

CEEP OPINION ON THE EUROPEAN COMMISSION WHITE PAPER ON THE FUTURE OF EUROPE

Executive summary

- Our **commitment** to contribute to the discussions on the **Future of Europe** comes with the recommendation to render the reflection as inclusive as possible. Europe is not only “Brussels”, and we now need to **give back ownership of the EU project to citizens**. EU institutions should be in position to rely on national, regional and local parliaments and authorities to genuinely involve citizens in the reflection on the Future of Europe.
- CEEP believes that the Future of the EU should rely on a **combination of 3** of the **scenarios** brought up by the European Commission: “Carrying on”, “Doing less more efficiently” and “Doing much more together”.
- **“Carrying on”**: as raising populism and Euroscepticism is more about how national leaders and authorities are using the “EU blanket” to cover their failures than about the EU as such, “carrying on” can only work against a changed political mindset, especially at Member States level. It could however prove useful for certain specific policy initiatives, such as the Circular Economy Strategy and the EU Strategy for Low-emission Mobility which are priorities for all Member States.
- **“Doing less more efficiently”, in line with the principle “To be big on big things, and small on small things”**: Our members regularly reported suffering from over-regulation. They welcome this approach, dealing with key strategic fields for their daily operation, such as the Energy Union or the Digital Single Market. This scenario can work properly in several fields, especially in sectoral policies (such as climate and energy legislations) and the state aid rules, leaving more flexibility to Member States, regional and local authorities.
- **“Doing much more together”**: this option must be applied to answer key challenges calling for cross border cooperation, such as the integration of refugees, fiscal policies, a limited set of social policies, cohesion policy and the EU budget. However, we call on the EU institutions to respect the principle of subsidiarity, and not take action (except in the areas that fall within its exclusive competence) if national, regional or local level is better placed.
- **SGIs have a key role to play** in the endeavour to improve the performance of public administrations and enterprises, so as to equip them to better cope with the consequences of the economic and financial crises and the challenges of the changing socio-economic models. To ensure proper SGIs and to safeguard EU competitiveness in the future, we call to:
 1. Bring the Acquis Communautaire for Services of General Interest to life: **Acquis+**;
 2. Put SGIs at the heart of **sustainable growth**;
 3. Foster **social and territorial cohesion**;
 4. Support SGIs providers in **innovation**;
 5. Unleash **investments**.

Introduction

CEEP welcomes the approach promoted by the EU institutions to engage in a reflection on the Future of Europe, based on **frank and open exchanges of views with all stakeholders involved**: not only Member States but also Social Partners, regional and local authorities, civil society. To take a broad and bottom up approach is **the only possible way in the current context, with populist movements on the rise, Euroscepticism and growing tensions at the global level**. The EU institutions can rely on CEEP to genuinely contribute to the discussions: we are involving our members from all around Europe in this process and want to make sure that employers and providers of public services and SGIs contribute to shaping the future of Europe.

Our commitment however comes together with a **recommendation** and warning based on the trends we have been observing since the publication of the White Paper to date. Despite efforts of all stakeholders involved, including organizations like CEEP, **to render the reflection as inclusive as possible**, we fear that the discussions have not yet reached the level of citizens in their everyday life. They should be the first concerned about how Europe should look by 2025, the first to realise the real added value of the European project, although in our view they are still left aside too much from the debate.

Europe is not “Brussels” and this is not yet clear enough in the debate. More structured and better-planned exchanges between EU officials, elected decision-makers and representatives of social partners, civil society and citizens should be held. The Citizens’ Dialogue of the European Commission could be used as a solid basis for such discussions. Those exchanges will indeed be a key element in **giving back ownership of the EU project to citizens**. The celebrations of the EU Treaties on 25 March 2017 were widely discussed, but we doubt that the important commitments taken by national leaders have trickled down to citizens. To ensure that citizens can endorse the shape of the future EU, a genuine bottom-up approach should now be adopted. The participation of all levels of decision-making is now required: **the EU institutions need to be able to rely on national, regional and local parliaments and authorities in order to genuinely involve citizens in the reflection on the Future of Europe**.

