

The EU-Commission's Work Programme 2016

Juncker's proposals from September 9th 2015



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cep is the European-policy think tank of the non-profit-making foundation Stiftung Ordnungspolitik. It is an independent centre of excellence for the examination, analysis and evaluation of EU policy.

Introduction

EU Commission President Jean-Claude Juncker on September 9, 2015 gave a widely watched speech on the State of the Union. The current refugee crisis was at the centre of the speech. Given the predominance of this burning issue it was somewhat overlooked by many observers that Juncker also presented the Commission Working Programme for 2016 on that day. While that programme is very precise on some points, it is also quite vague on others. This cepAdhoc presents the Commission Working Programme in detail and assesses the individual measures that fall within the working field of the cep.

Already in our introductory remarks we want to point out to you an important topic of both Juncker's speech and the Commission's Working Programme which so far has not made it into the public debate: the demand by the EU Commission President for setting up a Treasury for the eurozone.

Juncker plans to built this Treasury on the basis of Europe's permanent bailout fund ESM which has a potential credit volume of 500 billion euros, a firepower that is as important as the one of the International Monetary Fund.

"The ESM should progressively assume a broader macroeconomic stabilisation function to better deal with shocks that cannot be managed at the national level alone", Juncker declared in his speech. He announced that the EU Commission "will prepare the ground for this to happen in the second half of this mandate."

Now, this is quite some announcement on the part of the EU Commission head, because up to now the funds of the ESM could only be used under an absolute emergency scenario with the existence of the eurozone itself at risk. In reality, EU crisis measures had already deviated from these strict obligations. It seems that Juncker now wants to institutionalize this more loose approach. A sort of Finance Minister for the eurozone is to be granted bigger leeway in making use of the ESM funds.

Admittedly, Juncker also called on the member states that in future the EU Commission's recommendations for the economic orientation of the eurozone should no longer be empty words. "I want them to provide real orientation, notably on the fiscal stance of the euro area," he declared. Yet, governments in the past showed no distinct willingness to follow European budget rules. It seems quite unlikely that they will do so in the future.

There is simply a lack of willingness in the eurozone countries to consistently adjust national fiscal, economic, labour market and social policies to the measures agreed on the European level.







Debt mutualisation and lasting transfer payments between member states, which could result from Juncker's plan, would be liable to encounter partial forceful resistance in the populations of those countries that would be the potential net contributors.

Thus, instead of creating an Euro-Treasury it would make more sense to introduce a sovereign default regime for the eurozone. Thereby, markets would exert the necessary reform pressure on governments, something which the EU Commission or the Eurogroup has never been able to do. The cep has drawn up a blueprint for a sovereign default regime. You can find it [here](#).

Priority 1





A new Boost for Jobs, Growth and Investment



| Initiatives | cepAssessment |
|---|--|
| Swift implementation of the Juncker Investment plan: <ul style="list-style-type: none"> • Establishment of the European Fund for Strategic Investments (EFSI), • Launch of "Investment Advisory Hub", • Set up of the "Investment Project Portal." |  <p>The investment plan does not solve the problems at the root of the decrease in investments in the EU. The plan bears a substantial risk of misallocation of resources. A stable and predictable regulatory environment, paired with the dismantling of investment barriers is more important than the financial promotion of investment.</p> |
| Faster delivery of the jobs and growth program for Greece worth 35 billion €. |  <p>The program worth 35 billion € largely consists of means of the EU structural funds, which have been reserved for Greece anyway. The faster release of these funds does not change the structural problems Greece is facing.</p> |
| Foster inclusiveness of labour market: <ul style="list-style-type: none"> • Support for the reintegration of the long-term unemployed, • Measures for working parents, • New skills agenda for Europe. |  <p>Intervention in national labour markets and social policy must be limited to non-binding recommendations. In the context of the new skills agenda, it is important to ensure that high standards of training form the basis of mutual recognition of professional qualifications.</p> |
| Circular Economy package to enhance resource efficiency. |  <p>More resource efficiency is useful. EU-wide recycling targets, however, should not be set since they ignore the varying conditions in the Member States.</p> |
| Considerations on the Europe 2020 medium term strategy for "smart, sustainable and inclusive" growth. |  <p>The "Europe 2020" Strategy contains targets for increasing employment, raising expenditure on research and development, combating climate change, increasing the average level of educational achievement among the population and combating poverty and social exclusion. The targets were passed before the euro crisis and in many cases are no longer achievable. The strategy must be brought into line with the changed circumstances. In addition, the strategy should be restricted to those areas in which European action can really achieve an additional benefit. (See cepAnalyse).</p> |
| European Semester for 2016 (Economic policy coordination) |  <p>In the European Semester for 2016, the Commission should improve the enforcement of rules on national fiscal policy.</p> |
| Other Initiatives | |
| Review of the Multiannual Financial Framework 2014-2020. Focus: Funding programmes simplification, esp. with regard to Agricultural Policy. | |

