



## Briefing

# The European Parliamentary elections – what do the outcomes mean for you?

## Changed dynamics within the European Parliament but no eurosceptic landslide

The results of the European elections will have a significant impact on decision-making in the European Parliament. **While there is no clear shift to either the left or the right, the picture has become more diverse, complicating coalition building possibilities.**

The gap between the biggest political groups - the Social Democrats (S&D) and the Christian Democrats (EPP) has narrowed due to gains for the S&D and losses for the EPP.<sup>1</sup> This balance of power, together with reduced ALDE (Liberals) and ECR (Conservatives) groups means that aligning **the traditional centre-right coalition will become more challenging**. At the same time it is not clear whether a more right-wing coalition including some of the eurosceptic groups is a realistic alternative, as collaboration between these parties is likely to be difficult.

The coalition most likely to secure a majority is therefore a 'grand coalition' between S&D and EPP. These have frequently agreed and voted together, but forming this large coalition on more controversial topics will be a new challenge. **Outcomes may therefore be less radical in the future.**

**Eurosceptic parties – at both ends of the political spectrum – have attracted more votes than ever before** and are now making up approximately a quarter of the European Parliament (although there have been larger gains for right leaning parties). How much influence these MEPs will have in practice remains to be seen. If they are able to form strong groups – something Marine Le Pen from the French Front National and Geert Wilders from the Dutch Party for Freedom have already committed to – they would indeed be well placed to influence decision-making and shape legislation. However, many eurosceptic MEPs in the previous mandate refrained from engaging in a constructive way and did not influence many of the day-to-day outcomes on proposals. If they do choose to engage, they are likely to vote against policies increasing the EU's influence, including on businesses.

Against this background **stakeholders wanting to engage with the European Parliament will have to be more creative in how they go about forming coalitions and finding allies.**

Furthermore, although we know the number of so called 'non-attached' MEPs has risen, it has yet to be seen whether the criteria for forming new groups are reached (25 MEPs from across at least 7 Member States).

<sup>1</sup> Projected seats for EPP: 214; S&D: 189

## Parliament to deal with highly controversial subjects for businesses

In the new Parliamentary term the European Parliament will have to deal with a range of highly controversial dossiers.

A prominent topic will be the **separation of banks**. An existing legislative proposal by the European Commission envisages the separation of proprietary trading and other high-risk trading from the deposit-taking business. The Parliament is likely to turn to the proposal in the beginning of its mandate and might push hard for a stricter approach to separation.

The **Transatlantic Trade and Investment Partnership**, to be sealed by 2016, is also likely to inspire much debate. Although the Parliament has no formal role in negotiating the agreement it will be required to consent to the outcome. MEPs across the political spectrum have expressed deep concerns on TTIP and have even called for its suspension due to the recent NSA spying scandals. A highly mediated topic which resonates strongly with MEPs' constituencies is a recipe for closer scrutiny. Threatening to reject an agreement justified under the banner of consumer protection in the EU will also allow MEPs to wield influence over the negotiations.

Another potential minefield are the **data protection proposals**. Although the previous Parliament had already voted its position, new MEPs will have to negotiate the final text with the Council. Fuelled by the spying scandals as well as by fundamental disagreement on how to weigh citizen's privacy against protection from terrorist threats, negotiations in late 2014/early 2015 can be expected to be lengthy.

## Continued push for more influence expected

Since the beginning of the economic crisis, criticism of the EU's democratic legitimacy and accountability has sharply increased. The Parliament, being the only directly elected EU institution, is likely to push for more influence on its voters' account and to be more poised and outspoken than in the past.

Although the **Parliament does not have the power to initiate legislation**, it can adopt Resolutions which, without being binding, can put a certain amount of pressure to act on the Commission as well as feeding into the preparation of legislative proposals. While the Commission has infrequently followed all the Parliament's demands, it is likely to be more responsive in times of heightened euroscepticism.

Parliamentary resolutions may focus on include **fighting unemployment** and rejecting austerity in favour of **growth-stimulating policies**. Another subject emphasized in the run-up to the elections and highly popular with constituencies is the **fight against corporate tax evasion**.

## Selection of Commission President still in limbo

It still remains largely unclear who the next President of the European Commission will be. Political Groups have for the first time put forward candidates of their own, and a broad majority across the political spectrum expects one of these to be nominated by the Council (Member States) and elected by the Parliament. This expectation was a key theme across electoral campaigns – European citizens would be able to decide who gets the Commission's top job.

While **the Council has to 'take into consideration' the outcome of the elections, it is under no obligation to nominate the Parliament's preferred candidate**. Council President Herman van Rompuy, known for his shrewd negotiation skills, will be a key figure in avoiding a major conflict between the two institutions.

**The Parliament could give its full backing to EPP candidate Jean-Claude Juncker**, ex Prime Minister of Luxembourg, in order to maximize its leverage. One candidate to represent the whole

house is more powerful than each group continuing to back its own nominee. If Juncker is officially endorsed in the Parliament's constituting session on 1-3 July, he would still need to be also nominated by the Council. **A refusal by the Council is likely to be met by the Parliament with a rejection of any alternative nominee**, which puts considerable pressure on the Council to follow the Parliament's choice.

In the event that the Parliament does not back a candidate, it would be possible for the Council to suggest a 'compromise' candidate for the Parliament to endorse. A further scenario is that the Council decides to oppose Juncker – if only to avoid setting a precedent for the future – but provides Juncker with another key EU post to satisfy the Parliament's demands for more influence.

---

For more information please contact

**Christiaan Smits**

T +32 2 504 7628

E [christiaan.smits@freshfields.com](mailto:christiaan.smits@freshfields.com)

**Natalie Kearney**

T +32 2 504 7184

E [natalie.kearney@freshfields.com](mailto:natalie.kearney@freshfields.com)

**Anna Kupferschmitt**

T +32 2 504 7036

E [anna.kupferschmitt@freshfields.com](mailto:anna.kupferschmitt@freshfields.com)

---

Freshfields Bruckhaus Deringer LLP is a limited liability partnership registered in England and Wales with registered number OC334789. It is authorised and regulated by the Solicitors Regulation Authority. For regulatory information please refer to [www.freshfields.com/support/legalnotice](http://www.freshfields.com/support/legalnotice). Any reference to a partner means a member, or a consultant or employee with equivalent standing and qualifications, of Freshfields Bruckhaus Deringer LLP or any of its affiliated firms or entities. This material is for general information only and is not intended to provide legal advice.

[Unsubscribe](#) from this or all legal updates, publications and marketing communications.

---

© Freshfields Bruckhaus Deringer LLP 2014

[freshfields.com](http://freshfields.com)