

The dynamics of the new European Parliament: what opportunities and risks for Romania?

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The 2019 European elections are generating a situation without precedent for the EU, resulting in a Parliament more fragmented than ever. At the same time, the European Council is preparing EU's Strategic Agenda 2019-2024, which will guide the actions of the future Executive (Commission) during the new political cycle. The key question is how concrete can this agenda be and how much of it will prove feasible in the new political context.

What are the implications for this new balance of powers between political forces that have contrasting opinions on how the competences should be shared between Brussels and the national Capitals? How can Romania defend its interests in this new European political framework?

This study analyses some of the priorities that Romania aims to promote at EU level and shows which are its allies and opponents, among the political forces of the other EU member states. The report provides insights into the room for maneuvering that the national leaders will have during the next years when defending the Romanian competitive advantages in the EU decision-making.

How should this analysis be read?

The analysis was conducted on the basis of the real behavior of the political forces from all member states when making decisions in the EU institutions. More specifically, we analyzed the voting behavior of the members of the EP when voting on parliamentary resolutions or, in some cases, we observed very specific paragraphs or amendments. When data was available, we cross-checked these findings with the voting dynamics of the member states' governments in the Council.

In order to define the solidity of a government's position and the probability that such position will be maintained in the medium and long run, one must consider the positions of all political forces that are part of a governing coalition.

What areas did we address?

The topics we analyzed are placed among the Romanian priorities set out in the expert studies, which have been cross-checked with the availability of decision-making data from the European Parliament. Hence, we are currently addressing the following topics:

- Common Agricultural Policy and European funds: the budget for agriculture, easier access to funding, the greening of conditionality, access to the European Investment Bank's funds;

- Energy policy: electricity interconnection, North Stream II, support for biofuels;
- Digitization and automation: development of e-commerce, taxation of robots, EU cyber-defence;
- Social and fiscal policy: the harmonization of taxation systems, the common minimum wage, the coordination of social security systems;

The study points out, for every topic, the positions of the EU political groups, since in the most cases the national parties vote along the lines of these EP groups. Where this logic doesn't apply, we will mention which (influential) parties defected from their political group's line (a behavior that signals a special interest on the topic).

Executive summary

This report is a first step towards understanding the (new) European political landscape and how Romanians can defend their interest when interacting in the EU decision-making during the 2019-2024 political cycle. In order to defend one's interest, a wise coalition-building strategy is needed, hence it is fundamental to know who you could count on as an ally. Given the broad range of topics addressed by the EU and their complexity, the potential allies for Romanians change from one subject to another. For this reason, we have mapped the positions of the pan-European political forces subject-by-subject. This report also highlights that in some areas Romanians first have to define their interests, before being able to defend it coordinately at European level.

The changing political composition of the European Parliament after the 2019 elections will affect the level of support for key policies. In particular, the losses of left-wing groups (taken as a whole) will lead to a decrease in the level of support for progressive social and fiscal policies, which is likely to hold back current proposals of stronger EU harmonization of fiscal and social security systems. From a different perspective, the losses of left-leaning groups will also make it easier for the forces that promote faster digitization and automation of the EU economy to get traction for their proposals, although this trend will be nuanced by the rise of right-wing nationalist forces, which share some of the concerns over the social impact and side-effects of the technological revolution. On other topics, such as the size of the EU budget and the agricultural budget in particular, or the geopolitics of energy, differences among the countries are more visible, ie. the balance of power is less likely to change substantially after the elections as is in these cases the political colors of the MEPs matters less (while nationality matters more).

Overall, this mapping (as well as previous studies) highlights that MEPs are more likely to vote (and take positions) along ideological (political group) lines rather than national ones, ie. Romanian social-democrats are more likely to vote as social-democrats from countries like Germany, France, etc, rather than in the same way as the Romanian EPP MEPs. European political groups tend to have a strong cohesion, in particular the Christian-Democrats, the Social Democrats, the Greens and the Liberal & Democrats. The behavior of Romanian members tends to follow these overall trends, which makes it difficult, in some cases, to clearly define a certain direction as being "the national interest". However, Romanian MEPs do occasionally go against their political groups when voting on issues that strongly affect their home country.

