



Policy Notes

Dates to watch: Europe in 2017

'Europe will be forged in crises, and will be the sum of the solutions adopted for those crises.' – **Jean Monnet**

Early 2017 – Nation to watch: Italy. The full implications of the resignation of Italian Prime Minister Matteo Renzi in the wake of the December 4th referendum will be realised throughout 2017. The potential for an election remains, though the Italian President has said he wants changes to electoral laws first. Italian banks will also be a source of uncertainty, as they continue to be among the weakest in Europe. The Italian Government is still seeking to shore up its fragile banking system, potentially using public money to recapitalise weak banks through share purchases. Such moves are likely to strengthen the political platforms of anti-establishment parties who have gained popular support from such bailouts.

Early 2017 – Comprehensive Economic and Trade Agreement (CETA). CETA, an extensive and controversial free trade agreement between the EU and Canada, will provisionally come into force after the European Parliament approves it, likely early in 2017. However, a key pillar of the Treaty, the contentious Investment Court System, will not come into force without ratification by the 28 member states.

January 2017 – Malta becomes President of the Council of the European Union. The Council of the European Union is the EU's other legislative body, with the European Parliament, and is made up of various configurations of national ministers. The Presidency rotates among the member states every 6 months, with the President having the job of encouraging and developing the EU legislative agenda and encouraging cooperating among member states. It has been suggested by some that Malta may have difficulties in the role because it is such a small nation with limited resources and will be overseeing the early negotiations on Brexit.

22 January and 29 January 2017 – French Socialist Party presidential primary. Decided in two rounds with a runoff if no one gets an initial majority. Incumbent Socialist President François Hollande has declined to run, leaving several other candidates. The two most competitive were thought to be Manuel Valls, the former Prime Minister of France from 2014-2016, and Arnaud Montebourg, former Minister of Industrial Renewal from 2012-2014. However, in an indication of the Socialist party's move to the left, the hard-left candidate Benoit Hamon won over Valls, garnering 59 percent of the second round vote. The selection of Hamon, a little-known politician, likely guarantees near-term

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obscurity for the Socialists, as they continue to struggle to rise above single digits in the polls.

30 January 2017 – The Brexit Bill. In light of a recent UK Supreme Court judgement, the Parliament must now provide approval of Article 50 through the passage of a bill. The debate on the European Union (Notification of Withdrawal) Bill has been set for the week of 30 January. The bill seems certain to pass, absent a complete shock, with the Labour leader Jeremy Corbyn imposing a three-line whip on Labour MPs to support passage. This move has caused turmoil in the party, as shadow frontbenchers have resigned so as to vote against the bill.

The vast majority of Conservative MPs will vote for the bill, so Corbyn's move guarantees passage, though he has called for a number of amendments. Watch to see which get through, including an amendment demanding a final parliamentary vote on a deal, a guarantee on the rights of EU migrants in the UK and a demand for tariff-free access to the Single Market. Other Westminster parties, such as the Scottish National Party and the Liberal Democrats, will attempt to heavily amend the bill. The Lib Dems have demanded a second referendum on the deal that PM May negotiates with the EU.

3 February 2017 – European Council informal meeting. Comprised only of 27 heads of state or government, excluding the United Kingdom. It follows the Bratislava summit in September 2016 and is the second of three scheduled meetings on charting the future of the EU with 27 members. The meeting offers a platform for EU leaders to develop their collective approach to Brexit and to the future of a post-Brexit Union.

Late February 2017 – Nation to watch: Poland. The European Commission's investigation into rule of law breaches in Poland resulted in several recommendations being handed down on 21 December 2016. Poland was given two months to implement the recommendations. If the Commission finds that the recommendations have been inadequately implemented, which seems almost certain, the Commission can activate the Article 7 procedure in the Treaty on European Union.

Regarded by some as the 'nuclear option,' Article 7 allows the European Council, acting on permission from the Parliament, to issue a formal warning to a member state. On such a warning being issued, the Council can also vote to suspend the rights of a member state under the EU Treaties, including voting rights. The provision, never before used, may be resorted to by the EU if Poland continues to ignore the Commission's warnings. As Politico noted earlier this year, national leaders have largely been able to avoid the 'Polish problem' since the election of the far-right Law and Justice party a year ago. The party, led by Jarosław Kaczyński, has introduced reforms that limit the media, judiciary, political and social rights.

