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European Union, 2017

Margaret Mary Malone

Institute of Public Administration, Ireland

The year 2017 was eventful for the EU and its member states. Given the widespread Euroscepticism and populism which appeared to be on the rise last year, election results in the Netherlands, France and Germany were greeted with relief and hope for the future. The EU was in an optimistic mood. European Commission President Jean-Claude Juncker used his State of the European Union speech in September to note that the EU had the ‘wind in its sails’ (Juncker, 2017). At the same time, he cautioned that the fair weather conditions would not last long – there was no room for complacency. The EU had to act to protect, empower and defend its citizens. The EU moved forward on a number of policy fronts in the wake of the Brexit vote and also concluded high-profile international trade deals in an effort to fill the vacuum left by the protectionist policies of the Trump administration.

Institutional developments

On 1 January Malta took over the six-month rotating presidency of the Council of the EU, focusing on six key areas: migration, the single market, security, social inclusion, Europe’s neighbourhood and the maritime sector. On 1 July Estonia followed, taking up the presidency until the end of December. The Estonian Government had four main priorities for its presidency, namely an open and innovative European economy, a safe and secure Europe, a digital Europe and the free movement of data.

On 17 January Antonio Tajani of the European People's Party (EPP) replaced Martin Schulz as president of the European Parliament with the support of the EPP and the Alliance of Liberals and Democrats in Europe (ALDE). Schulz stepped down as president in order to run in the German parliamentary elections in September. Mairead McGuinness was re-elected as vice-president of the European Parliament. She replaced Tajani as first vice-president after topping the ballot.

In May the Bulgarian Government nominated Mariya Gabriel, a two-term MEP with the EPP group, to replace Kristalina Georgieva, who left the Commission in late 2016 in order to take up a new position with the World Bank in Washington, DC. Gabriel's competencies were confirmed by President Juncker, who interviewed her. In June Gabriel underwent a public hearing with the European Parliament, which confirmed her nomination on 4 July. Gabriel took over the digital agenda portfolio.

In early December Mario Centeno was confirmed by his colleagues as the new president of the influential Eurogroup, that is, the finance ministers of the nineteen eurozone member states. Centeno, who is the Portuguese finance minister, will serve a two-and-a-half-year term of office.

Goodbye roaming charges

On 31 January, after a decade of persistence, the EU finally clinched a deal to cap the wholesale charges that telecom operators pay each other when their customers use their mobile phones abroad. This deal paved the way for the abolition of roaming fees for EU citizens on 15 June. Wholesale charges for data were capped at €7.70 per gigabyte. This will drop to €2.50 per gigabyte in 2022. Caps for making calls decreased from 5 cents per minute to 3.20 cents. The cost of sending text messages dropped from 2 cents to 1 cent.

In sum, EU citizens travelling in Europe from 15 June have been able to call, text and connect with their mobile devices at the same price as they do at home.

Eurozone on the rebound?

The eurozone economy showed the strongest growth in nearly seven years, driven by accelerating service and manufacturing activity across all major economies. Numerous surveys indicated a rebound in

confidence and a boom in manufacturing. The unemployment rate in the eurozone fell to 9.1 per cent in June, the lowest since February 2009. The rate for those aged twenty-five and under was estimated at 18.7 per cent.

The European Central Bank moved to halve its monthly bond purchases to €30 billion from January 2018. This development indicated that it was preparing to gradually wind down its quantitative easing programme.

Sixtieth anniversary of the Treaties of Rome

On 25 March EU leaders gathered in Rome to celebrate the sixtieth anniversary of the Treaties of Rome, which laid the foundations of the EU we have today. Amid concern about the rise in populism, nationalism and anti-EU sentiment, thousands of EU citizens gathered in Rome and other European capitals to voice their support for European unity. British Prime Minister Theresa May was invited to Rome but declined the invitation, deeming it inappropriate to attend the celebrations as the UK was planning to leave the Union.

Brexit

In January Prime Minister May, in her Lancaster House speech, set out her vision of Brexit: to leave the single European market (SEM) and the customs union of the EU. She also stated that ‘no deal... is better than a bad deal’ (May, 2017). She did not seek to adopt a relationship with the EU 27, similar to that which states like Switzerland, Norway and Turkey currently enjoy. She sought a bespoke arrangement providing for a deep and special relationship.

