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POLICY BRIEF

SHAPING THE FUTURE OF THE UNION: IMPLICATIONS OF THE CONFERENCE ON THE FUTURE OF EUROPE FOR THE PRIVATE SECTOR

Madrid, July 2022





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INTRODUCTION

On May 9th, Europe Day, the city of Strasbourg (France) hosted the closing ceremony for the Conference on the Future of Europe. After months of a **citizen engagement experiment without a precedent** across Europe, the Presidents of the European Commission and Parliament, along with the French President, Emmanuel Macron, presented 49 proposals on nine different subject areas related to the design and functioning of the European Union (EU) and its public policies.

In such a complex global political landscape, with the post-pandemic recovery being challenged by the Russian invasion of Ukraine, the Conference on the Future of Europe and the vast participation it has attained is most relevant. In fact, far from exclusively focusing on institutional design matters, the outcome of the Conference includes multiple measures related to sectors such as energy, climate, and digitalisation. If implemented, these proposals could

have an impact on our economies and societies, as well as on the s businesses and citizens of the EU.

Moreover, it seems fitting to analyse the process of how these proposals developed, as well as evaluate the effects that these will have on European companies and citizens. Which are the most interesting proposals on energy, sustainability and digitalisation? Will it be possible to implement them? How could the sectorial public policies of the EU be impacted? Has the Conference been a one-time only experiment, or can we foresee an ever more active and democratically engaged EU?

This Policy Brief first reviews the path that the Conference has followed up to this day, analysing the strengths and weaknesses of the whole journey. When assessing its outcomes, these brief focuses on the impact that these proposals could have on the private sector. Lastly, the brief presents different future scenarios and identifies the main conclusions from this pan-European participation exercise.



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A CITIZEN ENGAGEMENT EXPERIMENT WITHOUT A PRECEDENT

In March of 2019, President Macron, who has made an ambitious Europeanism one of his key hallmarks, proposed the celebration of a Conference on the Future of the EU which should conclude within the time-frame of the French Presidency of the Council of the EU (from January to June 2022). A few months later, the President of the European Commission, Ursula Von der Leyen, welcomed the idea and included the launch of the Conference as one of the political orientations for the start of her mandate. The main goal was for European citizens to have a central role in defining the priorities and the direction of the European project without bringing back the fears of previous constitutional refounding attempts (such as the late European Constitution of 2004).

Initially, the Conference was set to start in May 2020 and run for two years until May 2022. However, the pandemic and the lack of agreement between the different EU institutions delayed its launch to March 10th, 2021. On that day, the then President of the European Parliament, David Sassoli, the Portuguese Prime Minister, António Costa (given the Portuguese Presidency of the Council of the EU) and the President of the European Commission signed a Joint Declaration on the Conference on the Future of Europe. What was supposed to be a two-year-long process was then shortened to one, so the Conference would end at the same time as the French Presidency of the Council of the EU.

This Joint Declaration stated that the Conference is a "citizens-focused, bottom-up exercise for Europeans to have their say on the way they expect from the European Union. It will give citizens a greater role in shaping the Union's future policies and ambitions, improving its resilience". Bottom line, the Conference was born as a pan-European democratic experiment. Even though in the EU there have already been other initiatives that fostered debate and citizens' consultation, the central role of European citizens in the Conference and its sectoral reach gave it a truly novel approach.





Due to the inter-institutional conflict over who should be in charge of the Conference, there was an agreement for the Conference to be led by a Joint Presidency constituted by the President of the European Parliament, the President of the Council and the President of the European Commission. Furthermore, the governance of the Conference was made up of the following elements:

