

As we head towards the European elections in the end of May, and many of the electoral lists from which the next group of MEPs will be elected have become finalised, we have a clearer view of the most likely returning and departing MEPs within the ECON Committee. Come July, the **ECON committee is likely to look very different**, with some very familiar faces of this Parliament not returning, though others that stay are likely to become more influential, and some high-profile newcomers could emerge as key figures in the next legislative session.

Group dynamics in the next legislative session

The expectation of many election observers inside and outside the Parliament is that May's election will usher in a significant growth of political extremes on both the left and right, but not a great enough number to tip the overall balance away from mainstream, pro-European parties. At a broader political level, this likely forces Socialists and EPP (expected to be the two largest parties – though it is currently unclear which will be – slightly – larger) to work together in a Grand Coalition. However given the strong working relationship established under this Parliament between Socialists and Greens, this could simply reinforce Green influence under the new Parliament – with the necessity of the Grand Coalition as the conduit. This potentially complicates life for the EPP and leaves ALDE and the ECR with diminished influence.

While these dynamics are almost certain to shape the politics of the Parliament as a whole, work within Committees does not always follow these broader dynamics, and pragmatic, issue-based alliances and cooperative work amongst political

groups shape the outcomes of individual legislative dossiers considerably. Nevertheless, the overall balance of power in the Parliament colours which groups dominate the work of the Committee from the perspective of rapporteurships (which are allocated on the basis of Group size and heavily favour large groups), and in terms of which voices carry the most weight in Committee discussions.

The current Parliament's ECON Committee began this legislative term with most serious political decisions being taken by consensus between the S&D and EPP, but as time went on, pragmatic alliances began to form around the centre right (EPP, ALDE and ECR) which drove agreement on a number of big political issues in the second half of the legislative term. This coalition looks, at the moment, unlikely to be an option in the next Parliament, and the big question will be whether or not a left-leaning coalition of the Socialists, Greens, and far left will be mathematically possible, which could 'tilt' the dynamics of the Grand Coalition to the left.



Key political headlines

- + **A large number of EPP MEPs returning, in particular from the German delegation** – with the Germans expected to dominate the EPP at the Group level (polling suggests they could have almost twice as many members as the next largest national delegation within the EPP), it is unsurprising that the German EPP is likely to be one of the most influential national groups in the next ECON Committee, however, the return of senior figures from the CDU/CSU to ECON mean that the German EPP will have not only numbers, but experience to rely on.
- + **Departure of key market-friendly voices in the EPP** – despite likely overall consistency between the faces in the EPP from this session to the next, the loss of a number of MEPs from more liberal, market friendly countries – such as Corien Wortmann-Kool (NL), Gay Mitchell (IRE) and Astrid Lulling (LUX) – will shape the political views of the Group as a whole in the next session.
- + **Significant turnover within the Socialist Group** – the Socialist Group is expected to look markedly different in the next term, with over half of the full-members of ECON from the Group either standing down, or at risk of not being re-elected. While we expect that the overall Socialist delegation will grow, there will be little carryover of experience beyond a few key figures.
- + **Continuity within the ECR, but important questions over UK influence** – all of the key Tory figures in ECON over this term head their respective lists, virtually guaranteeing them re-election, however, broader EP dynamics could mean a potential erosion of influence for the ECR within the ECON Committee. Furthermore, the most visible UK MEPs in other political Groups – Sharon Bowles, Peter Skinner and Arlene McCarthy – will not be standing for re-election, meaning there will be an almost-wholesale loss of experienced UK voices within the three main political groups.
- + **Unclear path for the Liberals** – many of the familiar faces within the Liberal Group from this and previous formations of the ECON Committee are either standing down (Sharon Bowles, Olle Schmidt) or at risk of not being re-elected (Wolf Klinz). While the overall dynamics of the next Parliament will likely mean that the Liberals will not wield significant influence, many of these figures could have been at the heart of pragmatic technical alliances in the next term. The two ALDE members in the current delegation likely to return, Sylvie Goulard (FR) and Sophie in t’Veld (NL), could potentially be more at home siding with the left on a number of economic issues (especially consumer-focused ones), meaning, at a minimum, ALDE’s position in the group dynamics of the next Committee are likely to change.
- + **Key new faces in the mix for ECON** – we expect that the political prestige of the ECON Committee will remain high in the next mandate given the significance of the ongoing legislative agenda, potentially attracting high-profile new MEPs like former Finnish Vice-President Olli Rehn, former Polish Finance Minister Jacek Rostowski, former Belgian Finance Minister Steven Vanackere, or former Italian Commissioner Antonio Tajani.