It is equally important that those who have debated do not just see a “sum up of the debate” as the final result: these **months of reflections should translate into clear guidelines by President Juncker** in his State of the Union speech of September 2017 **and result in committing and action-oriented Council Conclusions in December 2017**.

When contributing to the debate we intend to be **generous**: there is now the need to develop an approach based on what is good for the EU and its citizens, and determine how to ensure a prosperous future for all. This will not be the place for us to put forward the specific needs or wishes of the public services community.

Equally, we intend to be **pragmatic**: We will work from the starting point of the set of options presented in the White Paper on the Future of the EU. For us, bringing up a “third way”, completely distant from the well-thought setting presented would not serve the purpose of concretely supporting the EU institutions, and more importantly the European Union, in this topical reflection.

However, in order to contribute to the debate even beyond the 2025 timeline, and in our capacity as THE cross-sectoral representative of European public services and SGIs employers and providers, we have also developed a more specific **vision for the future of SGIs**: this is what our members know best and manage on a daily basis. CEEP input into the discussions on the future of Europe will also include such vision: we trust the European Commission to use it as a reference and to directly include us in the discussion before shaping new secondary legislation. We believe the European Parliament and Council should also do so in the co-decision process if they want to give those legislations a chance to work in the daily operations of public services' employers and providers at national, regional and local levels.

Services of General Interest are at the heart of the European welfare states. EU citizens are calling for decision-makers to stand for stability, (social) security and transparency. Member States are not in position to reach those goals alone, and citizens need to see a European Union able to bring solutions to the problems. CEEP now calls upon EU leaders to engage into the debate, enabling citizens to once again identify themselves with the EU principles and values and link them to the faces of EU leaders that feel they need to leave a legacy and will be accountable for designing a renewed European project.

CEEP Analysis of the 5 options proposed

In its “White Paper on the Future of Europe”, the European Commission proposed five scenarios for the future. We consider the laid out options as a very useful starting point, and stakeholders committing to contribute to the debate should further elaborate on their feasibility. The options range from business as usual, a multi-speed Europe, “doing less more efficiently”, to “doing much more together”. The aim of this CEEP contribution is to outline why in our view certain scenarios are possible and others are not. In addition, we want to better highlight the deep societal constraints on some options and on what would need to change in the European institutions themselves for some scenarios to become feasible. Whilst doing so, instead of using the example of “electric cars” as chosen by the European Commission we will highlight how policies that have or should have a key impact on our membership would be affected by one or the other scenario.

NO to “Nothing but the Single Market”

This scenario paves the way for a mere economically oriented Europe. Its focus is set on strengthening the single market for goods and capital as well as deepening it in new important areas such as innovation and energy. But it would neglect the social or cultural spheres in the Member States which have converged more and more and have led to a social and cultural European basic understanding. Beyond this, one would have to be very optimistic by hoping that a Single Market alone is able to accomplish the idea of a peaceful, united and prosperous Europe that the founding fathers had in mind in order to stop the frequent and devastating wars opposing European countries. As social partners and as representatives of providers of public services and SGIs, the scenario “Nothing but the Single Market” can surely be excluded. The **reduction of the EU to the sole Single Market goes directly against our “raison d’être”**. The Single Market is, and should remain, a tool to achieve sustainable growth, and territorial and social cohesion. It should not be an end in itself nor the only goal of the European Union.

Such a vision for the Future of Europe can only lead to increased defiance from citizens.

The limits of “Those who want to do more together in specific areas”

Similarly, we are critical on the option “Those who want to do more together in specific areas”. Several Member States have already declared their support to such an option: to foster a “race to the top”, to boost and encourage structural and necessary reforms in countries in support of entering a “coalition of the willing”. However, CEEP members believe this scenario has strong limits in practice. The question arises as whether it is the best scenario for reconciling the need to maintain a dynamic of integration with the heterogeneity that further enlargement can only increase.

