

Where is Europe headed?

Preface

Michel Barnier, chief negotiator of the Task Force for the Preparation and Conduct of the Negotiations with the United Kingdom under Article 50 TEU

Foreword: The EU after Brexit

Grégoire Postel-Vinay, engineer from the Corps des Mines

The architecture: Its perimeters?

NATO and the “Europe of defense”

General Stéphane Abrial, director of the International Group and Institutional Relations, SAFRAN

It is easy to present an exit from NATO, or at least distance from it, as the necessary condition for developing a full-fledged “Europe of defense”, where France would be a major player. Despite a sometimes stormy relationship, our continent and country are strongly involved in the Atlantic Alliance, and have fully benefitted from NATO’s capacity for action. Serious conflicts, some of them imperiling the EU’s very existence, have thus been settled or averted. Without objecting to NATO, which has proven its worth during interventions in various fields of operation, the new world and regional situation call for speeding up the creation of a European defense in response to the major security issues now facing us.

The European Union faced with the triangle United States/China/Russia

Thomas Gomart, director of the Institut Français des Relations Internationales (IFRI)

The European Union has mainly designed bilateral relations with the United States China and Russia. The direction that globalization takes in the coming years will bring pressure to bear on this triangle formed by the three superpowers. For this reason, the EU must strive to develop a simultaneous approach to these three countries, even though the latter are currently playing down multilateralism.

Europe, the Mediterranean and energy

Antoine-Tristan Mocilnikar, engineer from the Corps des Mines, Service of Defense, Security and Economic Intelligence, Ministry of the Environmental Transition and Solidarity & Ministry of Territorial Cohesion

Our civilization formed around the Mediterranean, a sea that all interests now crisscross. For the European Union, the Mediterranean is a domestic question before being a foreign policy issue. Our relations in this zone are a historical construction that will affect Europe’s future. Attention is focused on the issue of energy, since it still lies at the center of problems related to development, security, sovereignty and geopolitics. This zone is clearly conducive to

the formation of partnerships. Europe, with its Mediterranean neighbors, could benefit from this advantage, but it is not the only player in this game...

The regions closest to citizens in France and Europe

Valérie Pécresse, president of Île-de-France Region

A paradox of the European Union is that its treaties foresee a very narrow place for regional authorities. Nonetheless, the latter, present everywhere in Brussels, are the natural contact for various European institutions. The EU’s Committee of the Regions is far from being a merely consultative body as foreseen. Having proven to be indispensable, the regions are playing a major role in carrying out EU policies.

Grand Est, a constantly active European laboratory

Jean Rottner, president of the Grand Est Region

Elected on 20 October 2017 as president of France’s Greater Eastern Region (Grand Est), Jean Rottner has assigned priority to crossborder relations. The aim is twofold: to make this region’s voice heard at the EU level and to serve as a laboratory for EU experiments. Alsace, Lorraine and Champagne-Ardenne were merged to form this new region, France’s first border region. Grand Est is experimenting new policies for using crossborder areas as a constantly active European laboratory. Opening toward Europe and international relations, it has set up an office in Brussels to defend its regional interests at the highest level. It seeks to take an active part in discussions on the EU’s pluriannual plan for 2020. In this Europe of nations, local authorities must assume their responsibilities for constructing the European Union of tomorrow. Like other regions in France, Grand Est is realizing its commitment to crossborder affairs and to European and international relations through its management of EU funds.

At the origins of the complexity of French regulations

Serge Catoire, engineer from the Corps des Mines, Conseil Général de l’Économie (CGE)

Hundreds of thousands of wage-earners living in France cross, day after day, a border to go to work. The differences between regulations in France and neighboring countries are one of the reasons why the employers are not located on this side of the border. These differences persist in spite of frequent political decisions for simplifying rules and regulations in France. However other policy orientations regularly create new differences that thwart these decisions. At least three factors contribute to this situation: the lack of confidence in expertise; a collective illusion about the actual application and scope of regulations; and the lack of knowledge about the quality of the exchanges that go into the making of regulations in neigh-

boring lands. Apart from the French government's determination to simplify regulations, the simplification of our institutions is, for sure, a key to making a permanent break with the uselessness of regulatory complexity. Institutions must make room for consultations with the parties affected by proposed regulations.

For a Europe of projects

A competitive defense industry, the condition for a European defense policy

François Lureau, chairman of EuroFLConsult

How can a national and European defense industry, owing to its competitive edge and mastery of technology, respond effectively to the needs of the armed forces while being a source of technological progress that creates quality jobs and contributes significantly to the balance of trade? Given the growing domination of American industry, a clear threat to the future of European industry, the idea of strategic autonomy implies the adoption of an assertive policy. The grounds for this policy have been worked for several months now thanks to both the initiatives undertaken by France and Germany and the support of the European Commission, in particular under the recently approved Project of Structured Cooperation. This policy is based on a political determination at the EU level (or at the very least at the level of a core group of member states) to take account of the concept of strategic autonomy and its corollary, shared sovereignty. It is also necessary: to establish efficient governance based, at least initially, on the core group; to renovate the operation of the European Defense Agency, which should be the major instrument for coordinating defense policies; and to quickly set up the European Defense Fund at the proposed level of €5 billion per year to make it operational.