The Government has also refused to accept Constitutional Court judgements. Watch to see whether EU leaders are willing to effectively challenge the elected Government on these issues after the Commission's two month period passes. Furthermore, if the Commission chooses to trigger Article 7 action, leaders will be forced to choose whether to activate the nuclear option or avoid a fight with the EU's sixth largest country. Angela Merkel, as ever, will be the leader to watch.

March 2017 – The date UK Prime Minister Theresa May has set for triggering Article 50 of the TFEU to begin the process of leaving the EU. Dependant on passage of the European Union (Notification of Withdrawal) Bill.

8 March 2017 – European Council Tripartite Social Summit. The Tripartite Social Summit brings together the EU institutions at president level and European employers and trade unions. The summit is co-chaired by the President of the European Council, the President of the European Commission and the Head of State or Government of the rotating presidency.

9–10 March 2017 – European Council meeting. European Council meetings occur several times each year and are an opportunity for the leaders of the 28 member states to set the agenda for the Union and to respond to issues that appear throughout the year. Expect Brexit, the migrant crisis and economic and security issues to dominate the Council in 2017. Any major developments will also be reflected in the Council's meeting agenda's, so keeping an eye on these is useful.

15 March 2017 – Dutch parliamentary elections, based on proportional representation. Opinion polls suggest that the anti-EU Party for Freedom (PVV), led by Geert Wilders, will win a substantial plurality of seats, though well below a majority. Watch the seat share that the PVV receives, and whether they can form a coalition or minority government. Historically, the leader with a plurality of seats becomes Prime Minister. Wilders would be the first far-right head of state in Europe.

25 March 2017 – European Council meeting of the 27 in Rome on the occasion of the 60th anniversary of the Rome Treaties. This is the final of three meetings on the future of the Union and the end of a process of political reflection begun by the Bratislava meeting. The meeting will come soon after the UK's Article 50 declaration, absent a delay, and will potentially offer a clearer picture of the EU's negotiating position and what it is prepared to offer. Other results could be plans for deeper defence and security cooperation or economic reforms and investments.

23 April 2017 and 7 May 2017 – French presidential election, decided in two rounds. If no candidate wins a majority in the first round, the top two candidates progress to the second. Opinion polls suggest the National Front's (FN) Marine Le Pen is almost certain to make it to the second round with a plurality, likely against The Republicans' François Fillon, a conservative Catholic who was former Prime Minister from 2007 to 2012. The Socialist Party is in disarray and tainted by the remarkable unpopularity of President Hollande, who has 4% support, and their candidate is thus unlikely to make it to the second round.

The candidacy of Emmanuel Macron, former Minister for the Economy under Hollande and founder of the En Marche! 'movement' has surged through December and January, putting him in third place in the polls. A recent scandal involving Fillon's wife has damaged his candidacy, and it is increasingly possible that Macron could make it through to the second round, to face Le Pen. In light of the Socialist party's choice of the hard-left Hamon, moderate left voters may defect to Macron. Indeed, some Socialist party leaders have indicated they will do this if Hamon cannot improve the Party's polling numbers.

The structure of the French electoral system makes a Le Pen victory difficult, as left-wing and centrist voters will likely vote for Fillon so as to deny Le Pen a win. This occurred in the 2002 Presidential election when Marine Le Pen's father lost the second round by a crushing 66%. However, the possibility of a National Front victory cannot be dismissed, as discontent, fear and anger grow among large parts of the French populace, particularly among rural and middle-class voters. Watch for Le Pen's percentages in the first round and whether she is able to attract left-wing voters on her interventionist economic platform.

4 May 2017 – UK local elections. The 2017 local elections will provide key indications for Britain and Europe. First, observers should note how well the Liberal Democrats do. Having been wiped out over the past five years, the Lib Dems have pitched themselves as the only major anti-Brexit party. This approach worked well in the recent Richmond by-election, where the Lib Dems wiped out a 23,000 Conservative majority to take the House of Commons seat. If they can replicate this more broadly across the country in local elections, Prime Minister May will have a substantial problem as she risks losing pro-EU moderate Conservatives.

The second question is how well the UK Independence Party (UKIP) does having achieved its primary purpose of getting the UK to vote in favour of exiting the EU. UKIP's new leader Paul Nuttall, who takes over from Nigel Farage, has a difficult task in rebranding the party as something more than the anti-EU party. Nuttall has claimed that UKIP will unseat the Labour Party in the North of England, a shift from Farage's focus on South-East England. Watch how UKIP does in the North to see whether UKIP's new approach has any hope of success.