- A **multilingual digital platform** website that gathered all information and documentation and that also served as a place for citizens to share their ideas, debate, and interact with one another.
- European Citizens' Panels, made up of 800 randomly selected citizens from all Member States, that represented the central element of citizens' participation at the European level. The discussions that then nurtured the Conference Plenary focused on four areas: 1) A stronger economy, social justice and labour / Education, culture, youth and sports / Digital transformation; 2) European democracy / Values and rights, Rule of Law and security; 3) Climate change, the environment and health; and 4) The EU in the world / Migrations.
- The **Conference Plenary** encompassed 449 members representing the EU institutions, National Parliaments, the civil society and citizens. Specifically, 80 representatives came from the European Citizens' Panels (10 percent of its members), a third of which are people under 25 years of age. The Plenary debated the contributions from the national and European panels, as well as the proposals made through the multilingual digital platform. From this work, a few conclusions were presented to the Executive Board.
- The **Working Groups** were to discuss the recommendations made by the citizens (European Citizens' Panels, National Citizens' Panels and the digital platform) and prepare the debates for the Conference. Nine Working Groups were formed, one for each sectoral area of the Conference (climate change and the environment; health; a stronger economy, social justice and labour; the Union in the world; values and rights; Rule of Law and security; digital transformation; European democracy; migrations; education, culture, youth and sports).

• The **Executive Board** was made up of a representation from the European Parliament, the Council and the European Commission, with each institution having three representatives and a maximum of four observers. Apart from overseeing the development of the Conference and informing the Joint Presidency, the Executive Board was responsible for drafting and publishing the conclusions of the Conference Plenary, and presenting the final result of the Conference in a report addressed to the Joint Presidency.

"The main goal was for European citizens to have a central role in defining the priorities and the direction of the European project"

WHAT HAS THE RESULT BEEN?

The Conference officially started its work on May 9th, 2021. Shortly after a year, almost five million people had accessed the digital platform, which had 50,000 active users and had been home of the debate for 17,000 initiatives. In the last Plenary, held between April 29th and 30th, 2022, 49 final recommendations itemised in over 300 specific measures for the nine sectoral areas were adopted. Overall, the proposed recommendations are ambitious, and urged to reinforce the European component ahead of the national one and to further develop the EU competencies across different areas, such as in health and social policies.

Nevertheless, most of these measures are not particularly innovative. Some of these proposals call on completing different dossiers that have been open for years, such as the Banking Union or the New Pact on Migration and Asylum. Likewise, a good few of the presented ideas deal with aspects that are already at the core of the priorities of the EU, such as investing in renewable energies, supporting a circular economy, developing green urban spaces or strengthening the citizenship's digital competencies,

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among others, which are already guiding lines for the European Union Recovery Instrument and the national recovery and resilience plans that have been approved from the summer of 2020. Lastly, there are some recommendations the EU is already implementing, such as creating a European space for health data.

Apart from the sectorial recommendations (described below), the Conference proposes institutional changes to develop the European integration **project further**. Some of the most relevant proposals are as follows: the substitution of unanimity for the qualified majority in the decision-making processes for all areas (with the only exceptions of the admission of new members to the EU and the changes to the fundamental principles); increasing transparency in decision-making processes, reinforcing the citizens' role in the election of the President of the Commission and the recognition of the European Parliament's right of inquiry. The most innovative proposals belong to the institutional reform area, with ideas such as holding EU-wide referendums, periodically holding Citizens' Assemblies or increasing the frequency of online and offline interactions between EU institutions and its citizens in the European policy-making process.

Without a doubt, the context in which the last phase of the Conference was developed has had a significant impact on its final content, the references to the Russian invasion of Ukraine were systematically repeated, and numerous recommendations insist on reducing the EU dependence on third countries, especially in the energy area. Moreover, the area that focuses on the EU in the world has been made especially relevant in light of recent events.

THE IMPORTANCE OF THE CONFERENCE FOR THE PRIVATE SECTOR

Even though the main characteristic of the Conference is that it focuses more on the *how* (putting the citizenship at the centre of a participatory and reflection process on the future of the European project) than on the *what* (the specifically identified measures), the final report is full of specific proposals that, if implemented according to the reached agreements, would affect European businesses and citizens.