Concretely, Romanian members are more likely to vote in the same way (regardless of different political affiliations) on issues such as the size of CAP budget or Nord Stream II: all (or almost all) Romanian MEPs back a bigger EU agricultural budget and want to block the Nord Stream II project. However, when it comes to specific regulations of the internal market, we observed divergences in the views of Romanian MEPs on issues concerning digitization, automation, social and fiscal policy. Romanian parties tend to follow the lines of their European political groups on these matters. For instance, Romanian Social Democrat members support the proposed reform of the coordination of social security systems of the Member States, whereas the National Liberals (PNL) opposed it. On the other hand, the PNL members have endorsed a proposal to strengthen e-commerce, while the PSD has opposed it.

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ANNEX

Budget & Investments

Budgetary discussions are sometimes seen as a zero-sum game by the participating negotiators. Politicians coming from net-paying countries to the EU budget are often very defensive when it comes to budgetary increases, as they have to provide their electorate with more justifications of the added value of additional expenditure. Conversely, being one of the poorest members of the EU, Romania has a clear interest in supporting a bigger budget for the EU. However, while the uneven geographical allocation of EU financial resources leads to budgetary clashes between the interests of the richest and poorest countries, decision-makers are more likely to split along ideological lines when it comes to how the money should be spent, as different political forces put forward different priorities (economic growth, environment, social cohesion, etc...)

Size of CAP (Common Agricultural Policy) budget

Agricultural funding is the biggest item of expenditure of the EU budget, although its share has decreased over time.

The debate on the size of the CAP budget feature a recurrent clash between net contributors and net recipients of agricultural funding. Net contributor countries are critical of the money spent for agriculture, in particular as the weight of agriculture in the EU economy as decreased over the decades. However, most other countries argue that the CAP is still relevant in order to support agricultural production and security of food supply. Romania is one of the biggest net recipients of agricultural funding, whereas the biggest net contributors are found among Germany, the UK and the Netherlands. Countries with a lower level of national investments in this sector (e.g. Romania, Bulgaria and Lithuania) would be more severely affected by potential cuts in the CAP budget.

Net contributors would like to cut CAP budget (as well as the EU budget as a whole) after Brexit. The UK has been a net contributor, hence its departure would lead to a shortfall in the EU budget. However, a majority of forces within both the European Parliament and the EU Council would like to increase CAP budget in the next Multi Annual Financial Framework, or at least, to maintain it at the same relative level (and to keep up with inflation).

Balance of views at EU level

Those who oppose cuts in CAP budget can count on the support of a majority of members of each political groups, with the exception of the liberal ALDE group and the British Eurosceptics. In this case, most members of the European Parliament tend to vote along national lines on this matter. For this reason, the balance of power on this matter will not change dramatically after the EU elections. While the political forces that are the less keen on higher CAP spending (liberals and right-wing nationalists from net contributor countries) are gaining ground, the re-distribution of seats in the European Parliament after Brexit will mainly strengthen national delegations that are supportive of more money for agriculture: Spain, France and Italy.

The analysis of votes on this subject in the European Parliament highlights that political groups are not highly cohesive when it comes to the size of CAP funding. All Romanian members, regardless the political group, have thrown their support behind the push for a bigger CAP budget. Likewise, all (or almost all) Italian, Polish, Spanish members support more agricultural funding, regardless of political affiliation. Conversely, all (or almost all) Dutch, Swedish and Danish members want a smaller CAP budget. The German and British delegations seem to be more divided, although these countries are the biggest net contributor to CAP spending in absolute terms. The German and British members of ALDE and right-wing nationalist groups are opposed to a bigger CAP budget, whereas the German and British members of the other political groups seem to be more supportive.