What future for digital Europe?

Xavier Merlin, engineer from the Corps des Mines, head of the Service of Territorial, European and International Action, Direction Générale des Entreprises, Ministry of the Economy and Finance; and **Mathieu Weill**, engineer from the Corps des Mines, head of the Service of the Digital Economy, Direction Générale des Entreprises, Ministry of the Economy and Finance

On 29 September 2017, a summit of European heads of state was, for the first time, fully devoted to the digital transition. The 28 heads of state and of government evinced, with Estonia presiding the Council of the European Union, their joint determination to make Europe a digital power in behalf of the European project as a whole. This unparalleled initiative was well-chosen. Europe's situation with regard to digital technology is still mixed. An examination of the factors shaping "digital Europe" provides lessons about the gradual growth of this awareness and for the drafting of an ambitious digital strategy for Europe.

Energy Transition in Europe

Colette Lewiner, Independent Board Director at EDF, Bouygues Group (including Colas), Nexans, Eurotunnel, Ingenico

Successive European legislative packages, as well as subsidized renewables deployment, impacted on electricity markets, which became unstable with concerns about security of supply. These packages also failed to deliver what was their first objective – benefits for end-users – as the latter are paying for renewables subsidies through higher electricity prices.

Reforms are needed and the article analyses the new European legislative package issued and suggests more actions to restore a sustained market.

It analyses also the main technology progress that have enabled wind and solar energy spectacular costs reductions and the drivers for future costs decreases. Combined with competitive mass storage development and digitalization technologies, those lower cost renewables should get in the future a significant share of the electricity mix contributing to decarbonized energy consumption.

Nuclear energy is a good dispatchable, carbon free complement and should not be shut down, except for safety reasons.

The Europe of health

Nora Benhabiles, director of Collaborations Extérieures et des Partenariats Industriels de la Direction de la Recherche Fondamentale, Commissariat à l'Énergie Atomique et aux Énergies Alternatives (CEA)

National and European programs are unique opportunities for responding to innovations in the health field, whether in research or the development and marketing of new products and services. Health markets must address several issues stemming from: rising demand, the costs related to the ageing of the population, and the increasing prevalence of chronic illnesses (along with the associated factors of morbidity). Patients, health professionals and care-givers are being implicated; they expect customized, increasingly efficacious products and services. European research programs have designed feasibility (proof-of-concept) studies; and it is now possible to imagine switching to a crossborder scale in order to better understand the socioeconomic effects. The "Europe of health" is complicated. This article proposes an overview of the results of the big EU programs in this field.

The European Union after 2020: Which priorities for R&D and innovation?

Guillaume Decorzent, head of the Bureau of European Policies of Innovation and Funding, Direction Générale des Entreprises (DGE), Ministry of the Economy and Finance

R&D and innovation are shaping the future of societies. Over the past 34 years, the European Union has been devoting a growing part of its budget to these activities. It has drafted pluriannual plans, which have set aside an ever larger sum for this purpose: from €3.5 billion for 1984-1987 to €75 billion for 2014-2020. What will be the orientations of the ninth pluriannual plan? What goals will it have? What means will be used?

Occupational training during a technological revolution: The European Union at the crossroads

Marie-Claire Carrère-Gée, chairman of the Conseil d'Orientation pour l'Emploi (COE)

The technological revolution is affecting, even roiling, much of the social and economic environment. It is a major challenge to countries in Europe. The European Union can turn this challenge into an opportunity. Now that the contents of jobs are changing fast, occupational training on an unprecedented scale must equip wage-earners with the necessary skills for finding quality jobs. Although basic education is still a priority, the scope of current changes necessitates coordination for redesigning occupational training systems. This considerable, indispensable project is galvanizing. It will enable the EU to become a knowledge-based society that is both competitive and inclusive.

Europe as a big power

Relaunch European integration? Yes, but how? By setting an example

Jean-Dominique Giuliani, president of the Robert Schuman Foundation

The geopolitical context is propitious for relaunching "European integration". An exceptional opportunity has opened for Europe to carry a weight on the international scene in proportion to its input and to its example of cooperation among nation-states. Between Donald Trump and Xi Jinping, room has opened for the European model. How to relaunch this process of integration? Though necessary, a top-down integration of member states' practices will spark endless ideological debates about the EU's finalities. It would be more effective to show through example. Setting an example in matters of defense, taxation and immigration could relaunch integration – the best way to overcome cleavages and to provide real answers to urgent questions. It necessitates a resolute commitment, often very concrete, by member states, which must set the agenda. The rest would follow...

