INLINE

The European Parliament Elections 2019

IMPLICATIONS FOR THE TECH SECTOR, MAY 2019

Executive Summary

- The two largest political groups in the European Parliament, the Socialists and Democrats (S&D) and European People's Party (EPP), have lost seats and no longer hold a combined absolute majority.

- Political groups with the most gains include the Alliance of Liberals and Democrats in Europe (ALDE) whose inclusion of France's En Marche has elevated ALDE to the third-largest group. Meanwhile, the Greens/European Free Alliance (EFA) have benefited from strong results in Germany, France and the UK and now sit as the fourth-largest group. Both these groups now have significant power in shaping agreement in the next European Parliament.

- Populist and Eurosceptic groups such as Italy's Lega Nord and the UK's Brexit Party made gains, however these right-wing political groups remain fragmented and may not form a coherent bloc to exercise a common voice.

- In terms of parliamentary process, these results dictate that coalitions of at least three-party groupings will be required to get legislation through the European Parliament. The fragmentation of seat allocations between party groupings will complicate this process and make it harder for legislation to pass.

- Negotiations to form new parliamentary groups are expected to take longer than in previous elections due to the complexity of the new political landscape. Closed-door negotiations have already begun and will continue to define the composition of the incoming Parliament. Some compromise in groups' policy objectives can be expected during the negotiations.

- The *Spitzenkandidaten* process will now become more complicated due to a fragmented Parliament with no clear leading candidate. Although Manfred Weber (lead candidate for the EPP) was initially the likely choice for the next European Commission President, any candidate will now require the endorsement of two or more of the larger political groupings. This raises questions over which candidate will be able to gather enough support.

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The outcome of the elections

Please note: the election results outlined in this document are based on preliminary results. The groups for the 2019-2024 term will be finalised during negotiations to form new parliamentary groups; this may lead to changes in official group names, their constituent national parties and seat allocations

VOTE BREAKDOWN

751 Members of the European Parliament (MEPs) from 28 Member States – including the United Kingdom – have now been elected for the 2019-24 legislative term. The initial results from the elections (outlined below) show a drop in support for the two largest political groups, the European People's Party (EPP) and Progressive Alliance of Socialists and Democrats (S&D). The EPP's number of seats fell from 216 to 180 and the S&D from 185 to 146.

The Alliance of Liberals and Democrats in Europe (ALDE) has been strengthened by support for President Macron's En Marche party in France with the combined party group winning 109 seats, up from 69, and placing them as the third largest in the European Parliament. Other gains from Green parties in France, the UK and Germany have elevated the Greens/European Free Alliance (EFA) to the fourth-largest group after they secured 70 seats, an increase from 52.

Whilst support for Eurosceptic parties has increased, they did not fare as well as some had predicted. Right-wing groupings of the
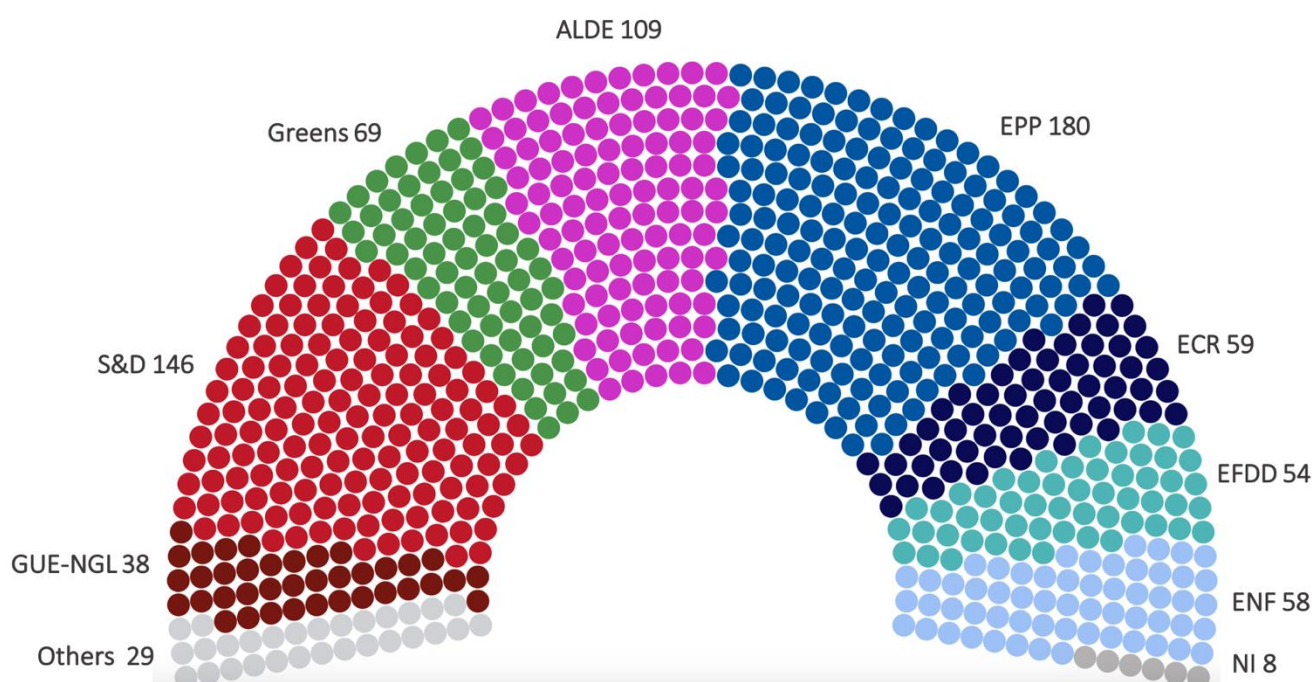