On climate change and the environment, the proposals adopted by the Conference emphasise the need to reinforce the continent's position as the leader in the fight against global warming. In this regard, objectives in different areas are set, among them the support a more sustainable food production that ensures food security, increasing sustainability in the transportation sector, the development of a more and more circular economy and the reduction of the energy dependency (particularly, from fossil fuels) on third countries. Far from being a novelty, an essential part of these objectives is already fully incorporated into measures being implemented or designed by the EU. This is the case of Fit for 55 (the package of legislative measures presented by the Commission in July 2021 to accelerate its decarbonisation process), the Farm to Fork Strategy or the review of waste law. Likewise, in return for the funding that countries will receive from the





Next Generation EU funds, many of these measures are also part of the Member States' recovery and resilience plans that have been approved in these last two years. However, it remains to be seen how the crisis in Ukraine might modify the objectives or the implementation of the ongoing measures.

A similar situation happens in the area of digitalisation. Among the presented proposals, which are pending adoption by the EU institutions, some stand out, like the future Regulation on the Digital Services Act, aimed at protecting the rights of online users; the Digital Markets Act, which aims at ensuring that no big online major platform abuses its market position; and the European Chips Act. As a Europe fit for the Digital Age is one of the main priorities for the EU institutions, 20 percent of the investments that the Member States will make according to their national recovery and resilience plans will have to be directed at advancing their digital transitions. Nevertheless, this has not prevented the Conference from emphasising the need to improve Internet access for all citizens, develop the digital competencies of the entire population, and increase the EU's technological competitiveness and innovation capacity.

The Conference also wants to advance towards a stronger economy with higher competitiveness and resilience levels, mainly focusing on SMEs and the working conditions of vulnerable employees. Many of these issues are already part of the European Pillar of Social Rights and of different initiatives that are still being discussed. In this regard, in December 2021, the Commission presented a proposal for a Directive to improve the working conditions of people working through digital labour platforms. Likewise, work is being done towards a Directive on adequate minimum wages. Regarding the fiscal regulation, in October 2021, the OECD Member States reached an agreement to reform the tax system that has crystallised at the European level in a proposal by the Commission, which the Council and the Parliament are currently examining and that shall be launched in 2023. Moreover, in 2023 the Directive that obliges big multinationals to make public the taxes that they pay in each Member State will come into force and effect.

In any case, as stated above, most of these measures are already being addressed by the EU institutions. Away from being redundant, this citizen participation process can be read as the democratic legitimation of a strategic roadmap

that, given the volatility of the all political European, international and national contexts, institutions had to design on the go.

"The proposals adopted by the Conference emphasise the need to reinforce the continent's position as the leader in the fight against global warming"

NEXT STEPS

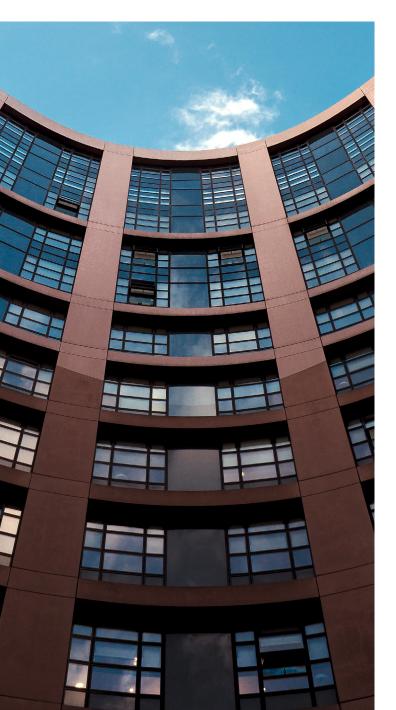
The closing ceremony of the Conference on the Future of Europe took place on May 9th, 2022, with the presentation of the final report for the Joint Presidency. From now on, the EU institutions will review the conclusions and determine the future next steps.

While the European Parliament has already urged the European Council to start a review process of the treaties to include the main proposals drawn from the Conference, the Member States have not been receptive to this. More than ten Member States signed a document stating they "do not support unconsidered and premature attempts to launch a process towards Treaty change". In opposition to them, France, Germany, Belgium, Italy, Luxembourg, the Netherlands, and Spain have demonstrated their willingness to get started on this constitutional review. All in all, the last European Council (23rd-24th June) has ignored the request by the Parliament.

