



Insights June 11, 2024

As Europe Decides
The Year of Change

As Europe Decides: *The Year of Change*

With almost 200 million voters turning out to the polls earlier this week, Europeans have made their choice on the course of the European Union until the end of this decade.

Each month, FGS Global will help you unpack the core themes of the election campaign and recommend actions for companies. Set the stage now for your success over the next five years.

In a nutshell

- **The balance of power has moved to the right, but the center holds.** The center-right EPP is the clear winner, with a sixty-seat gap until the second political group, the center-left S&D. Significant gains were made by the right-wing ECR and far-right ID groups, while centrist liberal Renew and the Greens incurred painful losses. Nevertheless, the centrist EPP, S&D and liberals still command a majority.
- **EPP is key to any viable coalition.** The pro-European conservatives hold the initiative to build a new majority for their lead candidate, incumbent Commission President Ursula von der Leyen. First outreach has been done to fellow centrists, more talks to follow in coming days and weeks.
- **France's snap elections can throw a spanner in the works,** with President Macron holding center stage in a high-risk play for power in Paris. If he fails in his wager for a parliamentary majority back home, the ripples may disrupt whatever timeline is pursued in Brussels.

Take action. Right now.

- **Update your manifesto.** New MEPs will receive dozens, if not hundreds of generic manifestos from a host of interest representatives they haven't met before, written in an unfamiliar language. With a clear view on who will return to Brussels – and who will take the seats of those retiring or not being reelected – you can move ahead of the competition by tailoring your policy proposals in the battle for eyeballs.
- **Get in touch with the teams,** Behind each policymaker stands a team of assistants and advisors making Brussels tick. The next weeks are essential in reaching out to your contacts in the Parliament – both in the MEP offices and in the secretariats of



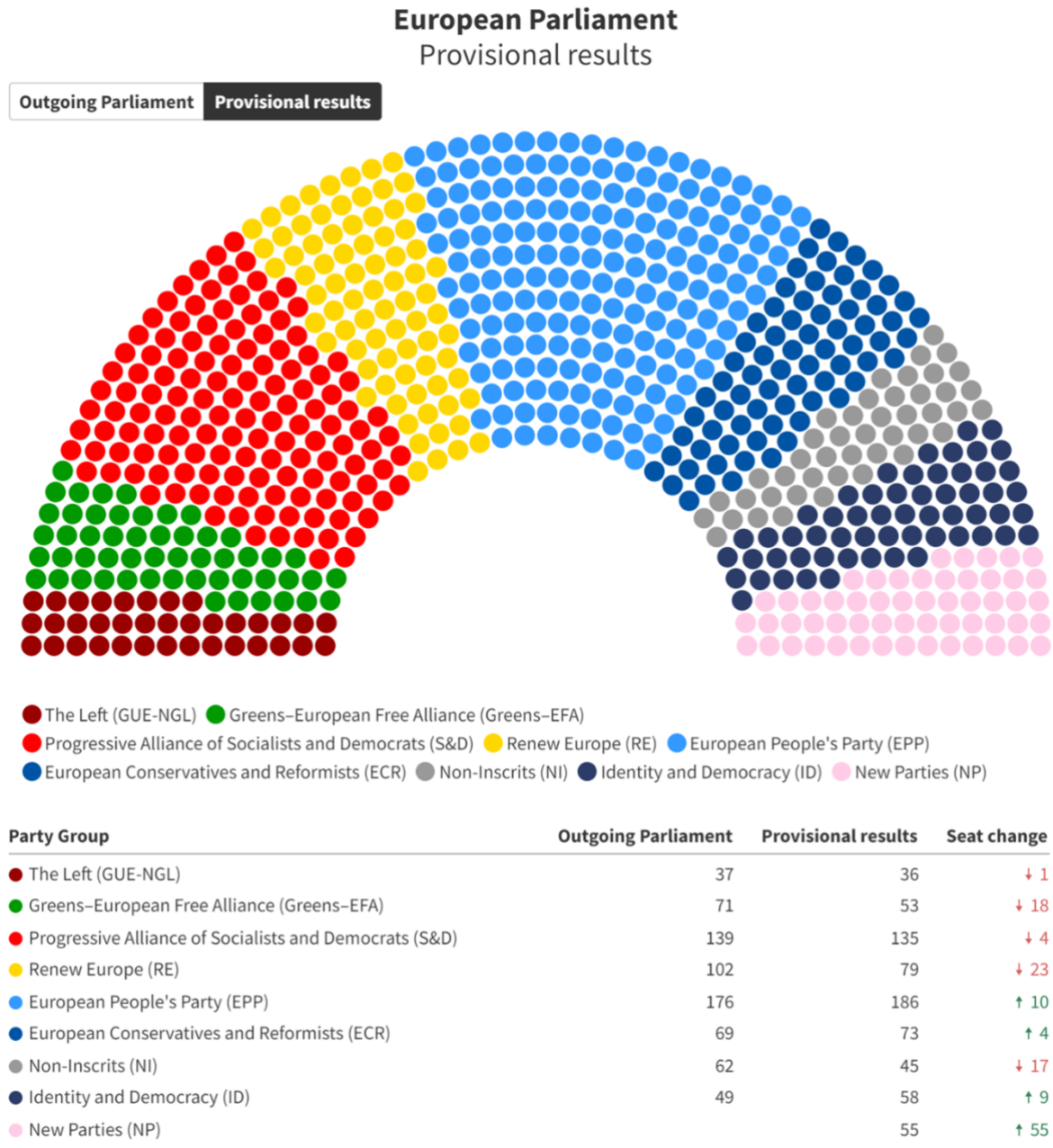
committees and groups – to be in the loop, be on top of mind, and be available to answer any technical questions the new cohort of MEPs will have.