Until the mid-80's, European integration was characterised by a "unity dogma". All Member States were supposed to apply the same policies, at the same speed. The concepts of "Europe à la carte", "variable geometry" and "different speeds" were put in the same basket. No derogation was possible, unless justified, limited and temporary. During the following 30 years however, since the

mid 80's, heterogeneity between members has grown tremendously. Differentiation thus became unavoidable to allow those able and willing, to go further.

Further enlargements led the total harmonisation of national laws to be progressively abandoned. Besides, the Amsterdam Treaty integrated the Schengen arrangements in the Treaties, and introduced provisions on enhanced cooperation on a case-by-case basis. The resistance to these provisions was still strong, not only from the Commission, but also from a number of Member States, worried about the creation of a “*first-class*”, to which they might not be able to belong. Despite the emergence of this asymmetry of integration this reinforced cooperation was progressively considered as a proper way forward for more European integration. Ultimately, the EU managed to function institutionally with the current different levels of integration already coexisting.

Asymmetric integration was unavoidable. An EU of heterogeneous Member States must be able to accommodate the diversity of their needs, interests and wishes, while avoiding stagnation for all.

However, we fear that such an option, if established as the main scenario for the future of the EU, could lead to blocking and, ultimately, damaging the integrity of the EU. Of course, there is a tension between differentiation, unity and coherence. Therefore, **there must be limits to differentiation which brings the risk of excessive complexity, and therefore lack of visibility for citizens, as well as the risk of undermining the unity of the European project.**

The scenario would ultimately create a “new normal”, making it natural for a small coalition of Member States to start a process and invite the others to join. This would create dangerous situations, especially in fields such as citizens’ rights, and would also add complexity to an already complex architecture of EU legislation: the opposite of what we need to close the growing distance between the EU and its citizens.

Some CEEP members – especially from non-eurozone and Eastern Member States – already expressed their scepticism on such a direction, equally as they strongly opposed the idea of having an EU Pillar of Social Rights only centred on the eurozone. That is why we would not welcome replicating such a debate around the Future of the EU, knowing that in this case the opportunity to extend the scope thanks to a “proclamation” as done for the EU Pillar of Social Rights would certainly not be enough.

Finally, the current political context calls for a strongly united EU27: the signature of the Rome Declaration as well as the quick and unanimous endorsement of the Brexit guidelines, prove that it is possible to gather the EU27. We should not break this dynamic and keep the focus on a united Europe instead of a multi-speed one.

A preferred option for CEEP?

Excluding those two options leads us to the alternatives “CARRYING ON”, “DOING LESS MORE EFFICIENTLY” and “DOING MUCH MORE TOGETHER”.

So far, we do not see the need to pick out one exclusive option, as they all pursue together the same over-arching objective of making the EU more united and efficient. They should all be considered on equal footing and also possibly in combination, as different geometrics can apply depending on the context.

“CARRYING ON”

This option is viable from the point of view of governance and considering what is possible to achieve with the current EU acquis. Concerns arise when looking at the political use of EU governance: the “problem” with the EU is not some much to do with its governance and rules, but rather with the Member States’ political will and sense of urgency vis-à-vis keeping the EU united.

We do believe that raising populism and Euroscepticism all around Europe is not the result of EU rules, but is more about how national leaders and authorities are regularly using the “EU blanket” to cover their failures. Therefore, **“carrying on” with the current rules can only work against a changed political mindset, especially at Members States level.**

Some of the major EU initiatives brought forward during the last months and years clearly go into the right direction of fostering harmonisation and cooperation in fields of European, cross-border interest, and should therefore be pursued with ambition, including by Member States.

