

The European Commission is the most important and least understood institution of the European Union. As the executive branch of the organization, it enjoys a monopoly over proposing legislation, and plays a key role in the implementation of its policies, notably competition policy. Its legitimacy derives from the member states, who each nominate one commissioner, and from the European Parliament, which must confirm them. The process proved particularly contentious this year, as the European Parliament rejected the nominees of France, Hungary and Romania, forcing each of the three countries to submit a second nominee. The new president of the Commission, the Christian-Democrat Ursula von der Leyen is the second German in that position since the creation of the institution, the first having been Walter Hallstein, who presided over the first ten years (1958-1967).

There is a widespread sense in Europe that the Commission, which played a decisive role in establishing the single market, has been drifting in recent years. This is often attributed to the absence of a major project which could rally the member states of the Union, that absence being itself a reflection of diminished ambitions in Europe. Will the new Commission prove different in the next five years?

The Brexit saga will continue to consume (and waste) a lot of political energy. The ratification of the withdrawal agreement early next year (still the most likely scenario) will not “get Brexit done” but mark the beginning of a new phase, since negotiations will then start to determine the future relationship between the United Kingdom and the European Union. The legal deadline of December 31, 2020 for their conclusion is unrealistic, leading again either to a disastrous no deal, or more likely to a new extension (which will in principle need to be agreed in mid-2020). It is noteworthy that the new trade commissioner, Phil Hogan, is Irish, but that he will be joined in the negotiations with the UK by Michel Barnier, who has been appointed head of a dedicated “UK task force”.

This continued uncertainty over the relationship with the UK will complicate the emerging consensus among key members of the European Union that the Commission should now focus on the geoeconomic dimension of European power, of which the United Kingdom is an important component. This new focus is in part a reflection of a marked shift in the German attitude toward China. Until recently, China was almost exclusively seen as a market for German industry; it is now seen as a competitor. A strategy paper of the outgoing Commission - which would not have seen the light of day absent the changing German position - goes as far as characterizing China as “a systemic rival”, and details a series of actions, including the screening of foreign direct investments in critical infrastructures that may help rebalance the EU-China relationship on the basis of reciprocity. This is seen as all the more urgent as China has pursued a very effective policy of using its economic clout to gain influence with the weaker EU member states.

This geoeconomic priority may become the defining agenda of the new Commission, and not only with China. Margrethe Vestager, the Danish commissioner who made her mark in the previous commission with the key portfolio of competition, has been reappointed to an unprecedented second term in that role, with the additional role of executive vice-president, overseeing EU digital policy. It will be her responsibility to ensure that the strict data protection rules of the EU are a competitive advantage rather than a handicap. Her appointment won't go unnoticed in the US, where president Trump described her as the “tax lady” who “really hates the US”. This comment was triggered by the action of the Commission against Apple, accused of having benefitted of illegal tax breaks in Ireland, which were re-qualified as state aids (which fall under the jurisdiction of the Commission, contrary to taxation, which remains a national competency).

# Dragoman

As the new Commission builds the geoeconomic toolbox of the European Union, it will have to answer some tough questions. Among them what is the space within which competition should be defined? Just a few years ago, Vestager blocked a merger of Alstom and Siemens transport activities because it would have hurt intra-European competition. No doubt Thierry Breton, an experienced businessman and the French internal market commissioner will push, with the support of Germany, for an evolution of competition rules. Another contentious issue will be the defence industry, largely exempt from the EU rules governing public procurement. Conditions of access to the newly created European defense fund will also test the capacity and will of Europeans to establish some kind of European preference.

Meanwhile, the priority given by Europe to a green energy transition will fall under the responsibility of another heavyweight, who was a contender for the top job at the Commission, the Dutch social-democrat Frans Timmermans, executive vice-president for the European Green deal. While there is an emerging consensus in Europe on a green transition, the widely differing situations of member states (heavy reliance of Germany on coal, of France on nuclear energy) are likely to lead to heated debates (no pun intended) on carbon pricing and implementation strategy.

Will the new Commission give a higher foreign policy profile to the European Union? The new high representative, the Spanish Josep Borrell, seems determined to have a more focused approach than his predecessor Federica Mogherini, but he starts with a weak hand, and the imminent departure of the United Kingdom is likely to lead to ad hoc security arrangements with the UK, outside European institutions, that may further weaken the position of the high representative.

In the end, much will depend on the capacity of Ursula von der Leyen to assert her leadership and bring coherence to the work of the Commission. For that, she will need the strong support of Germany, which itself is uncertain. Her position in her own country was never very strong, and Germany is on the cusp of a political transition, as the grand coalition led by Merkel enters its twilight zone. France, which supported von der Leyen selection, may help, but it has historically been wary of strengthening the Commission, and President Macron has focused his personal diplomacy, with mixed success, on his fellow heads of state. Expect some bumps in the relationship between the new Commission and the member states of the European Union!



## **Jean-Marie Guéhenno**

Jean-Marie Guéhenno is an international security and foreign policy specialist. His previous positions include Head of Peacekeeping Operations at the United Nations, CEO of the International Crisis Group and Director of Policy Planning for the French Minister of Foreign Affairs