

Overview of the 2004 European elections and the new European Parliament

The aim of this brief is to provide an overview of:

- The trends which emerged during the European elections and their translation into the new European Parliament;
- The next steps to be taken before the new European Parliament starts to legislate (creation of the groups, election of the President of the European Parliament, allocation of MEPs to the committees...);
- The impact of these elections on the European Parliament-business working relations.

I. Two trends at national level throughout Europe: low participation and protest vote

Record low participation

A month and a half after the European Union expanded from 15 to 25 Member States, European voters stayed away from the polls *en masse*. The participation rate across the EU might not reach 45% - the lowest since the first elections of the Assembly in 1979 with 5% less than in 1999. The rate is approximately 47.7% in the 15 old Member States and 28.7% in the new Member States. The numerous calls for mobilisation delivered by national as well as European leaders did not convince Europeans as they were still in the dark about the powers of the 732 MEPs. Despite issues such as the draft Constitution, the possible accession of Turkey to the EU, the increase of competencies of the European Parliament, the campaigns remained essentially national. In Germany and France, the two countries which see themselves as the leaders in the building of the EU, the abstention level was almost 60% but it is in the 8 countries of the former Soviet bloc that the participation was the lowest with a record low of 17% in Slovakia.

Protest votes

Voters also grasped the opportunity provided by the European elections to criticise their governments. In mid-term protest votes, the electorate punished the governing parties in France, Germany and Poland for economic stagnation, high unemployment and painful social reforms. Schröder's SPD recorded its worst results since its creation after World War II with 21.5% of the votes, defeated by the conservative opposition (CDU-CSU) which collected 44.8% of them. In France, President Chirac's UMP suffered its second electoral defeat in a row after the March regional elections, collecting 12 points less than its socialist opponents (16.6% vs. 28.9% of the votes). Three days after facing defeat in the local elections, Tony Blair, paying for his attitude towards the war in Iraq, was vetoed yet again by the British electorate. Silvio Berlusconi, the head of the Italian government, the Swedish Social Democrat Göran Persson, the Belgian Liberal Guy Verhofstadt and the Austrian Conservative Schüssel also suffered a blow this weekend at the hands of the voting masses.

Out of the 25 EU governments, only the recently elected Spanish and Greek governments escaped the voters' wrath, amplifying their recent national victories.

II. The new political landscape of the European Parliament known within a month

The leaders of the different parties have more than a month to negotiate and agree on the creation of the European groups, which will form the new face of the European Parliament. The important negotiating period will be the two "group weeks" between 5 and 16 July. Groups should subsequently be formed by the inaugural plenary session of 20-23 July. The criterion in the creation of a group is the presence of a minimum of 20 MEPs coming from 5 different Member States. The political affinity of members of a group is not normally valued.

The President of the European Parliament will be elected by absolute majority during this plenary session. If after three ballots no candidate has obtained an absolute majority of the votes cast, the fourth ballot shall be confined to the two Members who have obtained the highest number of votes in the third ballot.

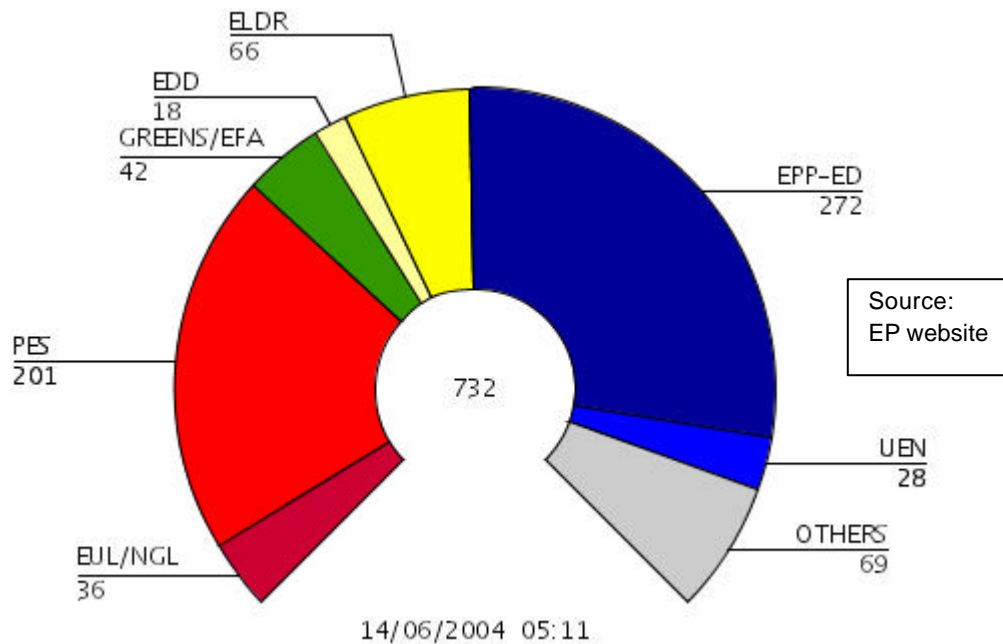
During this session, the Parliament will also approve or veto by a majority of the votes cast the Council's nomination of the President of the European Commission arising from the EU Summit later this week.