Fig 1: Seat allocations per political group (provisional)

European Conservatives and Reformists (ECR), Europe of Freedom and Direct Democracy (EFDD) and Europe of Nations and Freedom (ENF) won 171 seats collectively, up from 155. The UK's Brexit Party, Italy's Lega Nord and France's National Rally brought notable results. Nevertheless, other far-right parties such as the Netherlands's Party for Freedom, Denmark's People's Party and Austria's Freedom Party did not perform as expected.

More broadly, the gradual decline in voter turnout over recent European Parliament elections was reversed with a little over 50% of eligible European voters heading to the polls, an increase from 42.6% in 2014.

ANALYSIS

PARLIAMENTARY PROCESS

The loss of the EPP and S&D's combined absolute majority increases the opportunity for smaller political groupings to play a more central role in creating coalitions on parliamentary business. At a minimum, there will need to be cross-party agreement between the EPP, S&D and ALDE; or a coalition of four or more groups, to pass votes.

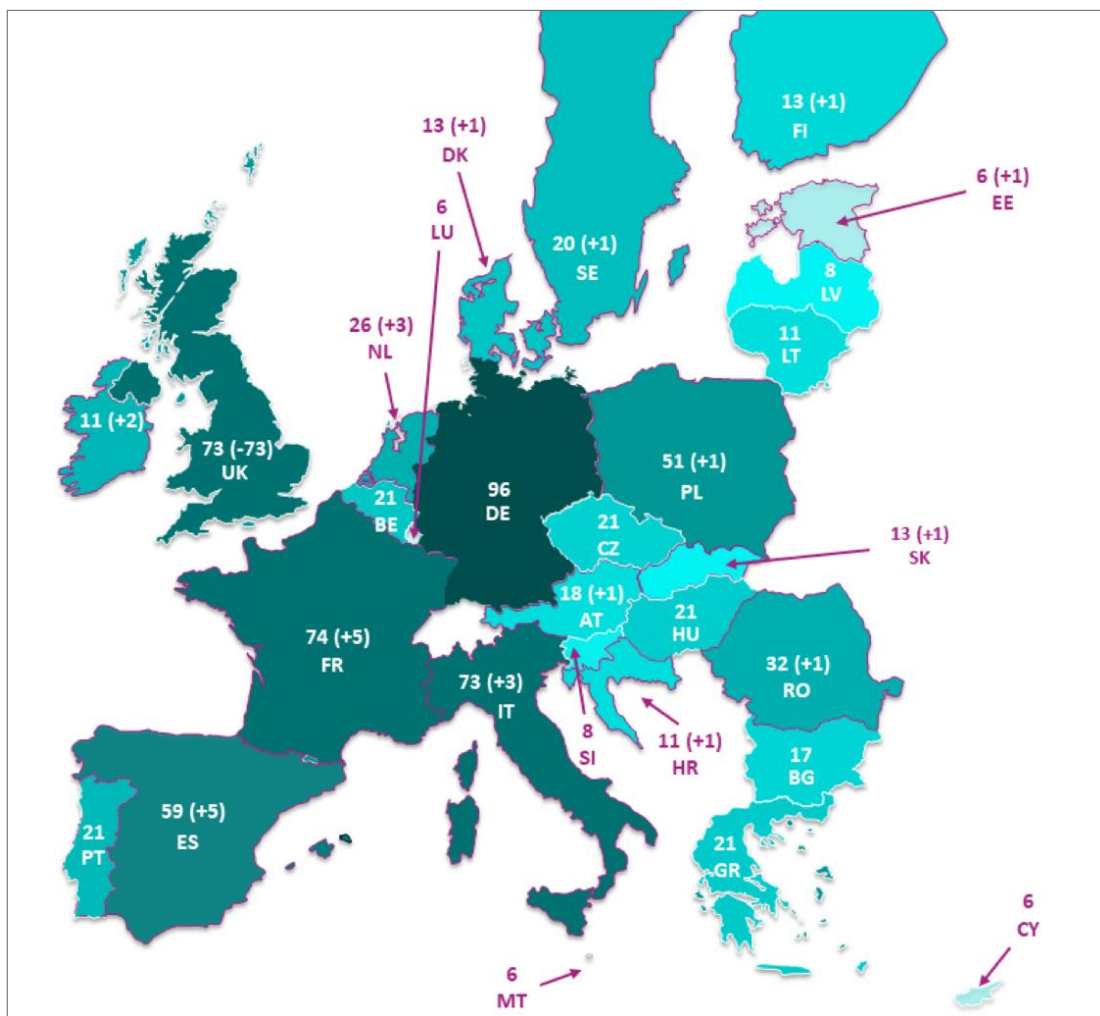If the three main parties cannot coalesce around policy issues, the EPP will be unable to