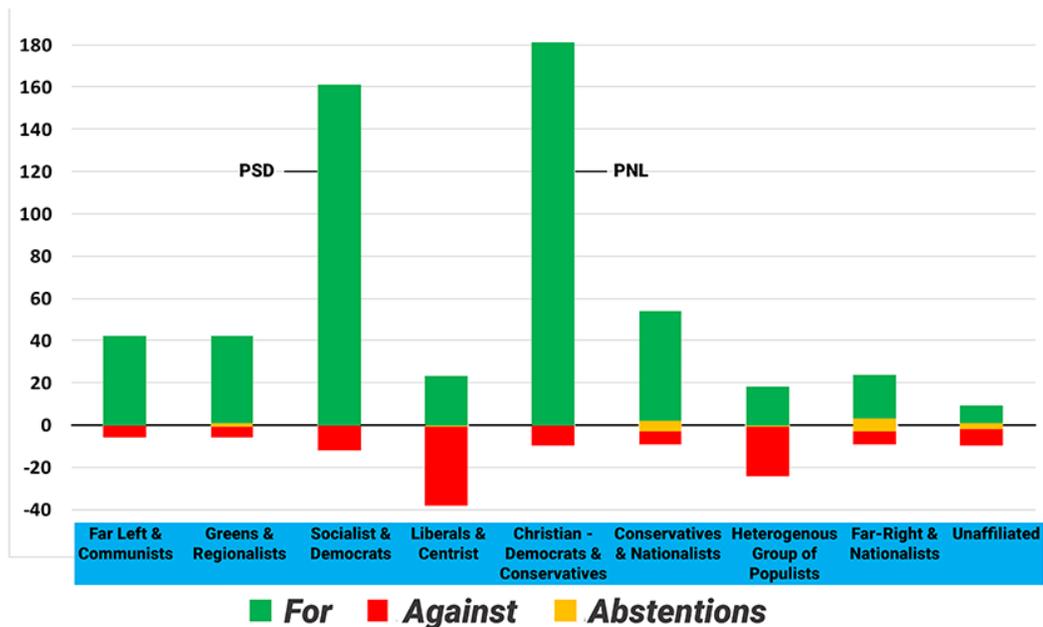
VoteWatch Europe infographic



Support for increasing or maintaining CAP funding



Based on **actual votes** in the European Parliament



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Final results:
 For **547** (81%)
 Against **113** (17%)
 Abstentions **18** (3%)

Greening of CAP

Environmental forces have been leading the calls for aligning CAP spending with climate and environmental objectives, in particular following the Paris Agreement on Climate. These initiative also aims at making food production more sustainable and discourage overproduction. This would attach further conditions on the recipients of EU agricultural funds, who would have to meet additional requirements on 'green' production practices, possibly bearing additional costs. These proposals are also opposed by the biggest recipients of agricultural funding (such as Poland and Romania), whereas they are seen more favorably by some of the net contributors to the EU budget (e.g. Sweden and the Netherlands).

Balance of views at EU level

Opposition against a strict green conditionality of CAP funds is currently majoritarian within the European Parliament and the EU Council. This majority is likely to further increase after the European Parliament elections, as the left-wing forces advocating for a strict green conditionality will lose ground vis-à-vis more conservative ones.

The opponents to a stricter green conditionality on CAP funding can rely on the support of free-market oriented political families (ALDE, EPP and ECR), as well as right-wing nationalists forces. Left-wing GUE/NGL and Greens/EFA groups are in favour of more green conditionality, whereas S&D group and the Italian 5 Star Movement are also in favour, but have more moderate views. For instance, the S&D group supports lifting the exemptions from climate requirements for small and medium sized farms, although it opposes more radical proposals.