Battle for Chairmanship

Chairmanships of Committees are part of the package deal negotiated by the Heads of each of the political Groups at the outset of the Parliament. In 2009, Guy Verhofstadt secured ECON for the Liberals, a post which ultimately went to the UK LibDems, who were the second largest national delegation within ALDE. This time around, it seems unlikely that the ECON Committee Chairmanship will be held by anyone other than the EPP or the Socialists. ECON is

now one of most high-profile Committees – with the most significant legislative workload, and a role at the center of delivering on political promises of economic growth, financial reform (still a high-profile job), and the ongoing effort to underpin the Euro – and one that the EPP is likely to covet in the next Parliament. Within the EPP, the German CDU/CSU is expected to be by far the largest national delegation in the group in the next Parliament, meaning that they will be the

favourites to get the ECON Chairmanship should the EPP secure it. The departure of Klaus-Heiner Lehne, the influential Chair of the JURI Committee and of the Conference of Committee Chairs means that the CDU/CSU will no longer need to spend political capital on securing the JURI Committee Chair – leaving ample firepower to secure ECON and other key Committees

of significant interest to the Germans in the EPP – such as the Environment Committee (ENVI) and the Industry Committee (ITRE). However, depending on how the Groups form themselves, the Poles could be serious players in the EPP, and with a former Finance Minister likely to be in the next Parliament, could be in the mix to get ECON.



As part of the horse-trading around EP leadership (of which Committee Chairs are actually a secondary part), it is entirely possible that the ECON Committee Chairmanship ends up being a key concession to the Socialists as part of a deal elsewhere. If the Chair does indeed fall to the Socialists, the German SPD and

UK Labour are likely to be the two largest Groups, meaning the next Chair could come from one of those two delegations – though former Chair Pervenche Bérès is rumoured to be highly interested in regaining the Chair of the Committee.

A Eurozone-only Committee structure?

A politically important discussion in the ECON Committee in 2014 had been the potential for a Eurozone structure to be set up within, or alongside, the next ECON Committee. A Committee that would hive off responsibility for Euro issues from the ECON Committee had been proposed in the past, however, it has historically not been supported by the EPP.

Given the significant amount of work that the ECON Committee is responsible for beyond the financial reform agenda – not just legislatively, but in terms of oversight of existing Eurozone structures – a separate Committee would potentially alleviate some of the workload from the next ECON Committee by taking some degree of responsibility over Eurozone-related issues. However, there will be similar concerns to those raised in the context of the Banking Union – that is, the potential to create a forum where de facto decisions can be taken amongst a smaller core.

While it seems that opposition to such a concept has softened somewhat within the German and French delegation of the EPP, there is still likely to be strong

opposition from the influential Polish delegation, who feels this establishes new lines of division and further removes it from the EU core. However, given the growing importance of the Eurozone-only political apparatus within the EU as a whole – especially the fiscal discipline and economic governance elements – could mean that similar structures within the branch of the EU which sees itself as democratic champions could be a powerful political pull, which could be difficult to resist for the Parliament at an institutional level.

The ideas discussed amongst the coordinators in the current Committee included the formation of a sub-Committee structure that would prepare work for consideration and adoption by the wider ECON Committee. EP rules would not allow the (sub-) Committee to be staffed only by Eurozone member MEPs, but would need to be open to membership representative of the entire Parliament – but membership alone could potentially not be enough to address political concerns around further delineating boundaries to the Eurozone “ins” and “outs”.

