-thrust that surrounds elected governments means voters are familiar with the nation's problems. The Commission's independent status and political neutrality protects it from healthy debates in which it must defend its thinking.

This is only one of the problems. Overall, communication in Brussels is far too "silo-based", with the institutions and the Member States engaging in *pro domo* pleading.

1.

Democratic outreach and civil society input: the EP's legislative role is essential, but in information terms its proceedings are akin to a closely guarded secret. Those of most national parliaments, by contrast, are widely reported and represent healthy debate on issues directly relevant to EU decision-making.

Concerning civic society, Brussels is already rich in civil society representatives. But the professional lobbyists and the NGOs are more part of the Brussels bubble than a connection with the real world of European citizens.

- Should the EU help create and fund broadcasting and print reporting mechanisms to paint a Europe-wide picture of how national parliamentarians see EU-level issues? This would require a specialised team of journalists beyond the skills of EU officials; how might these be recruited?
- Would focus groups and town hall debates (including in rural areas) with ministers, Commissioners, members of the EP and EU officials help to increase knowledge about the EU and put a human face on the 'faceless EU'?
- Where are we on the follow up to the Conference on the Future of Europe initiative?

Giselle Bosse

Associate Professor and Jean Monnet Chair
Maastricht University

The EU faces considerable challenges in bridging the gap with its citizens and ensuring democratic engagement and civil society participation. The EP's role remains opaque to the public, contributing to perceptions of the EU as distant from citizens' daily concerns. This is exacerbated by the limited involvement of the public in the enlargement process, which fosters populism.

The EU should improve its communications and citizen engagement and step up its efforts to counter disinformation. A Europe-wide broadcasting platform might enhance transparency, but critics argue that it would be costly, prone to bias, and hindered by language barriers.

A more effective approach might be grants to independent media organisations in EU Member States and accession candidates to increase coverage of EU topics. This would support diverse projects and increase the EU's visibility for local audiences. Other possibilities include fostering cross-border journalism joint ventures and digital media outreach.

Focus groups and town hall meetings, especially in rural areas, would encourage citizens to engage directly with decision-makers, thereby improving public understanding. The EU could also explore deliberative democracy, such as citizens' assemblies where randomly selected citizens deliberate on specific EU policies or issues. This would offer a more structured and balanced approach to citizens' participation.

The EU should also be more involved with national parliaments and local councils. EU-related debates would help to integrate EU issues into national politics life and make them more relevant to citizens. In accession countries, supporting grassroots democratic initiatives and civil society and structurally involving them in the enlargement process would create more opportunities for citizens to discuss the benefits and challenges of EU membership from a local perspective, fostering bottom-up engagement.

The proposed 'European Democracy Shield' aims to counter disinformation on sensitive topics such as enlargement, and to succeed, the EU should dismantle existing silos in its anti-disinformation strategy and prioritise media literacy. Its defence of democracy should extend beyond the Union and strengthen democratic systems in the accession countries and elsewhere. The resilience of democratic systems is crucial and should be a core for building a European Defence Union and updating the EU Strategic Compass.

2.

Think tank engagement: EU institutions have never capitalised on Europe's think tank community. All too often it sees the research institutes as communicators of EU thinking rather than as initiators of new thinking. And European think tankers, unlike their counterparts in the USA, have struggled to establish effective relations with decision-makers and practitioners.

- How could funding be targeted towards the key strategic interests of the EU?
- How could the EU better fund and involve EU-wide networks of think tanks and universities and get them to launch innovative ideas, evaluate planned initiatives, and float trial balloons?
- Are there ways of reducing micromanagement of projects and bureaucratic requirements?

Fabian Zuleeg

Chief Executive
European Policy Centre

Think tanks can play a vital role in democracies. They help to translate research into actionable recommendations and policy innovation, create fora and platforms for debate and exchange, create networks and informal channels of communication and engagement, and are a vital part of soft diplomacy.

Within the EU, demands on think tanks are rising and they are increasingly asked to provide long-term strategic thinking and innovative answers to new and ever-more interconnected and complex policy challenges. Through their networks, think tanks reflect the reality of multilevel EU decision-making, and global discussion.