Priority 2 A Connected Digital Single Market






| Initiatives | cepAssessment |
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| <p>Urging for swift adoption by the European Parliament and the Council of the</p> <ul style="list-style-type: none"> • Data Protection Regulation • Network and Information Security Directive | <p> A borderless internet makes different national data protection standards obsolete. A harmonisation strengthens the single market, lowers cost and levels the playing field. However, for ensuring fair competition with the US, the Safe Harbour Decision by the Commission will be decisive.</p> <p>More and more, the internet becomes a critical infrastructure. The Network and Information Security Directive is therefore necessary. A reporting obligation for major enterprises that have been subject to cyber attacks is reasonable.</p> |
| <p>Follow-up measures for the Digital Single Market Package with legislative proposals on</p> <ul style="list-style-type: none"> • Tackling unjustified Geoblocking, • "Modernising" the Value-Added Tax (VAT) rules for E-Commerce, • Review of Directive on Audiovisual Media Services (AVMSD) and the Cable and Satellite Directive, • "Europeanisation" of copyright rules. | <p> A ban on unjustified geoblocking may lead to increased prices for some consumers. Competition law is sufficient to prevent unjustified geoblocking.</p> <p>When reviewing the AVMSD, Instead of extending existing rules also to on-demand media services, the restrictive rules on television programmes should be reduced (see cepAnalyse).</p> <p>The harmonisation of copyright law is required. On the one hand it may improve the functioning of the internal market if additional exceptions to copyright become mandatory EU wide (see cepInput). On the other, it may facilitate the use (portability) of lawfully acquired digital content.</p> |
| <p>Reform of the regulatory framework for electronic communications (Telecoms rules)</p> <ul style="list-style-type: none"> • "with a view to" consolidating the single market for communications, supported by • Infrastructure investments. | <p> We need a balance between the dismantling of single market barriers and a fair infrastructure competition. Whether this leads to a market consolidation remains to be seen. Most definitely, the Commission should not pursue such consolidation actively. For the sake of a fair infrastructure competition, distortions between "over the top"-services and conventional telecom services must be eliminated.</p> <p>The aim should be to simplify private investment in broadband networks. For this to happen, the EU-wide framework for the telecom industry must provide legal certainty for long-term investment. This is more important than subsidies.</p> |
| <p>Initiatives on a European Cloud, on data ownership and free data flow.</p> | <p> A borderless internet makes different national standards obsolete. The EU should utilise the potential of these technologies by creating a framework that promotes innovation and investment.</p> |