Fig 2: Seat allocations per Member State (and re-allocations after Brexit)

create a coalition of parties to the right of itself that achieves an absolute majority. The S&D will face the same challenge with a coalition to the left.

Overall, this fragmentation of power within the Parliament highlights the importance of ALDE and the Green/EFA groups for the EPP and S&D; and marks them both as potential kingmakers in the next Parliament. This will make it more complicated to reach consensus over key policy issues and it is likely that the approval of legislation will be slowed down or even made impossible in certain cases.

POTENTIAL DISRUPTION

Just under a quarter of European Parliament seats are now held by Eurosceptic parties with the largest including Italy's Lega Nord, France's National Rally, the UK's Brexit Party and Poland's Law and Justice Party. This right-wing bloc could wield significant influence within the Parliament and purposefully disrupt business (particularly the UK's Brexit Party). However, the extent to which they influence policy will depend largely on their ability to overcome their political differences and maintain a cohesive alliance.

Once the UK leaves the EU (currently scheduled for October) the number of MEPs will be reduced from 751 to 705. The departure of British MEPs will also impact the power shares of the political groups which they join, namely the S&D, ECR and EFDD. Furthermore, some of the UK's seats will be reallocated to different Member States thus altering the national power balance after Brexit.

OTHER EU INSTITUTIONS

The outcome of the elections has already had implications for certain Member States' national politics which will impact the composition of the Council of the EU. For example, Greek Prime Minister Alexis Tsipras has announced that he will hold an early

general election after the Government's Syriza party came second in the EU elections. Meanwhile, the success of Italy's Lega Nord, and the underperformance of their coalition partners the Five Star Movement, has raised the possibility of Interior Minister Matteo Salvini also calling snap elections.

It is not clear whether the *Spitzenkandidaten* process – whereby the European Commission President is selected from the lead candidate of the party group with the most votes – will be used to select the European Commission President. With the (informal) process only having been used once previously in 2014, national leaders in the European Council could prevent the Parliamentary elections from determining the candidate for one of the EU's most high-profile and influential positions. If there is continuity, the conservative EPP's lead candidate Manfred Weber will be nominated.

If the EPP is unable to build enough of a coalition of support within the Parliament, an alternative candidate could come from the formation of a new centrist bloc composed of the S&D, the Greens and ALDE. The Greens and S&D have already indicated their reluctance to support Manfred Weber and an S&D candidate – potentially lead candidate Frans Timmermans – may be more likely to gain the support of a majority in the Parliament, as the S&D could more easily reach an agreement with liberal and centre-left parties.