At the moment, it is difficult to forecast exactly the political landscape of the new European Parliament. However, once again, two trends seem to emerge.

The EPP-ED and the PSE seem to remain the two largest political groups

According to a final estimation by EOS Gallup Europe and the European Parliament services, published on 14 June, this run of protest votes against the EU governments should paradoxically not modify the current political equilibrium within the European Parliament.

The estimation reveals that there will, in theory, be a majority for the European People's Party (EPP-ED) and that the PES will remain the second largest group in the European Parliament. This estimation states the EPP-ED is set to take 272 of the 732 seats (37,1%). The EPP is followed by the Party of European Socialists (PES) with 201 seats, the ELDR (66), the Greens/European Free Alliance (42), the European United Left/Nordic Green Left (36), the Union for a Europe of Nations (28), the Europe of Democracies and Diversities (18), NI/Non-attached and others (69).



Summary table

Political groups	Seats in 2004	Percentage	Seats in 1999	Percentage	Delta
EPP-ED	272	37,1	232	37,1	0
PES	201	27,5	175	28,0	-0,5
ELDR	66	9,0	52	8,3	-0,7
Greens/EFA	42	5,7	45	7,2	-1,5
EUL/NGL	36	4,9	49	7,8	-2,9
UEN	28	3,8	23	3,7	-0,1
EDD	18	2,5	18	2,9	-0,4
NI	69	9,4	32	5,1	+4,3

This apparent victory of the EPP-ED group must be graded by the fact that some of its members may leave to join a Eurosceptic group or a Centre Europhile one.

Towards the creation of a Eurosceptic and a Centre Europhile groups ?

Eurosceptic and sovereignist parties opposed to the European project made considerable gains in the polls this weekend. In Great Britain, the anti-EU UK Independence Party made a dramatic breakthrough by taking 12 seats (compared to 3 in 1999) marking its arrival as a serious political force. Combined with the 25 seats won by the opposition Conservatives, the UK is likely to send a delegation dominated by Eurosceptics to the European Parliament. In Sweden, a new Eurosceptic party -- The June List -- made a surprisingly strong showing while the ruling Social

Democrats fared well below expectations. In Poland, the anti-EU parties appeared to have captured a quarter of the vote. One of them, the League of Polish Families (LPR) came second with 16% of the votes. A similar pattern emerged in the Czech Republic, where the Eurosceptic opposition defeated the ruling Social Democrats.

These parties may very well join forces and fight the European project from its heart, the European Parliament.

On the other side of the Europhile-Eurosceptic axis, a new centre political group advocating for a deeper European integration led by the French François Bayrou and the Italian Romano Prodi might be created. This party would gather pro-European centre-right and centre-left parties across the 25 Member States.

The creation of these groups will affect principally the EPP-ED group, which will lose MEPs from its centre (French UDF delegation for instance) in favour of the Europhile group and its right-wing (UK conservatives) in favour of the Eurosceptic group. This also reflects the increasing heterogeneity of the European parties, in which the voting discipline will be harder and harder to maintain.

Finally, the creation of an extreme-right group can unfortunately not be excluded.

III. A month to allocate MEPs to the committees

While the negotiations about the European political groups will be carried out by the political leaders, MEPs themselves will have to negotiate over which committees they will be a member of. MEPs are to indicate their preferences to their groups. After negotiations between the groups, the Conference of the Presidents will submit proposals to the Parliament, which will then vote on the issue. The composition of the committees shall, as far as possible, reflect the composition of Parliament. However, it does not have to respect any national or linguistic quotas. The size of the most popular committee may be slightly increased to accommodate MEPs.

The constituent meetings of the committees, when their bureau (1 chairman and 1-3 vice-chairmen) will be elected, will take place on 22 July. MEPs will have to be allocated to the committees by then. The chairmanships are negotiated between the political groups the election generally takes place by approval. However, at the request of one-sixth of the members of the committee, the election may take place by secret ballot following absolute majority.