Priority 3

A Resilient Energy Union with a Forward Looking and Climate Change Policy









| Initiatives | cepAssessment |
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| Preparation and follow-up on the Paris Conference on the UN Framework Convention on Climate Change (UNFCCC) in December 2015. |  The EU should aim to include all major economies in a legally binding international Climate Change Agreement in order to lower the risk of "carbon leakage" and effectively fight climate change (see cepAnalyse). |
| Follow-up on Energy and Climate package 2030 , in particular: <ul style="list-style-type: none"> • Reforming the European Emissions Trading System (ETS), • Burden sharing proposals for sectors outside the ETS (e.g. transport, agriculture, buildings and waste). |  The ETS is an ecologically effective and economically efficient instrument for the reduction of greenhouse gases. Therefore, it should be extended to include additional sectors, which is not currently planned by the Commission (see cepInput). The envisaged burden sharing would thus become obsolete. |
| Strategic Framework for the Energy Union: Legislative proposals on design of electricity and gas markets with focus on interconnection, renewables and energy efficiency |  EU-wide approaches to create an internal energy market are useful to deal with the energy-related challenges of the Member States (see cepAnalyse). |

Priority 4

A Deeper and Fairer Internal Market with a Strengthened Industrial Base





| Initiatives | cepAssessment |
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| <p>Internal Market Strategy for Goods and Services:</p> <ul style="list-style-type: none"> • Facilitate cross-border activities, • strengthening the integration of EU enterprises in European and global value chains, • enhancement of mutual recognition, harmonisation and standardisation, • Initiative on business insolvency law. | <p> Facilitating cross-border activities means companies and consumers are better able to use the advantages of the internal market. Greater involvement in European and global value-added chains increases the productivity of the companies involved.</p> <p>An EU insolvency law for companies, which focusses on maintaining and restructuring insolvent companies, may contribute to an increase in prosperity (see cepAnalyse).</p> |
| <p>Labour Mobility package:</p> <ul style="list-style-type: none"> • Support labour mobility, • Strengthen the European job mobility portal (EURES), • Strengthen cooperation between employment services, • Better coordination of social security schemes to tackle abuses, • Review of the Posting of Workers Directive to prevent social dumping. | <p> Improving labour mobility may be achieved by developing the EURES Portal and strengthening collaboration between employment services.</p> <p>When coordinating social security systems, combating abuse must not restrict free movement of workers.</p> <p>Posting workers must take place with consideration for statutory and collectively agreed provisions.</p> |
| <p>Action Plan for a Capital Markets Union:</p> <ul style="list-style-type: none"> • Legislative proposals on simple, transparent and standardized securitisations, • Reduce capital charges for infrastructure investments, • Review of the Prospectus Directive. | <p> EU-standards for securitisations are useful. They may restore lost confidence in EU securitisation markets.</p> <p>Lower capital requirements for infrastructure investments imply risks and should be used with caution.</p> <p>The relaxation of obligations to publish a prospectus may lead to lower market efficiency and investor protection.</p> |
| <p>Action Plan for a Value-Added Tax (VAT) regime:</p> <ul style="list-style-type: none"> • Withdrawal of VAT return proposal, • Legislative Proposal on VAT rates. | <p> The proposal for an EU-wide standard value-added tax declaration does not provide for full harmonisation of value-added tax declarations because each Member State may – in addition to the mandatory information – require additional information. The standard value-added tax declaration therefore provides only slight relief for companies which operate across borders (s. cepAnalyse).</p> |
| <p>Common Consolidated Corporate Tax Base:</p> <ul style="list-style-type: none"> • Legislative proposal on mandatory common tax base (first step), • Consolidating of tax base (final step). | <p> A common consolidated tax base is useful. Such tax base increases tax transparency while allowing for tax competition. In face of required unanimity in the Council, chances for success are however low.</p> |