For think tanks to fulfil these demands, a different engagement is needed with policy-makers, including the EU's. At heart there is the need to reform funding. Think tanks require long-term funding with a solid proportion that is untied and respects intellectual autonomy. The EU needs to focus on funding analysts rather than activities and projects, and by doing so would ensure that think tanks have the financial space to turn down questionable funding.

At the same time, the think tank sector itself needs to change. Cooperation at a pan-European scale would engender a common ethical framework committed to democracy, transparency, good governance and independence. Only then can the

think tank sector fulfil this role. The EU institutions should therefore support the sector as a whole and foster capacity-building along with adherence to ethical principles. Beyond Europe, think tanks are in some countries under greater pressure than before, and need a safe haven at EU level. In fact, this is unfortunately not only necessary for think tanks beyond Europe but increasingly also within.

A vibrant and independent think tank sector requires a range of support. As well as operational grants, it needs systematic and generous funding for think pieces, a shifting of funding from activities and projects to analysis. More assistance for the international role Europe's think tanks play should be combined with a radical cut in the EU's bureaucratic requirements. Greater respect for think tanks' independence within the EU's institutions is crucial to preventing grouped thinking and delivery of what the funder wants to hear rather than what needs to be said.

3.

Press, public relations and social media: this has long been the EU's Achilles' heel. The fundamental weakness has been an institutional culture - most of all in the Commission - that seeks to justify actions, promote policies and place individual Commissioners in the limelight. These are goals despised by journalists. As deep-rooted is the belief that a large, accredited press corps is proof of success - in fact most Brussels correspondents are specialists and technical reporters, so the opinion-forming commentators remain out of reach in the EU capitals. At the same time, the world is being reshaped in unpredictable ways, first by social media and now by the online disruptions promised by AI. How the EU should respond to these powerful pressures is a question that looms across its activities but has so far been chiefly discussed as a regulatory question.

- Could there be a two-fold solution:
  - The abolition of spokespersons for individuals, and the requirement that Commissioners announce (and defend) their initiatives; and
  - That an independent team of journalists should be engaged to funnel local news in the appropriate language to local news media?
- Would it help to create an EU Information Hub to provide information on EU files and the state of legislative procedures, with an open-ended discussion mechanism that invites a wide spectrum of specialists to comment on developments and their consequences?
- How could EU websites be made more user-friendly and more open for discussion fora? More generally, could the EU develop more understandable language and terminology?

Paul Culley

Former Director
General Secretariat of the Council

The EU's communication, transparency, news and information system is totally ineffective in reaching the public. In fact, the EU does not have a system - each institution has its own.

The EU does not communicate clear, positive messages to its people, and therefore cannot expect them to have positive feelings in return. Donald Trump and others

have shown that political choices are not as rational as we believe, and that voter preferences are based more on emotion and superficial impressions.

Most of the EU's press and information resources should be taken out of the institutions and placed outside their castle walls. Messaging is for media professionals, not bureaucrats. The professionals should choose what to message (tailored to the interests of countries and regions) and how to message (with a major shift to social media).

Language matters. Using 'European Council' and 'EU Council' is a communication absurdity. Why can we not say 'Leaders' Summit' and 'Council of Ministers'?

The EU institutions' information officials should not completely disappear. They have a vital role as 'information wholesalers' - providing full facts, technical and procedural details and public registers of documents. This is essential raw material for the 'news retailers' who create the messages.

The 'wholesale information' will always interest academics, think tanks and other specialists. This is what we currently serve to the public, as if they were experts - which they are not.

How would the 'news retailers' be organised? They must be independent, decentralised and multilingual. We could have an independent Brussels hub with multiple spokes - supplied by the wholesalers in the institutions. Because the system would be funded from the EU budget, there needs to be financial and quality oversight, but not editorial interference.

It is time to focus on what engages the public (in content and media), not what the institutions want to broadcast.

Jacques Keller-Noëllet

Former Deputy Director General
General Secretariat of the Council

'Political' information and communication is a problem in EU Member States that is aggravated by the fact there is neither a European government nor an EU president; that makes information not less but more difficult. The EU needs to accept a diversity of information, even if this can be a source of confusion and communication cacophony.

There are three types of 'information':

- 'Personified' information concerns Heads of State or Government and the

Presidents of the EU institutions. Their often subjective interjections attract much public attention. More regular joint press conferences could help frame the messages and project an image of unity. Regular contacts between advisors could help to harmonise key messages at an early stage.