11 and 18 June 2017 – French parliamentary elections, determined in two rounds based on constituencies. If a candidate fails to win a majority in the first round, the top two candidates and any candidates with more than 12.5% move to a second round where a plurality is required. The left-wing parties currently dominate the Legislative Assembly, France's lower house. This will likely change dramatically in these

elections, with substantial swings towards The Republicans and the National Front.

The FN currently has 2 seats in the 577 seat assembly and thus has substantial room to grow in rural and regional constituencies. However, just as with the Presidential system, the electoral laws of the Legislative Assembly make FN victories difficult. This was reflected in the 2015 regional elections, where the FN won a plurality of votes and made it to the second round in more than half of the regional districts. Nonetheless, the FN only won a small fraction of these seats because parties encouraged tactical voting to deny FN candidates a majority in districts.

The Presidential election results will be an indication of how much the composition of the Assembly is likely to change and whether National Front can pull enough votes when it counts. Watch to see how the FN does in the first round, where it is likely to win numerous constituency pluralities, and whether it can win in the second round. Far-left parties are also seeking to tap into left-wing disenfranchisement with Hollande and are seeking to win over discontented voters with anti-austerity messages. These voters may undermine the Socialist Party percentages, potentially resulting in electoral decimation for the Socialists.

22–23 June 2017 – European Council meeting.

July 2017 – Estonia takes over from Malta the Presidency of the Council of the European Union.

11 September 2017 – Norwegian parliamentary elections.

Norway is not a member of the European Union, and its election is likely to be more innocuous than the other elections of 2017. The centre-right Conservative Government has been in power since 2013, having been preceded by 8 years of a Labour-led left-wing coalition. Opinion polls show the Labour party with a substantial lead over the Conservatives, suggesting a resurgence for the social democrats in a country long associated with social democracy. Expect another coalition regardless, and a close election overall as smaller parties split between the major two parties.

September 2017 - Nation to watch: Spain. The President of the Spanish state of Catalonia has pledged to hold an independence referendum, despite intense opposition and threats from the Spanish Government. This second referendum, which according the President will be 'legal and binding', comes after a 2014 consultative referendum in which a large majority of Catalonians voted in favour of secession. It is unclear how the situation will play out if the Catalonians hold the referendum and voters choose independence, as the Spanish PM Mariano Rajoy has resolutely rejected any move to independence for Spain's wealthiest state.

October 2017 – Czech parliamentary elections, based on multi-member constituencies with open-list proportional representation. Watch to see how well Eurosceptic parties do in a country that once was among the strongest supporters of the European Union and yet in which support has dropped significantly. For example, the Czech President recently called for a referendum on EU membership, though the call was quickly rebuffed by the Government.

19–20 October 2017 – European Council meeting.

14–15 December 2017 – European Council meeting.

Late 2017 – German parliamentary elections, based on half of members being elected in single-member constituencies on first past the post and the rest elected by proportional representation based on party lists. The most significant nation in the EU will head to the polls sometime between late-August and mid-October.

Angela Merkel, German Chancellor for the past 11 years, has declared she will contest the election again. One of the few remaining European leaders who saw the decade begin, Merkel is regarded as key to stability in Europe and the EU. However, her handling of the migrant crisis has damaged her popularity in Germany, and expect to see a swing against her party, the conservative Christian Democratic Union (CDU/CSU). For the past three election cycles, she has been in a Grand Coalition with the Social Democratic Party (SPD), and the two parties together dominate the Bundestag. Whilst the CDU will likely lose a significant number of seats, the Grand Coalition is likely to survive based on the size of its majority, and Merkel is likely to remain Chancellor.

The selection of former European Parliament President, Martin Schulz, to be the SPD candidate may also shift the race. He is regarded as being more able to criticise Merkel's leadership, as he was never part of the Grand Coalition, and he is untainted by domestic failures.

A key party to note is the far-right Alternative for Germany (AfD). The AfD is running on an explicitly anti-immigrant and refugee platform, with Eurosceptic undertones. Having fallen short of the 5% threshold for representation in 2013, the AfD looks set to break into the Bundestag with around 10-15% of the vote, a significant breakthrough in a country where centrist politics has dominated for decades. If the CDU loses enough seats, expect to see the SPD take on a greater role in government, perhaps leading to a more leftward approach to governing.



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