On 29 March May formally notified the EU of the UK’s intention to withdraw from the Union. This act triggered a two-year process to negotiate the terms of the UK’s withdrawal and its future trade relationship with the EU 27. Therefore, it is expected that by 29 March 2019 the UK will formally cease to be an EU member state. The negotiations are scheduled to be completed before the European Parliament elections in June 2019. On 29 April the EU 27 held a summit in which they adopted unanimously and speedily – in less than a minute – their guidelines for the Brexit talks. The EU 27 were strikingly united, and resolved that the eventual deal for the UK would not allow ‘cherry-picking’ (European Council, 2017).

The EU 27’s agreed guidelines on Brexit comprise the following:

- i. Timing and sequence of the negotiations: first the divorce arrangements must be agreed; only then may talks about the future trade relationship between the UK and the EU 27 begin. The EU 27 will decide when sufficient progress has been made to allow the negotiations to proceed to the next phase.
- ii. The EU 27 will negotiate as one. There will be no bilateral negotiations.
- iii. The so-called 'divorce bill', estimated to be at least €60 billion, is non-negotiable. As Belgian Prime Minister Charles Michel put it, 'Brexit for free is not possible' (Barker et al., 2017).
- iv. Access to the SEM excludes participation by the UK on a sector-by-sector basis. For example, the UK car industry will not have special access to the SEM.
- v. The right of EU citizens to stay in the UK after Brexit is to be upheld.

On 19 June the Brexit talks got underway, led by David Davis, the chief negotiator on behalf of the UK Government, and Michel Barnier, the chief negotiator on behalf of the EU 27. Progress in the talks was slow, not least due to the lack of consensus within the British cabinet on the desired outcome of Brexit, the end state. The cabinet was split between so-called 'hard Brexiteers' such as Michael Gove and Boris Johnson, who wanted a clean break, and the so-called 'soft Brexiteers' led by the Chancellor of the Exchequer, Philip Hammond, who was in favour of a lengthy transition or 'implementation' period.

The European Council had to decide at the end of October if sufficient progress had been made on three issues, namely:

- i. citizens' rights, that is, for EU nationals in the UK and for UK nationals in the EU 27;
- ii. the financial settlement or 'divorce bill';
- iii. the border issue in Ireland: avoiding a return to a hard border between Northern Ireland and the Republic of Ireland in order to safeguard the Good Friday Agreement of 1998 and the Northern Ireland peace process was a priority for the EU 27.

In the event, agreement proved to be elusive, until a deal was finally clinched by Theresa May and Jean-Claude Juncker early on 8 December, following all-night discussions. The deal was acceptable to all parties concerned, including the Democratic Unionist Party (DUP), who support the minority UK Conservative Party government.

The Commission thus gave its opinion that the talks could proceed to the second phase. European Council President Donald Tusk made an announcement at 9 am, indicating that he was open to the idea of a two-year transition period but that there would be conditions. The second phase of the negotiations is likely to get underway in March 2018.

European Banking Authority and European Medicines Agency to be relocated after Brexit

Months of speculation came to an end on 20 November when the European Council made its decision on the relocation of two EU agencies currently based in London. Given the UK's plans to leave the Union, both agencies will, of necessity, be relocated after Brexit. The European Banking Authority (EBA) will relocate to Paris while the European Medicines Agency (EMA) will relocate to Amsterdam. The decision to relocate both the EBA and the EMA is seen as further proof that the EU 27 are more advanced in their post-Brexit planning than the UK. The latter has no plans as yet to replace the regulatory functions provided by these two agencies.

Future of Europe debate

On 1 March Jean-Claude Juncker unveiled the Commission's White Paper, outlining five scenarios for the future of Europe. The aim of the paper was to stimulate a debate among member states on the future evolution of the Union. Attention quickly focused on Scenario Three, which advanced the idea of a multi-speed Union. This option stirred controversy, particularly with Central and Eastern European countries who fear that such a scenario could potentially lead to first- and second-class membership of the Union.

Dutch elections

On 15 March, in an eagerly anticipated election, Mark Rutte's centre-right VVD succeeded in becoming the largest political party in the Dutch parliament for a third consecutive time. It won 33 of the 150 seats. Far right politician Geert Wilders and his party, PVV, won 20 seats, an increase of five. The Green Party performed particularly well, winning 14 seats, an increase of 10, while the Labour Party, which had been the junior partner in the outgoing governing coalition, suffered a

historic defeat with a loss of 29 seats. The result was greeted with a mixture of enthusiasm and relief in Brussels and in member states. It was widely seen as a rejection of the populist, anti-immigrant and anti-EU politics of Geert Wilders. At the same time, the PVV became an established feature of Dutch parliamentary politics.