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|---|---|---|
| <p>Urging for swift adoption by the European Parliament and the Council of the fourth Railway package, which consists of</p> <ul style="list-style-type: none"> • Regulation on the Single European Railway Area, • Regulation on the award of public contracts for passenger transport services, • Regulation on the EU Railway Agency, • Directive on the interoperability of the rail system, • Directive on Railway Safety |  | <p>The fourth Railway package addresses key questions for the EU railway sector of both a structural and a technical nature:</p> <ul style="list-style-type: none"> • More competition from opening up markets to rail passenger transport leads to lower prices and better quality rail services. The Commission's original proposal, rejected by the Council and EP, to deny vertically integrated companies rail-road access to railway infrastructure in other Member States, would have protected the established monopolistic structures in a number of Member States and run counter to the objective of realising the Single European Railway Area (see cepPolicyBrief). • Extending the tendering obligation to rail transport results in lower public expenditure (see cepPolicyBrief). • The issuance of safety certificates at EU level, by the EU Railway Agency, reduces costs and strengthens the internal market (see cepPolicyBrief). |
| <p>Other Initiatives</p> | | |
| <p>Aviation Strategy to</p> <ul style="list-style-type: none"> • harness the industry's growth potential and to • strengthen the European Aviation Safety Agency. | | |
| <p>Adoption of EU Passenger Name Record proposals by the Council and the European Parliament.</p> | | |
| <p>Action Plan for the European Defence Industry:</p> <ul style="list-style-type: none"> • Enhance EU's technological independence and competitiveness, • Development of joint capacities, industries and technologies. | | |

Priority 5

A Deeper and Fairer Economic and Monetary Union






| Initiatives | cepAssessment |
|---|--|
| <p>Follow-up on the five Presidents' Report:</p> <ul style="list-style-type: none"> • Proposal for a European Deposit (Re)Insurance Scheme, • New approach for the European Semester, • Proposal for more "unified" representation of the euro area within international financial institutions like the IMF, • Review of the 6-pack and 2-pack legislation in order to simplify economic governance and enhance "democratic dialogue" with the European Parliament, • Instalment of a Treasury for the Eurozone, • Modification of the ESM, to allow it to absorb economic shocks. | <div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;">  </div> <div> <p>Any financial link between - so far national - deposit guarantee schemes risks causing an uncontrollable chain reaction in the event of a crisis. Also, redistributions to the detriment of hitherto solidly financed systems should be avoided.</p> <p>The European Semester has not so far been taken seriously by the Member States. The coordination of economic and budgetary policy which it aims to achieve, does not work. A reorganisation should aim to increase the acceptance of the European Semester by the Member States.</p> <p>There are definitely compelling theoretical arguments for a more unified representation - and thereby a bundling of voting rights - of the Eurozone in the IMF Executive Board. However, in practice, such a step must be considered a mere symbolic gesture, as it is unlikely to materially change IMF decision making.</p> <p>The statutory provisions of the six-pack and the two-pack aim to allow for better enforcement of the rules of the Stability and Growth Pact. That has not so far been the case. This is not due to the rules but to the Commission which is not willing to enforce the agreed rules consistently.</p> <p>A treasury for the Eurozone is not necessary because the rules agreed in the Stability and Growth Pact are sufficient. The absorption of economic shocks by the ESM is not necessary. This would in fact risk ESM funds being used without conditionality (see cepStudie).</p> </div> </div> |
| <p>Setting out a pillar of social rights: identify common principles and reference benchmarks for EU citizens.</p> | <div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;">  </div> <div> <p>Member States have sole power to establish the basic principles of the systems of social security and their financing.</p> </div> </div> |

Priority 6

A Reasonable and Balanced Free Trade Agreement with the U.S.




| Initiatives | cepAssessment |
|--|--|
| Transatlantic Trade and Investment Partnership (TTIP): Further progress |  A free trade agreement with the USA is certainly advisable. It may create growth and employment.  The plans currently being discussed for the protection of investors are, however, worthy of criticism. Firstly, rather than special protection against expropriation for foreign investors, national protection against expropriation should be consistently granted to foreign investors. Secondly, TTIP should provide for an international court with two instances for settling disputes rather than private arbitral tribunals set up on an ad hoc basis (see cepInput). |
| Further pursuit of bilateral negotiations (e.g. with Japan). |  A free-trade agreement between the EU and Japan is desirable because it increases the prosperity of all involved. |