The revision of the committee formations of the European Parliament has already been proposed in order to accommodate the 96 new MEPs. The new committees are as follows:

- I. Committee on Foreign Affairs
- II. Committee on Development
- III. Committee on International Trade
- IV. Committee on Budgets
- V. Committee on Budgetary Control
- VI. Committee on Economic and Monetary Affairs
- VII. Committee on Employment and Social Affairs
- VIII. Committee on the Environment, Public Health and Food Safety
- IX. Committee on Industry

- X. Committee on Internal Market and Consumer Protection
- XI. Committee on Transport and Tourism
- XII. Committee on Regional Development
- XIII. Committee on Agriculture
- XIV. Committee on Fisheries
- XV. Committee on Culture
- XVI. Committee on Legal Affairs
- XVII. Committee on Civil Liberties, Justice and Home Affairs
- XVIII. Committee on Constitutional Affairs
- XIX. Committee on Women's Rights and Gender Equality
- XX. Committee on Petitions

IV. The impact of the elections on the European Parliament-business working relations

While the present situation remains fluid, it is still possible to ascertain some of the possible outcomes of these elections for the working relations between the European Parliament and the industry.

The current complexity in dealing with MEPs from 15 countries will be further magnified with the inclusion of the 10 new Member States, obliging companies to address MEPs of more nationalities, adapting their messages and arguments accordingly, which will require more coordination and resources than in the past. More specifically, it will become more important for companies to find the appropriate "hooks" that will trigger the interest of a more diverse range of MEPs.

In an enlarged Europe, it will become more and more difficult for a company to make its voice heard. Because of the increase in the number of business stakeholders, MEPs will naturally prefer to deal with a trade association representing an entire sector rather than with individual companies. Companies will have to make use of their memberships in various associations and, in some cases, be ready to play a leading role within one or two selected associations.

Another possibility for individual companies who believe that trade associations are rather ineffective is to create *ad hoc* issue-based coalitions. These coalitions would be created to solve a specific problem and dissolved afterwards.

The European Parliament will be dominated by right and centre-right parties. This will definitely provide a favourable working environment to the industry.

However, the possible creation of Europhile and a Eurosceptic groups is symptomatic of the ever-greater heterogeneity of the political groups, especially the EPP-ED. The voting discipline will certainly be more difficult to maintain in the new Parliament than it used to be. Groups will most probably vote for or against an amendment as they used to do quite systematically during the previous term. This will compel companies to multiply their contacts and not to meet exclusively the coordinators of the Groups.

The way the Centre Europhile party will vote is also interesting to follow. On economic issues, it will probably side with the Conservatives whereas on social issues, it will probably side with the Socialists and the Greens.

The possible creation of a Eurosceptic group will provide opportunities for the development of a less-regulated more pro-business environment.

To assist the 732 MEPs, the European Parliament needs to recruit more staff. These new European civil servants should be allocated to the DGs of the European Parliament but work in close co-operation with the secretariats of the different committees. It would therefore be wise to meet them in addition to the MEPs, their assistants and the Groups' advisers.

Finally, it is worth noting that one of the key trends in the history of European integration is the constant increase in power of the European Parliament from one institutional reform to the other. Today, the European Parliament is a co-legislator on an equal footing with the Council, which has considerably modified inter-institutional relations. This, in conjunction with the fact that the Commission has been weakened since its 1999 resignation and has not recovered yet suggests that the Parliament's role and influence might become even more significant. Depending on the effectiveness of the Council working with 25 Member States, this trend might be even greater. In other words, the European Parliament might very well be the strong player in the next legislature and Commission mandate.

V. A closer look at 5 key Member States

France

The opposition Socialist party emerged as the clear winner of the European elections in France. The Socialists took 28,9% of the vote, according to final results, up from 21,9% in the last election in 1999. This is the second electoral defeat in a row for Mr. Raffarin's government after the regional elections in March. First secretary Francois Hollande called on Mr. Chirac to sack Prime Minister Jean-Pierre Raffarin, whose policies of economic reform he said had lost the confidence of the French public. Mr. Chirac's conservative UMP won 16,7%, up from 12,8%, and its junior partner in the government, the centre-right UDF, led by François Bayrou who advocates for the creation of a pro-European centre-right party, took 11,9%. The far-right National Front was fourth with 9.8%, up from 5,7% in 1999. The anti-European "sovereignist" right – which in a major upset in 1999 won second place with 13% of the vote – fell sharply. The Movement for France of Philippe de Villiers still won a little more than seven percent of the vote. The Greens also lost ground, from 9,7% in 1999 to 7,3% this election. The Communists barely broke the five percent barrier needed to win seats, taking 5,2%, down from 6,8%.

Turnout was just 43%, down from 47% in 1999.

It is worth noting that following these elections numerous former Ministers such as Nicole Fontaine, Roselyne Bachelot, Jacques Toubon or Tokia Saïfi will join the European Parliament.