Agenda

- **13 to 15 June** – G7 Summit in Fasano, Italy
- **17 June** – informal European Council meeting
- **27 to 28 June** – European Council Summit in Brussels
- **End of June/early July** – Report by Mario Draghi on competitiveness
- **26 June to 17 July** – EP coalition negotiations
- **16 to 19 July** – First plenary session of the new European Parliament
- **17 or 18 July** – Election of new European Commission President
- **September through October** – Commissioners-designate hearings
- **November**, State of the Union speech by Commission President
- **December**, new College of Commissioners takes office, resumption of legislative business as usual



Key takeaways from the main capitals



Unexpectedly, Brussels looks more stable than many key national capitals. Centrist pro-European parties maintained a solid if politically broad majority. **Things look more difficult in individual countries.** The German coalition has incurred painful losses and France will head to the polls in snap elections by the end of the month.

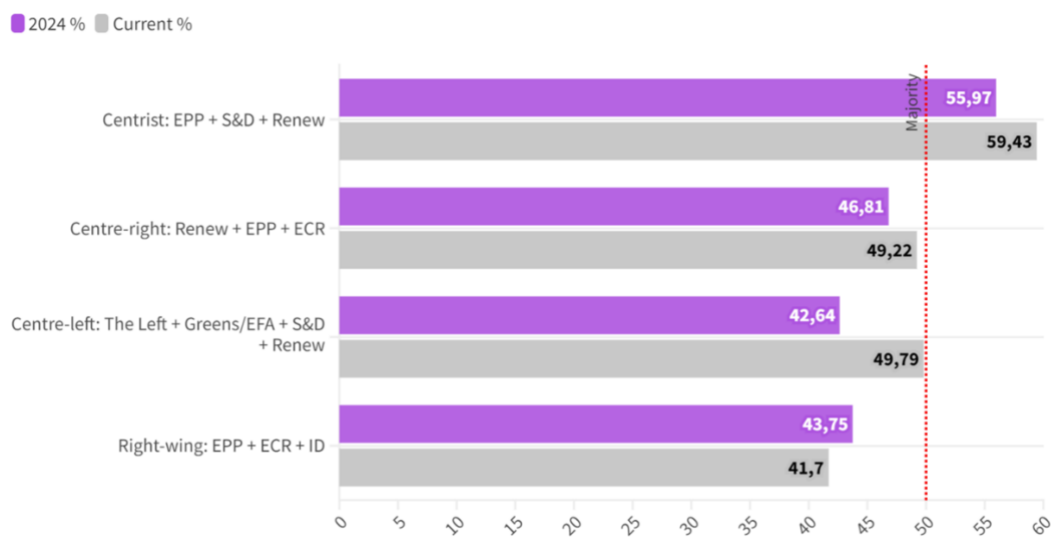
While delivering a strong performance overall, **the anticipated takeover of the far right did not take shape**. Some solid gains in France and Italy were matched with lackluster results in Spain, Germany and the Netherlands, and poor results in Scandinavia. Commanding roughly a quarter of the European Parliament, spread over multiple political factions, far-right members are divided over key policy issues and will be unable to paralyze EU decision-making.

The incumbent President of the European Commission **Ursula von der Leyen’s chances of being nominated for a second term by the Council have been strengthened**. If awarded a second term, she can build on a solid foundation with her own center-right EPP strengthened and her preferred partners retaining sufficient support. She may attempt to broaden her coalition by including partners on the left, with “realist” Greens, and on the right, with parts of the Meloni coalition, in order to build the necessary majority in the European Parliament.

However, the politics around the European Green Deal, cost of living, and geopolitical instability have shaken up voters and majorities and may reshape policymaking in Parliament for the next five years. **Expect issue-driven ad-hoc coalitions of conservatives, reactionaries and populists** on topics like climate, agriculture or migration.