The “Carrying on” scenario would work with

- **Circular Economy Strategy** whose objective of transforming the European economy in a circular one is a pressing need for all Member States. However, it is now necessary to underpin the Strategy’s ambition with a concrete legislative follow-up and coherent implementation (e.g. regarding the end of landfilling in all EU Member States). The same is valid for the
- **EU Strategy for Low-emission Mobility:** only initiatives at EU level can bring visibility and legal certainty (e.g. regarding the need to ensure a cross-border level-playing field to fight against the distortions of intramodal competition).

“DOING LESS MORE EFFICIENTLY”

Since 2014, the European Commission is already pursuing such a direction based on the now famous motto “To Be Big on Big Things, and Small on Small Things”. We believe **this approach proved very successful in several instances**. Our members regularly reported to us in the past that they have been suffering because of over-regulation. That is why they now welcome the holistic approach the European Union is dealing with those “big things” in key strategic fields for their daily operation, such as the Energy Union or the Digital Single Market. This is already an important lesson learned which the EU can build upon in the next decade.

We believe ordinary citizens might have experienced the same feeling of overwhelming and unnecessarily detailed regulation in several fields coming from the EU. That is why this scenario can work properly in several fields, especially in sectoral policies. However, with such a scenario remains the need to clarify the current EU governance, and better explain to citizens what the EU is about. If not, the risk of increased distance between the European institutions and the regional and local levels arises.

The “Doing less more efficiently” would work with

- **EU budget**
- **State aid rules**, leaving more flexibility to Member States, regional and local authorities in ensuring the definition and provision of SGEIs while ensuring at EU level that the key principles of the state aid rules are respected
- **Sectoral legislation**, such as e.g. climate and energy legislation where the Commission proposals within the “Clean Energy for all Europeans Package” rightly foster further cross-border cooperation between Member States especially at regional level when appropriate (for example regarding questions of security of supply). At the same time, it is crucial to leave Member States with sufficient leeway for ambitious national climate and energy policies, amongst others by preserving successful ways of managing the energy system at local, regional and national level that are in line with the overall EU climate and energy targets.

“DOING MUCH MORE TOGETHER”

On certain policy fields, there have already been since 2014 various attempts by the European Commission to do more at EU level. We believe more policy fields should be included, as being an EU member implies having both rights and duties, and therefore “is not like being a member of a golf club”, to quote President Juncker. Moreover, **major challenges, such as migration, a long-lasting monetary union or environmental pollution, can only be addressed through cross-border cooperation.**

Therefore, this option must be applied to fields such as the integration of refugees, fiscal policies, a limited set of social policies, cohesion policy and the EU budget.

The main criticism of the European Commission to the “Doing much more together” scenario is the lack of EU legitimacy. In theory, the principle of subsidiarity defined in Article 5 of the Treaty on European Union aims to ensure that decisions are taken as closely as possible to the citizen. According to this principle, the EU does not take action (except in the areas that fall within its exclusive competence), unless it is more effective than action taken at national, regional or local level. In addition, some instruments already exist to counter the lack of legitimacy as the European citizens’ initiative.

Whilst the legitimacy aspect needs to be improved in the EU, this scenario seems to be the only one whose disadvantages – the lack of legitimacy – have remedies and can be solved together to ensure Europe’s future. **The ideal scenario would be “Doing much more together more efficiently”.**

The “doing much more together” should be applied to:

- A completed **banking union** including a reinforced European Stability Mechanism
- **A Eurozone Finance Minister**
- **A reinforcement of the EMU’s Social Dimension**
- **A common migration policy**
- **Guaranteeing a sustainable development of the EU economy, putting into practice policies that drive forward equally the three dimensions of sustainability (economic, social and environmental)¹**

¹ E.g. by ensuring that environmental standards are respected everywhere, for example through an ambitious European approach for the protection of water resources from pollution, fostering a fair share of externalised cost as well as creation of new employment;

Annex: SGIs by 2025 and beyond

Nowadays, the **future is coming faster than ever**, bringing new opportunities and challenging the established technological, economic, social and political models and patterns. The Revolution 4.0, the Digital Union, the Energy Union, Circular Economy are reshaping our lives daily, pressing the policy makers to redesign and implement new rules. These changes affect all the fields of economic activities, including the SGIs, which, because of their horizontal importance to the whole economy and citizens' life are literally at the front line.