UK

Prime Minister Tony Blair suffered another electoral defeat on 13 June, losing to Conservative opponents and witnessing a surge in support for a fringe party that wants Britain to leave EU, the UK Independence Party. This defeat is another damaging result for the Prime Minister, who has already admitted his decision to wage war in Iraq prompted voters not to vote for the Labour Party during the local elections held last week.

With results for 75 of Britain's 78 seats in the European Parliament declared, the United Kingdom Independence Party (UKIP) had captured 12, capitalising on the British public's traditionally eurosceptic views. The Conservatives won 25 seats and Blair's Labour Party 19. In terms of share of the vote, the Labour Party had one of its worst showings for a generation. "It is now clear, on the evidence of all these elections, that the story of the next general election is one of three party politics," said Liberal Democrat leader Charles Kennedy, after winning two more seats at this election compared to 1999.

Paradoxically, the turn out in the UK was one of the highest of the 25 Member States. One can also wonder what the impact of these elections will be on the referendum on the EU Constitution to be held in the UK next year.

Italy

Forza Italia, the centre-right party of Prime Minister Silvio Berlusconi, won just 19,8% percent of the vote in European elections in its worst polls defeat since its creation in 1994, according to results counted on 14 June from a third of all polling stations. However, Forza Italia's disappointing results are compensated by good results of the other parties of the coalition, in particular Alleanza Nazionale (11.5%) and the Catholics Union (5.8%).

The main opposition centre-left Olive Tree party of European Commission President Romano Prodi won 34.1% of the vote, according to the same count. It is less than what the left expected. The far-left has done pretty well with 11% of votes going to the Communists and the Greens (close to the Communists).

In Italy, even if the campaign exclusively focused on national issues, parties such as Alleanza Nazionale, which invested on their europhile image seem to have been rewarded by voters.

Germany

German voters punished Chancellor Gerhard Schröder for his controversial reform programme by handing his Social Democrats their worst-ever defeat in a nationwide poll in the 13 June European Parliament elections. Exit polls conducted for public ARD and ZDF television had Schröder's SPD hovering at just over 21%, a massive slide from the 30.7% it scored in 1999.

The Christian Democratic Union (CDU) and its small Christian Social Union (CSU) sister party looked on target to meet their campaign goal of 45 percent by focusing on the economy.

"It is a good day for the Christian Democratic Union and for the Union altogether, but also for Germany and Europe," said leader Angela Merkel. "It is a clear signal to Berlin that the policies of the Red-Green coalition do not have support."

Poland

The European Union's biggest new Member State dealt a double blow to the EU, returning anti-EU parties in elections marked by record low turnout with four out of five voters staying away. Results published on 14 June on the basis of 60 percent of votes counted showed the liberal Civic Platform (PO), Poland's main opposition party, garnered 22,96% of votes. The Ultra-Catholic anti-EU Polish League of Families took second place with 16,58% and another anti EU group, the populist Samoobrona, took 12,33% while the ruling Social Democrats (SLD) gained just 8,97%.

Turnout figures based on the same count showed that a mere 19,96% of voters had taken part -- the lowest rate since Poland left the communist bloc in 1989.

President Aleksander Kwasniewski said the poor participation rate weakened Poland. "We are entering the European Union weakened," he told public radio. "The argument of society's weak interest in the European elections will be used against Poland perhaps not openly but in discussions in the corridor." The vote comes days before an EU summit aimed at sealing the EU Constitution, at which Poland is expected to fight to hang on to the voting rights it won in the EU 2000 Nice Treaty. Poland's tough stance played a part in the collapse of a December 2003 EU summit intended to hammer out a text.

Press commentators, however, saw the low turnout more as a reflection of anger at the government and at a prolonged domestic political crisis than indifference towards the European Union.

VI. Indicative summary table published by the European Parliament services (14 June 2004, 11h)

Country	EPP-ED	PES	ELDR	EUL/ NGL	Greens/ EFA	UEN	EDD	Others	Total
BE	7	7	5		2			3	24
CZ	11	3		5				5	24
DK	1	5	4	2		1	1		14
DE	49	23	7	7	13				99
EE	1	3	2						6
EL	11	9		3				1	24
ES	23	25	1	1	4				54
FR	28	30		3	6			11	78
IE	4	2			1	4		2	13
IT	27	16	8	6	2	10		9	78
CY	2		1	2				1	6
LV	3		1		1	4			9
LT	3	2	3					5	13
LU	3	1	1		1				6
HU	13	9	2						24
MT	2	3							5
NL	7	7	5	2	2		2	2	27
AT	6	7			2			3	18
PL	20	6	3			7		18	54
PT	7	12		2		2		1	24
SI	4	1	2						7
SK	8	3						3	14
FI	4	3	5	1	1				14
SE	5	5	3	2	1			3	19
UK	26	18	13		5		14	2	78
Total	275	200	66	36	41	28	17	69	732

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