- 'Oriented' information is that provided by the press services of the main players. It is perfectly legitimate when it is the expression of an institution's natural vocation (for example, defending the general interest or a certain level of ambition for the Commission) or when Member States present their national positions. But it is problematic when it biases debate by ignoring the overall context and the roles and interests of the other players. This is above all a problem of ethics.
- 'Factual' information is where the idea of an 'EU Information Office' comes into its own.

Independent, made up of both civil servants and professionals, and equipped with the most modern IT means, its mission would be to provide journalists and the public with intelligible up-to-date information on all key dossiers. It would also organise debates in Brussels and in the Member States and improve interaction with social networks.

The first two types include an element of active communication which needs some framing and discipline. The third is purely informative and should be given the means to deliver comprehensive, objective and easily understandable information on the European debate in real time.

Manuel Müller

Senior Research Fellow
Finnish Institute of International Affairs

Europe's weak public sphere is a key obstacle to improving the EU's democratic governance. Limited media coverage of EU politics means citizens feel ill-informed and unable to judge whether their interests are taken into account, so they see no way to get involved. The EU has long tried to address this through communication policies that increase transparency, support transnational media and introduce consultation procedures. But none of these reach the wider audience needed for a functioning European democracy.

More of the same will not change this. The EU may promote special European public broadcasting formats, but who will watch them? Commissioners may tour rural areas, but how many of the 450 million citizens will turn up to welcome them? The EU's communications problem is more fundamental and stems from the complexity of its institutions.

The EU's participatory tools are for people who have the time, inclination and money to get involved in politics, and this certainly is not the case for most citizens. To reach them, the EU needs simplicity: simple, mass-media interpretative frameworks and simple democratic mechanisms that allow effortless participation in decision-making.

In national democracies, the mechanism that creates this simplicity is the electoral competition between political parties.

By providing the discursive framework for almost all areas of public policy, it reduces the complexity of politics to a few clear lines of conflict and allows for political showdowns with enough news value to make the headlines. Even citizens with little interest in political detail feel that they can have an impact through the simple but meaningful act of voting.

At the EU level, by contrast, the perfect bicameralism between the EP and the Council, the high quorums for decision-making, and the lack of a clear partisan orientation of the Commission all make for complex compromises and lengthy procedures with few decisive moments. The result is that EU politics are less interesting for the media and more distant and impenetrable for citizens.

Changing this would mean strengthening political parties and making EU elections more meaningful – for example, by reforming European electoral law, reducing decision-making quorums in the Council, and 'parliamentarising' the Commission. The EP proposed such reforms in its 2023 draft EU Treaty. The most effective way to strengthen the European public sphere and the EU's democratic outreach would therefore be to convene a Convention to discuss these proposals as soon as possible.

Beda Romano

Brussels Correspondent
Il Sole 24 Ore

Communicating the EU has become much more complex because of the increasing politicisation and centralisation of the EU Commission under Ursula von der Leyen. Former Presidents, even Jean-Claude Juncker, gave more freedom of action to Commissioners and therefore to spokespersons. This trend has made the President better known across Europe, but at the expense of a more transparent communication. Communication that appears to be muzzled becomes, paradoxically perhaps, less credible, eventually damaging the public image of the institution. Therefore, the aim should be to find the right balance between unintelligible cacophony and suppressed communication.

Requiring Commissioners to defend their legislative proposals themselves would be a step forward. More importantly, they should be more independent from both their governments and their own president. President Von der Leyen dominates the presentation of legislative proposals and sometimes even announces their main features on social media like Twitter/X before the responsible Commissioner's press conference. This should stop as it garbles the message and makes Commissioners less accountable.

An EU profile on an information hub such as Twitter/X that would collect comments from selected international commentators is worth considering. It could be akin to Project Syndicate and consist of short but intelligent opinions and reflections.

For a reporter, following the EU's ins and outs is particularly challenging because the job boils down to covering a legislative process. The challenge is to strike the right balance between describing technical aspects and including the broader political context, without falling into the trap of imposing their own views.

National media tend to have a national bias, while English-language outlets will have a broader (too broad?) view of the issues at stake. Research centers and think-tanks might become an interesting and helpful instrument to convey information about the EU with the right balance between technical details and political context.