Priority 7


An Area of Justice and Fundamental Rights Based on Mutual Trust



| Initiatives | cepAssessment |
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| Conclusion of the EU-US Data Protection Umbrella Agreement (including right to a legal remedy for EU citizens in the USA) . |  On September 8th 2015, a consensus on this agreement was found. The right to a legal remedy for EU-citizens in the US was included in a US-American law which still subject to approval of the US-Congress. Given that approval, the European Parliament and Council are set to allow the signing of the agreement by the Commission. The exact content of the agreement is still unknown. |
| Other Initiatives | |
| European Agenda on Security: <ul style="list-style-type: none"> • Proposal reviewing the Framework decision on terrorism, • Improved rules on firearms and fraud of non-cash payments. | |
| Follow-up on the opinion of the Court of Justice on EU's accession to the European Convention on Human Rights. | |
| Urging for swift adoption by the European Parliament and the Council of proposals on the European Public Prosecutor's Office. | |

Priority 8 Towards a New Policy on Migration



| Initiatives | cepAssessment |
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| <p>New approach to manage legal migration, especially by revision of the Blue Card Directive.</p> | <div style="display: flex; align-items: center;">  <div> <p>The Blue Card is the main instrument for controlling legal migration. Its potential can be used more effectively (see cepln-put), in particular by:</p> <ul style="list-style-type: none"> • abolishing minimum wages for immigrants from third countries, • abandoning the labour market test as a criterion for issuing the Blue Card, • giving the Blue Card priority over national residence permits and abolishing the minimum residence period for changing to another Member State. </div> </div> |
| Other Initiatives | |
| <p>Response to refugee crisis through legislative proposals on</p> <ul style="list-style-type: none"> • a scheme of safe third countries of origin, • an emergency relocation mechanism for refugees and • a permanent relocation mechanism for refugees. | |
| <p>Better management of external borders:</p> <ul style="list-style-type: none"> • Stepping up of Frontex, • More effective approach to returning migrants, • Creation of European coastguard and border-guard systems. | |
| <p>Common European Asylum System:</p> <ul style="list-style-type: none"> • Stronger Implementation, • Evaluation of the Dublin system, setting out which EU Member State is responsible for a given asylum request, • Strengthening the role of the European Asylum Support Office. | |
| <p>Establishing safe and legal immigration for those in need of protection:</p> <ul style="list-style-type: none"> • Legislative Proposal for a permanent European system of immigration, • Enhanced protection schemes in proximity of EU. | |

Priority 9 A Stronger Global Actor



Initiatives

Deciding upon an EU Strategy for foreign relations which enables priority-setting and decision-making. The EU should no longer be disunited in reacting to war or instability.

Trade and Development Policy: Setting the Framework for further steps following the expiring of the Cotonou Agreement in 2020. The Agreement entails a mutual opening of markets between the EU and a number of African, Caribbean and Pacific States.

Strengthening the EU's capacity to build-up the security capacity of partner countries.

Priority 10 A Union of Democratic Change



Initiatives

Interinstitutional Agreement on Better Regulation between Commission, Council and EP: Conclusion by End of 2015.

Reflections on strengthening the Role of the National Parliaments in preparation of EU decision making.

cepAssessment



The Commission has already submitted its proposals (see [ceplnput](#)). They basically contain:

- Impact assessments by the EP and Council when they decide to make changes to draft legislation;
- Evaluation of existing legislation; inclusion of civil society.

Both increase the quality of legislation.



Better inclusion of national parliaments is to be guaranteed by way of better subsidiarity monitoring (see [ceplnput](#)). The following are possible, in particular:

- Early consultation of national parliaments on questions of subsidiarity.
- Extension of the right of the national parliaments to effect subsidiarity monitoring and make objections during the whole legislative process rather than, as has so far been the case, only during the eight weeks following submission of a Commission proposal.

Reintroduction of actionable subsidiarity criteria.