Terrorist attacks

Britain suffered its worst year of terrorism since 2005. On 22 March – the anniversary of the 2016 Brussels attacks – a terrorist attack occurred in London. A car on Westminster Bridge was driven deliberately into pedestrians at speed. Five people were killed, including a police officer, while more than 40 people were injured. The attacker, Khalid Masood, a 52-year old British citizen, who was armed with two large knives, was subsequently shot and killed by police. Although Masood had a criminal record, he had no convictions for terrorist offences, police revealed. On 22 May a suicide-bomber killed 22 people and injured some 500 at an Ariana Grande concert in Manchester.

On 7 April a 39-year-old Uzbek asylum seeker carried out a ‘lone wolf’ attack in Sweden, by driving a truck into unsuspecting pedestrians, echoing the attack on a Berlin Christmas market in December 2016. He had recently been ordered by the authorities to leave the country. Two Swedes, one Briton and one Belgian died in the attack.

‘Enhanced cooperation’ activated

On 3 April sixteen national governments signed up to activate the ‘enhanced cooperation’ mechanism in order to establish a European Public Prosecutor Office (EPPO). This mechanism, originally introduced by the Treaty of Amsterdam, which came into effect in 1999, allows a coalition of the willing (i.e. at least nine member states) to pave the way for a Commission proposal to establish this office. The mandate of the EPPO is to investigate and prosecute in the EU’s financial interest. Ireland and the UK were not among this group of member states.

Erdogan’s referendum

Turkey’s directly elected president, Recep Tayyip Erdogan, narrowly won a referendum on 16 April on proposals to enhance significantly

the constitutional powers of his office. The proposals include new presidential powers to abolish the post of prime minister, to make political and judicial appointments, and also to impose a national state of emergency. The result left the country profoundly polarised, reflecting a clear urban/rural divide: 51.4 per cent of voters approved the proposal while 48.6 per cent voted against. Turnout was 85 per cent. The main opposition party criticised the election, citing voting irregularities, and called for a partial recount of 2.5 million votes. Critics in Turkey and in the EU fear that the referendum result amounted to a watershed moment that is likely to consolidate Erdogan's increasingly autocratic rule, making him a modern sultan, an autocrat.

Beyond Turkey, political group leaders in the European Parliament called for accession talks between the EU and Turkey, long in the doldrums, to be suspended indefinitely. Erdogan rejected criticism, both internal and external, arguing that the changes were needed to address security challenges facing Turkey in the wake of the failed military coup of July 2016 and the need to avoid the fragile coalition governments of the past.

On 15 June 'March for Justice' grew into Turkey's largest anti-government protest march since 2013. Protesters marched from Ankara to Istanbul, a distance of some 450 km. President Erdogan described the marchers as 'wilful partners in treason against the nation' ('Heated protest', 2017).

Turkey's new constitution entered into force on 6 July. On 5 July, the European Parliament again called for the official suspension of Turkey's accession talks with the EU.

Elections in France

On 23 April the first round of presidential elections took place in France. As expected, Emmanuel Macron and Marine Le Pen went through to the second round. For the first time in the sixty-year history of the Fifth French Republic, no candidate from either the Socialist Party or the Republican Party succeeded in making it beyond the first round. The choice facing French voters was, on the one hand, the economically and culturally liberal, pro-EU, centrist Macron and, on the other, the protectionist, nationalistic, anti-EU and anti-immigrant, far-right Le Pen. Macron ran an optimistic, pro-EU campaign, in stark contrast to the anti-EU rhetoric of Le Pen. On 7 May Macron won the second round decisively by 66 per cent to 34 per cent. Turnout was 75

per cent. Le Pen won 11 million votes, a historic high for the Front National Party. Macron, at thirty-nine years of age, France's youngest-ever president, was inaugurated on 14 May.

The election was extraordinary and unprecedented: the political landscape of the Fifth French Republic changed dramatically. Macron appointed Edouard Philippe, the centre-right mayor of Le Havre, as his prime minister. Macron's victory was viewed by many as stemming the tide of populism. It was also seen as rebooting the Franco–German axis, traditionally the engine of European integration.