However, the debate on the need for a Treaty reform to welcome the most institutional proposals should not be an obstacle to the implementation of the conclusions. According to the experts, **only 10 percent of the recommendations require a change in the founding treaties**. The Council has also recently stated that a **significant number of the measures are already being addressed or have already been outlined by the EU institutions**, especially in digital transformation, climate change, the environment and health.



On the other hand, on June 17th, 2022, the Commission made public a first review of what will be needed to follow up on the proposals from the Conference. In this regard, the Commission agreed to echo a first group of the proposals in the Speech on the State of the Union that President Von der Leyen will deliver at the European Parliament in September 2022. Whilst the changes in the Treaties are still on the table, the Commission has announced that it will initially focus on the measures that can be implemented in the pre-existing institutional framework. Moreover, **these** proposals shall be included in the Commission Work Programme for 2023 and the upcoming years. Lastly, the Commission has agreed to organise an event in the fall of 2022 to inform the citizens who participated in the Conference.



"A significant number of the measures are already being addressed or have already been outlined by the EU institutions, especially in digital transformation, climate change, the environment and health"

CONCLUSIONS

Despite the difficulties linked to its launch, in particular, the pandemic, the lack of agreement on its governance and the turbulent international context, the Conference on the Future of Europe has involved a pan-European citizen participatory process without precedent. Precisely, its weaknesses (the absence of a rigorously defined objective, the ambiguity regarding the implementation of its results and the complex structure of its governance to embrace the different sensibilities that came into play) could have facilitated the culmination of an exercise that raised many fears and resistances.

Likewise, the development of the Conference itself has allowed identifying different weak points in its functioning, such as the representation of minorities and the overrepresentation of educated people in the European Citizens' Panels, the disagreements on the interpretation of the citizens' recommendations in the Plenary framework, the lack of knowledge of the EU among certain citizens, the broad spectrum of the discussed topics or the little coordination between the European and the National Panels.

Although the context in which the Conference has been developed has not been helpful, neither the citizens nor the EU leaders have shown the genuine interest and implication that the exercise called for

However, these weaknesses do not mean that the process has failed. The mere fact of having concluded such an ambitious experience in record time and in the middle of such a difficult context is



already a great success. Additionally, the experience of the Conference might serve as an example for the design of future mechanisms that foster and consolidate citizens' participation in the European project, overcoming issues such as the lack of interest or general knowledge of European matters.

For Spain, being involved in the Conference on the Future of Europe has been both an obligation and an opportunity. On the one hand, our country has held observer status in the Executive Board due to its upcoming Presidency of the Council of the EU during the second half of 2023. Spain must be up to date on the progress and advancement that the implementation of the recommendations drawn from the Conference might have. The Spanish Presidency will be the last to be completed within the same institutional cycle, representing a clear opportunity to improve Spain's position at the core of the EU and push for and support those recommendations that are a priority for our country.

Moving forward with its recommendations might not require, with very few exceptions, changes in the founding Treaties of the Union. In fact, the European Union's most relevant and recent innovation (issuing of joint public debt) hasn't required any changes and has allowed for the advancement of many of the recommendations from the Conference. Further exploring the aspects that have a preexisting agreement is viable and does not require unconventional reforms.

"The civic legitimation given to the institutional roadmap already being developed offers a confidence boost on the accuracy of these strategies and on their continuity over time"

The proposals with the highest relevance for the private sector reinforce the middle-term agenda of the Union in the areas of the digital and the green transitions (that involves the energetic one as

well), which have already received an unbelievable financial boost thanks to the Next Generation EU funds and, recently, have been endorsed by **REPowerEU**. Far from the skepticism presented by Guy Verhofstadt, one of the presidents of the Conference's Executive Board, in the conclusions of the works ("Now the issue is how can we turn conclusions into reality"), the truth is, when it comes to the private sector, there are little doubts on the political will to move forward with the identified measures. What is true is that, for many of them, the institutions are already one step ahead of citizenship. Away from sounding redundant, there's a positive review to be made on this exercise: the civic legitimation given to the institutional roadmap already being developed offers a confidence boost on the accuracy of these strategies and on their continuity over time, providing extra assurance to private investment.





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