Another compromise candidate could come from the Alliance of Liberals and Democrats in Europe (ALDE), who ran a multi-candidate *Spitzenkandidaten* list including outgoing EU Competition Commissioner Margrethe Vestager and ALDE's European Parliament group leader, Guy Verhofstadt. ALDE and the Green/EFA's position as the third and fourth largest groups now place them as stronger stakeholders in determining the next European Commission President.

NEXT STEPS

MEPs will continue negotiations over the summer to finalise the shape of the next European Parliament:

- Elected MEPs from national parties will form new political groupings for the 2019-24 term in June. Once the political groups have finalised their composition and structure, they will elect Chairs who will collectively determine the allocation of MEPs to Committees.

- The new European Parliament will meet for its first Plenary session on 2 July in Strasbourg, France and elect its first President for a 2½ year term. The European Parliament will subsequently vote at a second Plenary session from the 15-18 July on the European Commission President nominated by the European Council.

- MEPs will then finalise the number, composition and leadership of new Parliamentary Committees.

- Member State leaders will begin to put forward candidates for European Commissioners who will be confirmed through Parliamentary hearings in the autumn. In October the European Parliament and the European Council will hold votes on the composition of the College of Commissioners.

Key policy areas for the tech sector

POLICY FOCUS AREAS

The European Parliament's policy agenda will be shaped by the European Council's Strategic Agenda and the European Commission's priorities and annual work programme (expected this autumn). However, several key issues are already expected to shape the digital economy in the next legislative term.

Broadly speaking the digital economy no longer has the same credentials in the eyes of policy makers. After public controversy and the 'tech lash' against tech giants, the next mandate will take place in a different political environment as policymakers continue to work on key outstanding areas.

DIGITAL SERVICES TAX

The taxation of the digital economy was already a focus under the previous Parliament as well as the campaign trail for the elections. After no agreement was found on how to tax digital companies the EU has turned to the OECD for an answer and will revive EU talks if the OECD does not provide a solution.

ONLINE CONTENT

The information that consumers share and view online will remain to be a topic of intense discussion, with debates over freedom of expression, whether content should be moderated online and what should be done to address the spread of disinformation. This could include the re-opening of the EU's e-Commerce Directive,

the cornerstone of how platforms behave online.

DATA PROTECTION

With recent controversy surrounding privacy online, how user data is used and collected will remain front of mind for policymakers. The e-Privacy Regulation remains a major outstanding piece in this context, and debates will continue over whether to pass the European Commission's proposal, which is still being reviewed by the Council of the EU, or to take a fresh approach.

PLATFORMS REGULATION

The European Commission has just established an Observatory for the Platform Economy to monitor platforms' business practices and the enforcement of a recently passed 'Platform to Business' Regulation. This will inform future scrutiny of how platforms and intermediaries sit between businesses and users or consumers.

CYBERSECURITY

With a dedicated cybersecurity agency, the European Union Agency for Network and Information Security (ENISA), the EU is increasingly raising cybersecurity as a priority area. Remaining issues surrounding minimum standards, liability and the collective benefit of cyber resilience will continue to be discussed.

ARTIFICIAL INTELLIGENCE

As one of the buzzwords in any policymaker's phraseology, how the EU competes internationally is set to remain a puzzle as officials apply frameworks such as newly produced EU 'Ethics guidelines for trustworthy AI'. Legislative deliberations will continue over how AI affects competition, online bias and a host of other areas.

TECHNICAL STANDARDS

Aside from legislative policy to frame the rules surrounding new technologies, EU work will continue on categorising and providing guidance for fast-paced high-tech areas such as 5G, autonomous vehicles, smart cities, drones and urban mobility.

SHARING ECONOMY

The distinction between amateur and professional users of the sharing economy will remain a topic of ongoing debate. Other questions surrounding worker protection in the gig economy, taxation and the sharing of data with authorities are also likely to feature prominently in debates.

Key newcomers to watch

Note: This is a preliminary list that does not take into account the upcoming appointment of committee chairs and party group coordinators.

Katarina Barley

PROFILE

- **Country:** Germany
- **Party:** Sozialdemokratische Partei (S&D)

PUBLIC POSITIONS

- Katarina Barley is the current Federal Minister of Justice and Consumer Protection of Germany.
- She is an advocate of strong data protection rules and fair competition.
- She has spoken in favour of increased regulation of online platforms, including greater algorithm transparency, but she has occasionally sided with larger platforms and has opposed mandatory upload filters for copyright infringement.