Potential impact on key dossiers

Bank Structure Regulation

- + The bank structure debate is set to be one of the highest-profile dossiers awaiting incoming MEPs in the next Parliament. With both the PES (the pan-European party of the S&D Group) and Greens making the issue a piece of their election manifestos, we expect the debate in the next Parliament to be highly political.
- + As the Council will begin its negotiations on the file in May, MEPs in the newly configured ECON Committee could be keen quickly to begin their own work and send a strong political statement in order to leverage a strong negotiating position ahead of future trilogues.
- + However, most MEPs who worked on the EP's own initiative report on bank structure are either not returning (Arlene McCarthy and Corien Wortmann-Kool) or are at risk in the election (Wolf Klinz, ALDE). This could leave the only holdover as the Greens, where Philippe Lamberts is likely to make a strong push to steer the debate in the next Parliament – however, whether the Greens will be in a position to get rapporteurship of the first big political dossier of the term is questionable.
- + Overall, the Greens and the Socialists are expected to push to strengthen the requirements in the Commission's proposal, and may aim to reduce the level of discretion given to national authorities in applying balance sheet ring-fencing requirements. How this debate is resolved with the EPP will be a critical test of the new political dynamics in the next Parliament and the ability of the EPP to wield meaningful power.

Benchmarks Regulation

- + Given where the benchmark file was left in March by ECON – unfinished because of disagreement amongst and within political parties – we are expecting a renewed impetus behind the file once the new political composition of ECON is known.
- + This is particularly the case as most of the key MEPs active on this dossier are not running for reelection (Sharon Bowles, Emilie Turunen and Gay Mitchell). New “faces” – including a new rapporteur (and potentially even a reallocation of the report to a different group) – will therefore need to be found to work on the proposal, probably leading to an important shift in the European Parliament's position in comparison to this term's first attempt.
- + For new MEPs in ECON looking to make their first impression, the benchmark file will certainly be a “politically appealing” topic (particularly ongoing investigations by competition authorities and regulators) and will be one of the first concrete legislative proposals they can start working on - and as such we expect the rapporteurship and shadow rapporteurs roles to be sought with more political attention
- + Socialists & Greens are expected to push for a stricter line (including for a broad scope) than had been the case by rapporteur Sharon Bowles. Any further revelations emerging in the coming months around the ongoing FX market investigation are also very likely to shape the new MEPs perspective on this file. A key unknown remains how clear a line the EPP group will take on this dossier (as under this term, EPP's position on benchmarks was divided along national lines) – and this will depend very much on individual dynamics within the ECON EPP delegation.

Money Market Funds Regulation

- + From a basic continuity perspective, the rapporteur and shadows are all standing again for re-election. However, the EPP shadow, Jean-Paul Gauzès, could find himself in jeopardy of losing his seat if the UMP under-perform in the May elections. Even more precariously placed is the Liberal shadow, Wolf Klinz.
- + Though both MEPs have been on opposite sides of some of the most political issues within the debate on MMFs, their potential departure is probably less consequential than the loss of some critical voices within the EPP who managed to block consensus forming within their own group over taking a punitive stance on CNAV MMFs – Gay Mitchell and Astrid Lulling. The EPP were the crucial swing vote on the file under the current Parliament, and the loss of key figures in the Group's internal debate (on both sides) could mean that their position in the next Parliament on key issues will be uncertain.
- + Without some of the most vocal EPP MEPs in the next Parliament – especially those whose Member States have a vested political or economic interest in the debate – the dynamics could be shaped by the Germans position on the most important political issues, with the Germans expected to be the most influential national delegation within the EPP, and with all the current German EPP MEPs expected to return to the next Parliament.