Parliamentary elections took place in June. Macron's renamed political party, *La République en Marche* (LREM), fielded hundreds of candidates, half of whom were new to politics and half of whom were women. LREM, together with its centrist ally Democratic Movement (MoDem), won 355 of the 577 seats; 289 seats were needed for a majority. The Front National won eight seats, including one for Le Pen, who subsequently resigned as an MEP. Turnout was low, at 43 per cent. Voter abstention was high among the working class and the low-income groups in particular. The elections were a major blow to the traditional parties of the left and right. Not since Charles de Gaulle in 1958 has a French president had such a majority. Macron lost little time in advancing his ideas to reform the French economy to stimulate employment and strengthen economic growth.

Elections in Germany

In September Germany held parliamentary elections, which saw a loss of seats for Angela Merkel's Christian Democratic Union (CDU) and a rise in support for the anti-immigrant party Alternative for Germany (AfD). The lengthy process of forming a government began with a number of options on the table, including another grand coalition between the CDU/Christian Social Union (CSU) and the Socialists on the one hand, and a minority CDU/CSU government on the other.

European defence – PESCO launched

The 22–23 June European Council called for the establishment of an inclusive and ambitious permanent structured cooperation, known as PESCO. The legal basis for this comes from Article 42(6) and Article 46 of the Treaty on European Union (TEU), as amended by the Treaty of Lisbon, which came into effect in December 2009. Donald

Tusk described the announcement as a historic step allowing the EU to move towards deeper cooperation and integration in defence.

On 11 December the Council, chaired by Federica Mogherini, Vice-President of the European Commission and High Representative of Foreign Affairs and Security Policy, formally launched PESCO. There are twenty-five participating member states, including Ireland. On 6 December Dáil Éireann voted by seventy-five to forty-two to commit Ireland to joining this permanent framework for defence cooperation. The three non-participating member states are the UK, Denmark and Malta. The Council of Foreign Affairs also set in motion seventeen projects under the aegis of PESCO which span from common military training to providing medical support to operations.

European Pillar of Social Rights proclaimed

On 17 November EU member states and EU institutions at the highest level met in Gothenburg, Sweden, to proclaim a European Pillar of Social Rights. The aim of the initiative was to strengthen the EU's social dimension. Together, the EU, its member states and its institutions committed themselves to creating a Europe with full employment, balanced economic growth, social progress and a quality environment.

Google fined

In June Margrethe Vestager, the European Commissioner for Competition, announced a record fine of €2.4 billion on Google for allegedly abusing its market position to give advantage to its own online shopping business. Seven US companies wrote an open letter to Vestager supporting the Commission's stance.

Theresa May's June election

UK Prime Minister Theresa May's political gamble to hold a general election in June, with a view to enlarging her parliamentary majority, backfired. Her Conservative Party emerged as the largest party but lost its majority, dropping by twelve seats. Labour, under Jeremy Corbyn, gained thirty-one seats, the Scottish Nationalist Party (SNP) lost nineteen seats, the overtly pro-EU Liberal Democrats won three extra seats, the DUP won two extra seats to bring their number up to

ten, Plaid Cymru emerged with four seats, while nine independent MPs lost their seats. Sinn Féin, which has had an abstentionist policy since 1918, won three extra seats, bringing their total to seven. The national turnout, at 69 per cent, was the highest in twenty years.

In sum, the general election result reflected a shift back to a two-party system. May subsequently concluded a 'confidence and supply' agreement with the DUP to remain on as prime minister. May is also dependent on the thirteen Scottish Conservatives.

EU–Japan relations

On 6 July, the eve of a G20 meeting, the EU and Japan made a political commitment to conclude a free trade agreement, known as the Japan EU Economic Partnership Agreement (JEEPA), which would involve significant tariff cuts. If realised, it would be the largest such agreement the world has ever seen. This deal had been four years in the making, before talks stalled. Shortly after his inauguration, President Trump scrapped the Trans-Pacific Partnership (TPP) trade deal between the US and Japan. Thereafter, the EU and Japan resolved their differences in a matter of weeks to pave the way for their political deal. It was seen in Brussels as a direct response to the protectionist tendency of the Trump administration.

Comprehensive Economic and Trade Agreement

The Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada is regarded as a landmark deal for open markets against a protectionist tide. During the G20 meeting Commission President Juncker and Justin Trudeau, the prime minister of Canada, in a joint statement announced 21 September 2017 as the start date for the provisional application of the agreement.

Commission invokes Article 7 against Poland

On 16 July thousands took to the streets in Poland to protest against the constitutional changes proposed by the right-wing PiS government, which came to power in November 2015. The proposed changes included, inter alia, tightening controls on the civil service, the judiciary and the media. Critics of the constitutional changes accused the PiS chairman, Jaroslaw Kaczynski, of being bent on a 'power grab'. EU leaders expressed concern that Poland was on an increasingly

nationalistic, authoritarian path, endangering the rule of law in that country.