SGIs have a key role to play in the endeavour to improve the performance of public administrations and SGIs' enterprises, so as to equip them to better cope with the consequences of the economic and financial crises and the challenges of the changing socio – economic models. This should result in modernising the delivery of public services by adapting to the digitalisation and adopting new technologies, by promoting innovative economic models and by contributing to modernising education systems to adapt them to the new labour market challenges. Being close to the citizens and to the enterprises, public services providers and their stakeholders are also a precious source of expertise in the process of monitoring and discussing international trade agreements. Moreover, they are also the ones who are questioning the added value of the Internal Market when seen as an aim itself and not as a means to improve the life of citizens, workers or enterprises.

For **SGIs to be future proof** and keep delivering best services for citizens' money, public services providers and employers recommend to EU institutions to:

1. **Bring the Acquis Communautaire for Services of General Interest to life: Acquis+**

In the Treaty of the European Union, the Treaty on the Functioning of the European Union and its protocols, Services of General Interest are explicitly recognized. However, this **recognition in EU primary law must still become a tangible reality**. For instance, in-house provision of SGIs should be considered as a regular mode of provision, and the EU institutions should ensure that Member States do not gold-plate legislations impacting SGIs – as it is currently the case with the transposition and implementation of the public procurement package in several Member States, resulting in restrictions to in-house provision of SGIs.

2. **Put SGIs at the heart of sustainable growth**

The logics of sustainability should be the guiding principle for any legislative measure planned at European level. This logic means to consider all three levels of sustainable development: the **societal, economic and environmental**.

By their nature and their missions, Services of General Interest are a key element in designing and implementing policies conducive of sustainable growth, and should be recognized and encouraged as such.

3. **Foster social and territorial cohesion**

Services of General Interest, regardless of their sector of operation, are central in fostering social and territorial cohesion, ensuring that no citizen is left on the margin of the society. As an example, CEEP members are pivotal to ensuring an **inclusive digital transformation**, providing citizens with trainings and ensuring that remote areas also have access to broadband and digital

tools. However, SGI providers cannot reach that goal alone: An inclusive digital transformation requires the right policy responses to deepen the penetration of digital infrastructure in rural areas and increase the digital skills of more segments of the population. Furthermore, policy choices should leave flexibility and be technologically neutral, allowing public services' providers to find cost-effective solutions to adapt services to citizens' needs.

4. **Support SGI providers in innovation**

Providers of Services of General Interest need a framework allowing them to have room to innovate and improve their services, develop the skills of their employees and invest in R&D. As such, removing barriers to innovation and ensuring an access to **innovation aids for SGI providers** would lead to increased efficiency and effectiveness of the provisions of SGIs, with spillover effects benefitting the whole population. This would imply, among other things, that innovation aids as foreseen by art. 28 of the General Block Exemption Regulation are made accessible to Local Public Services Enterprises that, due to their size, face very similar challenges than SMEs as defined by the EU SME definition.

5. **Unleash investments**

For years, CEEP has been calling for a **simplification of the EU fiscal rules**. Conducting an honest and non-dogmatic review of the SGP, including its interpretative communication of 2015, can lead to simplifying the rules and supporting investment to re-launch the economic engine. CEEP has always considered **public investment in key physical and social infrastructures** as the main lever to foster growth for the benefit of citizens and enterprises in Europe. We have considered for instance that the Member States should use to its full extent the existing flexibility built within the SGP. Beyond that we also assessed that some expenses more favourable to long-term growth should remain separate from current expenditure. We believe that investment with positive effects on future generations, such as education and healthcare, could be financed with debt and deficits, unlike consumption expenditures.

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