ANNEX: EXPECTED ELECTION FORTUNES OF CURRENT ECON MEMBERS AND SUBSTITUTES

EPP

RUNNING

LIKELY TO BE ELECTED



Burkhard BALZ,
DE



David CASA,
MT



Rachida DATI,
FR



Pilar
DEL CASTILLO VERA,
ES



Markus FERBER,
DE



Ildikó GÁLL-PELCZ,
HU



Gunnar HÖKMARK,
SE



Danuta HÜBNER,
PL



Othmar KARAS,
AT



Werner LANGEN,
DE



Thomas MANN,
DE



Nuno MELO,
PT



Godelieve QUISTHOUDT-
ROWOHL, DE



Andreas SCHWAB,
DE



Theodor Dumitru
STOLOJAN, RO



Marianne THYSSEN,
BE



Pablo ZALBA BIDEGAIN,
ES

AT RISK



Sophie AUCONIE,
FR



Jean-Pierre AUDY,
FR



Jean-Paul GAUZÈS,
FR



Krišjānis KARIŅŠ,
LV



Rodi
KRATSA-TSAGAROPOULOU,
GR



Alfredo PALLONE,
IT

RE-ELECTION CHANCES UNCLEAR



Sari ESSAYAH,
FI



Danuta JAZŁOWIECKA,
PL



Sirpa PIETIKÄINEN,
FI



Salvador GARRIGA
POLLEDO,
ES

NOT RUNNING



Elena BĂSESCU,
RO



Herbert DORFMANN,
IT



Diogo FEIO,
PT



Petru Constantin LUHAN,
RO



Astrid LULLING,
LU



Gay MITCHELL,
IE



Sławomir NITRAS,
PL



Corien WORTMANN-KOOL,
NL

S&D

RUNNING

LIKELY TO BE ELECTED



Pervenche BERES,
FR



Udo BULLMAN,
DE



Leonardo DOMENICI,
IT



Elisa FERREIRA,
PT



Roberto GUALTIERI,
IT



Enrique GUERRERO SALOM,
ES



Saïd EL KHADRAOUI,
BE



Olle LUDVIGSSON,
SE



Catherine STIHLER,
UK



Ivari PADAR,
EE



Simon PETER,
DE



Gianni PITTELLA,
IT

AT RISK



Mojca KLEVA KEKUŠ,
SI

NOT RUNNING



Thijs BERMAN,
NL



George Sabin CUTAŞ,
RO



Robert GOEBBELS,
LU



Liêm HOANG NGOC,
FR



Arlene MCCARTHY,
UK



Anni PODIMATA,
GR



Bernhard RAPKAY,
DE



Antolín SÁNCHEZ PRESEDO,
ES



Peter SKINNER,
UK



Emilie TURUNEN,
DK

TO BE CONFIRMED

ALDE

RUNNING

LIKELY TO BE ELECTED



Sophie in 'tVELD,
NL



Sylvie GOULARD,
FR



Ramon TREMOSA I BALCELLS
ES

AT RISK



Wolf KLINZ,
DE



Philippe DE BACKER,
BE

RE-ELECTION CHANCES UNCLEAR



Niis TORVALDS,
FI

NOT RUNNING



Sharon BOWLES,
UK



Anne E. JENSEN,
DK



Olle SCHMIDT,
SE



Theodoros SKYLAKAKIS,
GR

ECR

RUNNING

LIKELY TO BE ELECTED



Marta ANDRIESEN,
UK



Vicky FORD,
UK



Ashley FOX,
UK



Syed KAMALL,
UK



Kay SWINBURNE,
UK



Roberts ZĪLE,
LV

NOT RUNNING



Bastiaan BELDER,
NL



Lajos BOKROS,
HU



Derk Jan EPPINK,
NL



Ivo STREJČEK,
CZ

Greens/ EFA

RUNNING

LIKELY TO BE ELECTED



Bas EICKHOUT,
NL



Sven GIEGOLD,
DE



Eva JOLY,
FR



Philippe LAMBERTS,
BE

NOT RUNNING



Jean-Paul BESSET,
FR

EFD

RUNNING

LIKELY TO BE ELECTED



Sampo TERHO,
FIN

RE-ELECTION CHANCES UNCLEAR



Slavi BINEV,
BG

NOT RUNNING



Claudio MORGANTI,
IT

GUE/NGL

RUNNING

LIKELY TO BE ELECTED



Thomas HÄNDEL,
DE



Marisa MATIAS,
PT

RE-ELECTION CHANCES UNCLEAR



Nikolaos CHOUNTIS,
GR

NOT RUNNING



Jürgen KLUTE,
DE

NI

RUNNING

LIKELY TO BE ELECTED



Auke ZIJLSTRA,
NL

NOT RUNNING



Godfrey BLOOM,
UK



Hans-Peter MARTIN,
AT