In November Poland's President Andrzej Duda formally signed the proposals into law. In response, on 20 November Frans Timmermans, the first vice-president of the European Commission, as expected, triggered Article 7 of the TEU. This article provides for sanctions against a member state for a *serious and persistent breach* of the EU's values, as set out in Article 2 of TEU, especially democracy and the rule of law. Such sanctions could lead to Poland losing its voting rights in the Council of the EU. The latter would require a unanimous vote in the European Council as well as the consent of the European Parliament, paving the way for a qualified majority vote in the Council. Hungary's Viktor Orbán has long since signalled that he would veto such a move.

Glyphosate to remain – for now

The European Commission, in addition to initiating legislation, also implements policy once legislation is adopted by the European Parliament and the Council. In October the Commission, exercising its implementing powers, proposed to extend for ten years the licence of glyphosate, the world's most commonly used weedkiller. The licence was due to lapse on 15 December. The proposal proved to be controversial. On the one hand, many farmers depend on it to grow crops and thus favoured its extension. On the other, non-governmental organisations and the Greens protested against it, citing environmental and public health concerns, including the possibility that it might cause cancer. On 27 November a committee of national experts, chaired by a Commission official, adopted, by a qualified majority vote, an implementing act to extend the licence of the herbicide for a further five years. It was a close vote. A qualified majority is reached where 55 per cent of member states, representing 65 per cent of the EU population, are in favour. In this case, 64 per cent of member states, representing 65.71 per cent of EU population, voted in favour of the implementing act.

Eighteen member states voted in favour and nine against, with one abstention. The nine member states which voted against were Belgium, Greece, France, Croatia, Italy, Cyprus, Luxembourg, Malta and Austria. Portugal abstained.

The issue threw a spotlight on the EU's comitology system, which can, in the opinion of President Juncker, lead to a situation where

member states effectively avoid taking responsibility for controversial decisions on sensitive issues. For this reason, the Commission proposed changes to the comitology regulation. Such changes must be jointly adopted by both the European Parliament and the Council.

The ‘Paradise Papers’

On 6 November the Economic and Financial Affairs Council (Ecofin) condemned revelations known as the ‘Paradise Papers’. Top multinational companies and high-profile individuals, including Queen Elizabeth II and Bono, were revealed to have avoided taxes using offshore tax havens. The leak – the biggest since the Panama Papers of 2016 and LuxLeaks of 2014 – was released by the US-based International Consortium of Investigative Journalists. Tax avoidance, unlike tax evasion, is not illegal.

Catalan separatists in Brussels

On 7 December some 45,000 Catalans converged on Brussels to draw attention to the political crisis in their region. Former president of the Catalan Generalitat, Carles Puigdemont, and the protestors called on the EU to take action and support Catalanian independence. Puigdemont, subject to charges of sedition and revolution in Spain, together with four of his ministers, had fled to Brussels to continue the campaign for independence from there.

Spanish Prime Minister Mariano Rajoy, who called on Catalans to pull back from the ‘havoc of separatism’ (Borgen, 2017), called snap elections for 21 December. In the event, the elections resulted in increased support for the separatists, deepening the crisis further.

Helmut Kohl (1930–2017)

On 1 July, in Strasbourg, the EU held its first state funeral for Helmut Kohl, Chancellor of West Germany from 1982 to 1990 and Chancellor of Germany from 1990 to 1998. Kohl had died on 16 June.

In 1998 Kohl was the recipient of the prestigious ‘Honorary Citizen of Europe’ award for his commitment to European integration. Jean Monnet and Jacques Delors are the only other Europeans who have been awarded this distinction.

Simone Veil (1927–2017)

Of the 75,000 Jews deported to Nazi concentration camps in wartime France, only 2,500, including Simone Veil, survived to return. Veil, whose camp number was '78651', was liberated from Auschwitz–Birkenau in April 1945. She went on to become a prominent lawyer and politician in post-war France, most notably in promoting women's rights. A committed European, Veil became the first president of the first directly elected European Parliament in 1979.

Veil died on 30 June and was given a state funeral on 5 July. President Macron announced that, with the consent of her family, Veil and her husband would be laid to rest in the Pantheon, the final resting place of France's most revered citizens. This is the first time in the history of the Fifth French Republic that such a decision had been taken so quickly after the death of the individual concerned.

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