With **Berlin, Paris, The Hague and Belgium consumed by domestic issues**, the Council will provide ample ground for smaller member states to set the stage for the new Commission. The next years will see less of a Franco-German Europe and more of other capitals punching at or above their weight. Keep your eyes on Rome, Warsaw, Madrid and the Nordics, where moderate and experienced politicians have both the political stability and the diplomatic and economic firepower to reshape European politics.

Coalitions by the numbers



A centrist engine to power the new Commission

The centrist coalition (S&D – Renew – EPP) retained its majority, but it has shrunk from around 60% to 56%. That's roughly 400 out of 720 seats. However, as these coalitions do not hold the same weight as the ones known in national politics with lower voting discipline and a limited degree of unity within the political groups, EP votes tend to be more transactional with deeper national interests overriding broader ideological convictions. It is important to note that these numbers are only indicative and show the relative strength of the parties – five years ago the so-called von der Leyen coalition counted 440 seats, but she only got the backing of 383 MEPs during a secret ballot on her candidacy as Commission President. As numbers in Parliament are tighter this time around, the Commission President will still need to secure votes either to her left (from the Greens), to her right (through the ECR), or both, to assure the necessary absolute majority in July.

Results in key member states

	Total	LEFT	G/EFA	S&D	RE	EPP	ECR	ID	NI	NEW*
Germany	96	4	16	14	8	30	0	0	17	7
France	81	9	5	13	13	6	5	30	0	0
Italy	76	0	3	20	0	9	24	8	9	3
Spain	61	3	4	20	1	22	6	0	1	4
Poland	53	0	0	3	2	20	20	0	0	8
Netherlands	31	1	4	5	7	5	1	6	0	2

* Newly elected members not allied to any of the political groups set up in the outgoing Parliament

In **Germany**, parties of the governing coalition, the Greens, FDP, and SPD, lost (significantly) compared with the elections in 2019. The conservative CDU/CSU (EPP) – former Chancellor Merkel's party – and the far-right AfD (formerly ID group) won the elections with 30% and 15,9% respectively.

In **France**, the upset by Marine Le Pen's Rassemblement National (ID) party compelled President Macron to dissolve the parliament and call snap parliament for June 30 and July 7. While Macron's liberal alliance lost 10 seats, Rassemblement gained 12 and became the largest national delegation in the European Parliament.



In **Italy**, Prime Minister Meloni strengthens her grip on the government with a strong 28% of the votes. This will boost her influence on the course of EU policy and the appointment of EU top jobs as well.

In **Spain**, leading government party PSOE lost over 2 million votes and ended up with 20 MEPs, with coalition partners Sumar and Podemos facing also significant losses. Opposition leader PP won the elections with 22 seats, consummating the absorption of liberal party Ciudadanos and amplifying its presence in the European political center.

In **Poland**, Prime Minister Tusk's political alliance is projected to win the elections with 38% of the vote. His win contributes to the overall win of his political group the EPP. Opposition party PiS (ECR) came in second with a predicted result of 33,9%.

In **the Netherlands**, the combined progressive list of Labour (S&D) and Greens came out on top, beating the far-right PVV (ID) to the top spot. The newly formed right-wing coalition underperformed compared to the November elections, and ongoing government negotiations may weaken the Dutch coalition's power vis-à-vis other actors in Brussels.

Next Steps

The timeline for the next steps in the post-election process are tight and intended to quickly deliver results on a viable coalition to support the Commission President. Already this week the leaders of the European political parties and secretary-generals of the political groups will **meet with their MEPs, independents and new entrants into the EP** to constitute their groups and build a final tally. The final composition – in which some groups can gain as many as ten to fifteen seats – is expected by early July, before the first Parliament plenary session.

In parallel, **heads of state and government are to meet across the European Union** and in Brussels for bilateral and Council meetings, to align on their support for President von der Leyen – or another candidate – and come to a formal decision by the end of June. This would allow the Parliament to **officially elect a Commission President by mid-July**, allowing for the long but final step in the process of coming to a new European Commission: the building of a new College of Commissioners.

Over summer and early fall all 27 national governments are expected to designate one or two candidates for the European Commission, who will need to find sufficient support in the Parliament during hearings scheduled for September, October and early November. Should the candidates pass their hearings, the Commission President and her new College will officially be approved by a vote, and accordingly present their Commission Work Package, outlining their political view for the next five years by December.



Our team

Experts at FGS Global bring together decades of government and consulting experience, combining geopolitical and regulatory expertise with a corporate and capital markets perspective.

Our team spanning across Europe can provide unique insights into stakeholder perception and reputation to help companies engage stakeholders effectively – especially in a year of change.

Biancastella de Angelis – Partner, Brussels

Ayrton Thevissen – Partner, Brussels

Reinhard Hoenighaus – Managing Director, Berlin

Francesca Micheletti – Director, Brussels

Susan Schneider – Director, Brussels

Jimmy Bastings – Associate Director, Berlin

Eve Davies-Tsagkadakis – Associate Director, Brussels