Patrick Breyer

PROFILE

- **Country**: Germany
- **Party:** Piratenpartei Deutschland (Greens)

PUBLIC POSITIONS

- He is an advocate of privacy online and has spoken against state surveillance.
- He has spoken in favour of increasing lobbying transparency and adopting clearer rules on conflicts of interests.
- He is against corporate influence in policymaking.

Manuel Bompard

PROFILE

- Country: France
- **Party:** La France Insoumise (GUE-NGL)

PUBLIC POSITIONS

- Manuel Bompard is an AI engineer.
- He has confirmed his aspiration to work on issues related to industry, research and innovation in the next European Parliament.
- His policy priorities are algorithmic transparency and data protection.

Alexandra Geese

PROFILE

- Country: Germany
- **Party:** Bündnis 90/Die Grünen (Greens)

PUBLIC POSITIONS

- Alexandra Geese is an Interpreter in the European Parliament.
- She is an advocate of digital justice and freedom of the internet.
- She has spoken in favour of data protection, non-discriminatory algorithms, investment in artificial intelligence and digital taxation.

Key newcomers to watch

Marina Kaljurand

PROFILE

- Country: Estonia
- **Party:** Sotsiaaldemokraatlik Erakond (S&D)

PUBLIC POSITION

- Marina Kaljurand is a Member of the Estonian Parliament and an expert on cybersecurity and telecommunications.
- Her party's policy priorities are to develop the digital single market, liberalising the market for digital services and investing in the digital economy.

Marcel Kolaja

PROFILE

- **Country:** Czech Republic
- **Party:** Česká pirátská strana (unaffiliated)

PUBLIC POSITIONS

- Patrick Breyer is a former Technical Product Manager in an open source software company.
- He is an advocate of data protection, privacy and freedom of expression.
- He has spoken against internet censorship.
- He has an interest in issues such as the digital single market, cybersecurity, copyright and emerging digital technologies.

Nathalie Loiseau

PROFILE

- **Country**: France
- **Party:** La republique en Marche (ALDE)

PUBLIC POSITIONS

- She has spoken in favour of increasing the taxation of digital services.
- As lead candidate of La Republique en Marche, she represented her party's policies calling for digital taxation and independent 5G infrastructure
- She has also proposed reforms to competition policy.

Alessandra Todde

PROFILE

- Country: Italy
- **Party:** Movimento 5 Stelle (EFDD)

PUBLIC POSITIONS

- Alessandra Todde is a computer science engineer and former CEO of a leading European manufacturer of IT and Office Automation products and services.
- She advocates an end to gender bias in technology and promoting digital skills among young girls.

Key veterans to watch

Andrus Ansip

PROFILE

- Country: Estonia
- **Party:** Eesti Reformierakond (ALDE)

PUBLIC POSITIONS

- Andrus Ansip is the European Commission Vice-President for the Digital Single Market.
- His main priorities include geo-blocking, breaking down national barriers in telecommunications. regulation and fighting cybercrime
- He has spoken against changing the liability regime of online platforms and imposing general monitoring obligations.

Brando Benifei

PROFILE

- Country: Italy
- **Party:** Partito Democratico (S&D)

PUBLIC POSITIONS

- Brando Benifei was a member of the European Parliament's Committee on Employment and Social Affairs.
- His main interests include the Digital Agenda and technology-related issues, in particular their impact on creating new jobs and youth employment.
- He has spoken against the EU Copyright Directive.

Dita Charanzová

PROFILE

- **Country:** Czech Republic
- **Party:** ANO 2011 (ALDE)

PUBLIC POSITIONS

- Dita Charanzová was the Vice-Chair of the Committee on Internal Market and Consumer Protection in the European Parliament.
- She has spoken in favour of updating tech regulations so they can be more effective in the digital world.
- She has a wide range of interests related to the Digital Single Market, including: smart cities, the sharing economy, data protection, fair competition, freedom of movement for digital services.

Marian-Jean Marinescu

PROFILE

- Country: Romania
- **Party:** PNL (EPP)

PUBLIC POSITIONS

- Marian-Jean Marinescu was the Vice-Chair of the EPP group and sat on the Transport Committee.
- He was particularly active on drone and aviation policy and was involved in a number of key areas including the 'Basic Regulation' for the European Aviation Safety Agency.