The euro, a success to be perfected

François Villeroy de Galhau, governor of the Bank of France, and Laurent Abraham, Direction des Études Européennes et Internationales

Twenty-five years after the Maastricht Treaty, the Economic and Monetary Union of the European Union (EMU) is a success as regards the monetary union; but the economic union is yet to be accomplished. During the recession, the euro this common good was preserved thanks to the monetary union alone. The necessary measures were taken, sometimes in an emergency, to shore up structures. Since the continent's economy is once again growing at a good pace, emergency crews must now turn the situation over to architects. It is high time to consolidate the structure. Four European "accelerators" should be used to amplify the effects of the indispensable reforms conducted at the national level. A "macro" accelerator based on a joint economic strategy and a "micro" accelerator of a "Union for financing investments and innovation" could,

right away, boost the European economy and build confidence. Over a longer period, a budgetary accelerator for funding common goods in Europe and an institutional accelerator via the eurozone's ministers of Finance could optimize the EMU.

Recovery through investment: The European Investment Bank's experience

Ambroise Fayolle, vice-president of the European Investment Bank (BEI)

The Juncker plan, ambitious and novel, is motivated by two convictions. For one thing, Europe has financial resources insufficiently oriented toward productive investments; and for the other, the creative capacity of entrepreneurs is latently fertile with projects and innovations for ensuring growth tomorrow. The plan's results are promising: its effects on the economy are starting to be observed. Given the successful symbiosis between public interventionism and the mobilization of private savings, this plan is being extended by the European Investment Bank (BEI) to the financing of strategic sectors in Europe. This experiment lays a path via investment toward economic recovery. But it also proves that the use of this sort of leverage, to be fully effective, entails structural reforms for decompartmentalizing the economy and investing in the best opportunities, namely training and innovation.

How to regulate digital platforms?

Françoise Benhamou, professor, Université Paris 13, former member of Collège de l'ARCEP

It is not obvious how to regulate digital platforms. There are tools, but the objectives need to be clarified; and questions, asked about the tools. Furthermore, work must be done, from a European perspective, on the many forms of regulation. Breaking regulations out of the compartments into which they have been fit would help remove the obstacles to interventions in cases of unlawful acts.

Franco-German relations measured by industrial cooperation

Stéphane Reiche, engineer from the Corps des Mines, delegate general at the Directrice Générale du Port de Marseille-Fos, and Simon Ulmer, assistant director of Alliance Mondiale avec Siemens in charge of developing offers of cybersecurity at Atos in Germany

Uncertainty is rife given trade partners such as the United States, China and Russia, and the eventuality of a "hard" Brexit. In recent months, Germany has shown that it wants to consolidate the Franco-German couple and shift European construction toward industry and trade. The times are more than ever propitious for a rapprochement between the two countries and for cooperation under the condition that a reciprocal approach, both structured and understandable, be adopted.

A population policy for Europe?

Isabelle Bourgeois, associate researcher at the Centre d'Information et de Recherche sur l'Allemagne Contemporaine (CIRAC)

Demographic trends are the outcome of policies and conditions that vary depending on the country. Although “denatalité” and “demographic ageing” are problems for Europe as a whole, an EU policy cannot address these problems. What makes this impossible is the operation of the EU and the diversity of the situations in member states and of the solutions they have proposed (as comparative studies of the approaches adopted by France and Germany have shown). For Europeans to imagine a future with children, demographic policy must create an economic and regulatory framework that provides a ground for confidence. At present, the only EU demographic policy to be imagined is a matter of structural reforms and debt reduction.

A small country presiding over Europe: A review of the presidency of the Council of the European Union by Malta

Patricia Pouliquen, economic advisor at the Direction Générale du Trésor

Located between Sicily and Libya, Malta, with its 435,000 inhabitants and GDP of €10 billion, joined the European

Union in 2004. This island deserves much more than the images of it as a tax haven or a playground for suspects without qualms about using violence to silence journalists. This EU member state presided for the first time the Council of the European Union during the first semester of 2017. It proved capable, when necessary, of closing discussions to make a decision and of signaling its priorities. It played well this difficult role of harmonizing positions during preliminary meetings of experts and diplomats; and then at the political level during Council meetings of ministers or of heads of state and government. Malta has always preferred a pragmatic approach but has never disguised its reticence about reinforcing integration in the eurozone or in EU institutions. The country's small size accounts for its recurrent demand for a “principle of proportionality” in the everyday application of EU regulations. Under Malta's presidency, advances were made on the following questions: the EU's Neighborhood Policy; migrations and the fight against illegal immigration; the security of citizens, border controls and the fight against terrorism; the EU's economic and financial services (and the project under way on capital markets); maritime services; the domestic market and agreements with third countries; and energy efficiency and security.

Issue editor: Grégoire Postel-Vinay