In Italy, Milan-based Italian Institute for International Political Studies (ISPI) and Rome-based Institute of International Affairs (IAI) cover international affairs with end-of-the-business-day recaps of the main events, and so fill the gaps left by the press. Perhaps think tanks across Europe could collaborate on daily newsletters that give short but useful coverage of EU affairs.

LIST OF CONTRIBUTORS

EDITORS:

Jim Cloos, Secretary General, TEPSA;

Giles Merritt, Senior Associate Fellow, Egmont Institute.

CONTRIBUTORS:

Claude-France Arnould, Former Ambassador, French Ministry of Foreign Affairs & Former Chief Executive, European Defence Agency;

Tom De Bruijn, Former Permanent Representative of the Netherlands to the European Union;

Pierre de Boissieu, Former Secretary General, Council of the European Union;

Giselle Bosse, Associate Professor and Jean Monnet Chair, Maastricht University;

Victor Burguete, Senior Research Fellow, Barcelona Centre for International Affairs (CIDOB);

Paul Culley, Former Director, General Secretariat of the Council;

Cesira D'Aniello, Former Secretary General, European Ombudsman & Director of Human Resources, General Secretariat of the European Union;

Catherine Day, Former Secretary General, European Commission;

Nicole Dewandre, Visiting Professor, College of Europe in Bruges;

Niklas Helwig, Leading Researcher, Finnish Institute of International Affairs;

Jacques Keller-Noëllet, Former Deputy Director General, General Secretariat of the Council;

Mariam Khotenashvili, Executive Director, TEPSA;

Sabina Lange, Associate Professor, University of Ljubljana & Senior Lecturer, European Institute of Public Administration (EIPA);

Klara Lindström, Analyst, Stockholm Centre for Eastern European Studies;

Eric Maurice, Policy Analyst, European Policy Centre;

Luuk van Middelaar, Director, Brussels Institute for Geopolitics;

Manuel Müller, Senior Research Fellow, Finnish Institute of International Affairs;

Monique Pariat, Former Director General for Migration, Security and Crisis Management, European Commission;

Jakša Puljiz, Head of Department for European Policies, Institute for Development and International Relations (IRMO);

Beda Romano, Brussels Correspondent, Il Sole 24 Ore;

Sinikukka Saari, Leading Researcher, Finnish Institute of International Affairs;

Adriaan Schout, Senior Research Fellow, Clingendael Institute;

Leo Schulte Nordholt, Retired official (formerly in European Council Unit), General Secretariat of the Council of the European Union;

Dietmar Schweisgut, Secretary General, Austro-French Centre for Rapprochement in Europe (CFA/ÖFZ);

Jean-Paul Decaestecker, Retired official, General Secretariat of the Council of the European Union;

Marco Siddi, Leading Researcher, Finnish Institute of International Affairs;

Gerhard Stahl, Former Secretary-General, European Committee of the Regions;

Monika Sus, Associate Professor, Polish Academy of Sciences;

Pierre Vimont, Senior Fellow, Carnegie Europe;

Klaus Welle, Former Secretary General of the European Parliament (2009 -2022), Academic Council Chairman, Wilfried Martens Centre for European Studies;

Thomas Wieser, Fellow, Vienna Institute for International Economic Studies (WIIW);

Fabian Zuleeg, Chief Executive, European Policy Centre.

ABBREVIATIONS

AI	Artificial Intelligence
CFSP	Common Foreign and Security Policy
CSDP	Common Security and Defence Policy
ECB	European Central Bank
EEAS	European External Action Service
EMU	Economic and Monetary Union
EP	European Parliament
ESPAS	European Strategy and Policy Analysis System
EU	European Union
FAC	Foreign Affairs Council
GDP	Gross domestic product
GNI	Gross national income
GSC	General Secretariat of the Council of the European Union
HR	High Representative for Foreign Affairs
IT	Information technology
JRC	European Commission Joint Research Centre
MFF	Multiannual Financial Framework
NATO	North Atlantic Treaty Organisation
NECP	National Energy and Climate Plan
NGO	Non-governmental organisation

QMV	Qualified majority voting
RRF	Recovery and Resilience Facility
SACT	Supreme Allied Commander Transformation
SHAPE	Supreme Headquarters Allied Powers Europe
USA	United States of America

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