Key veterans to watch

Eva Kaili

PROFILE

- Country: Greece
- **Party:** KINAL (S&D)

PUBLIC POSITIONS

- Eva Kaili was a member of the European Parliament's Committee on Industry, Research and Energy and has been particularly active in the field of blockchain technology, e-health, big data, fintech, AI and cybersecurity.
- She has spoken in favour of promoting digital innovations and emerging technologies.

Eva Maydell

PROFILE

- Country: Bulgaria
- **Party:** GERB (EPP)

PUBLIC POSITIONS

- Eva Maydell was a member of the European Parliament's Committee on Internal Market and Consumer Protection.
- She is an advocate of digital innovation, education and digital skills, and entrepreneurship.
- Some of her policy priorities surround user privacy, 5G mobile technologies, the free movement of data, improving cyber-security and improving digital skills.

Angelika Niebler

PROFILE

- Country: Germany
- **Party:** Christlich-Soziale Union in Bayern e.V. (EPP)

PUBLIC POSITIONS

- Angelika Niebler was a member of the European Parliament's Committee on Industry, Research and Energy.
- She has been involved in several key digital files: the EU Cybersecurity Act, the Geo-blocking Regulation, and the Copyright Directive.

Johan Van Overtveldt

PROFILE

- Country: Belgium
- **Party:** Nieuw-Vlaamse Alliantie (ECR)

PUBLIC POSITIONS

- Johan Van Overtveld is the former Federal Minister of Finance of Belgium and a former Member of the European Parliament.
- He has spoken against monopolies in the digital economy and in favour of unbundling online platforms' commercial services.

Timeline and next steps

	May	June	July	August	September	October	November	December
European Parliament	23-26/5: EU elections	MEPs negotiate to form political groups and Committees	2/7: First Parliamentary session will elect Parliament's President		Hearings of new Commissioners in Parliamentary Committees 21-24/9: Plenary session elects new College of Commissioners. Commission President's inaugural speech to Plenary			
European Commission			15-18/7: Commission President to be elected in Plenary				Commission work programme expected New Commissioners take up office	
Council of the EU	Romanian Presidency		Finnish Presidency					
European Council	28/5: Informal post-election Summit	20-21/6: Council Summit				17-18/10: Council Summit to elect new Council President 31/10: Brexit Council will vote on the new College of Commissioners		12-13/12: Council Summit

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Inline Policy in Brussels

If you would like more information about the issues affecting you, or to discuss the political and regulatory challenges that your business faces, then please get in touch at enquiries@inlinepolicy.com

Shomik Panda
Founder and Managing Director

Shomik specialises in emerging technology policy areas, with a focus on the collaborative economy. He built his career within major financial institutions, including as a Vice-President in Government Relations for JPMorgan, where he represented the company before key policy makers in the EU.

Nicolas Acker
Senior EU Affairs Adviser

Nicolas has a 15-year experience working as a EU public affairs and advocacy consultant. Throughout his career, he has designed and implemented many successful public affairs campaigns whilst leading the EU public affairs practice of Weber Shandwick and Ogilvy.

Denisa Avram
Policy Analyst

Denisa is an EU affairs specialist with in-depth knowledge of EU governance and EU public affairs. She provides policy analysis for the sharing economy, online platforms and transport clients. She holds an Advanced MA degree in EU International Relations and Diplomacy from the College of Europe and a MA in European Public Affairs from Maastricht University, as well as a BA in European Studies from Maastricht University. She speaks English, French, Romanian, Portuguese and Spanish.

Rory Coutts
Policy Analyst

Rory is an International Relations and History graduate fascinated by how businesses navigate regulatory and political change. He provides monitoring and analysis for online platforms and transport clients.

Before joining Inline, Rory had a number of roles covering political risk, financial services and public affairs in London. He holds a BSc from the London School of Economics, including a year studying with the British Council at Zhejiang University, China.

Owain Richards
Policy Analyst

Owain provides political analysis and monitoring for the sharing economy, online platforms and emerging technology clients. He has a particular interest in the short-term accommodation market. He holds an MA in History from the University of Cambridge and a MA of Advanced International Studies from the Diplomatic Academy of Vienna. He speaks English, French, Italian and is studying Turkish.

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