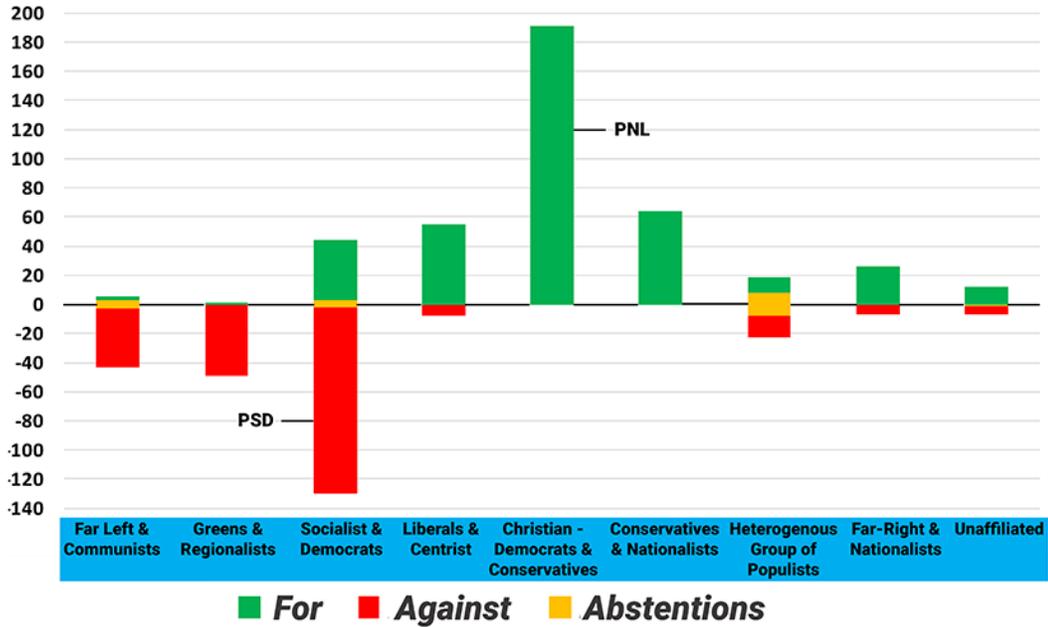
Romanian MEPs tend to vote alongside their political groups on this matter, meaning that most Romanian members would vote against strict green conditionality of CAP funding, with the exception of Social Democrat MEPs. For instance, Romanian PSD voted alongside S&D in supporting the lifting of the current exemptions (from climate and environmental measures) for small farms. However, other political parties from other countries tend to disagree more with their political groups on these topics. For instance, Italian and Spanish members (who also come from countries that receive a substantial amount of funds) tend to be opposed to lifting exemptions from climate rules, whereas some of the Dutch and Swedish members (who come from net contributors countries) tend to go against their group in backing stricter rules on agricultural spending.



Support for maintaining climate requirements exemptions for small farms



Based on **actual votes** in the European Parliament



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Final results:
 For **403** (59%)
 Against **253** (37%)
 Abstentions **28** (4%)

MFF quota for climate action funding

Since Member States have to approve the 7 years-long Multi Annual Financial Framework by unanimity, the exact outcome of the negotiations is not always easy to predict and multi-faceted compromises are needed in order to get each government on board with the proposal.

8 national governments have proposed allocating at least 25% of MFF funding to projects that contribute to reaching the targets of the Paris Agreement. These governments are mostly from Northern and Western Europe (France, Belgium, Denmark, Luxembourg, the Netherlands, Sweden), as well as the left-leaning governments in Iberia (Portugal and Spain). The other governments that are part of the so-called Green Growth Group (Finland, Germany, Austria, Italy, Slovenia and UK) are also seen as supportive, but their views are more moderate, as they have not backed the more recent proposals by the other 8 hard-line governments. Changes in the composition of governments in these countries have diluted their position, as it's the case of Italy. In the European Parliament, some political forces advocate for having at least 30% of MFF expenditure dedicated to climate change.

However, such diversion of funding is likely to negatively affect Central and Eastern European countries (including Romania), since allocating the funding based on this criterion would imply the diversion of funding away from other spending items (agriculture, cohesion, etc.). For this reason (as well as the Polish reliance on carbon-intensive sources of energy), the Polish government is among the staunchest opponent to a higher quota.

Balance of views at EU level

Only a minority of members of the European Parliament and the EU Council are in favour of a 10% increase (from 20 to 30%) in the share of MFF expenditure to be dedicated to climate goals. In this regards, we do not expect big changes in the balance of power on this issue after the elections, as the left-wing forces that are advocating for setting a minimum quota of at least 30% are set to make limited gains after the elections.

The opponents to a higher share of MFF climate spending can count on the support of free-market oriented groups in the European Parliament (ALDE, EPP and ECR), as well as the right-wing nationalists and part of the Social Democrats. There are clearly some nuances, as both the Social Democrats and the Liberal and Democrats support the proposed 20% share of MFF expenditure, whereas EPP, ECR and the right-wing nationalists are more critical. Conversely, left-wing Greens/EFA and GUE/NGL are pushing for diverting more funding towards climate action.

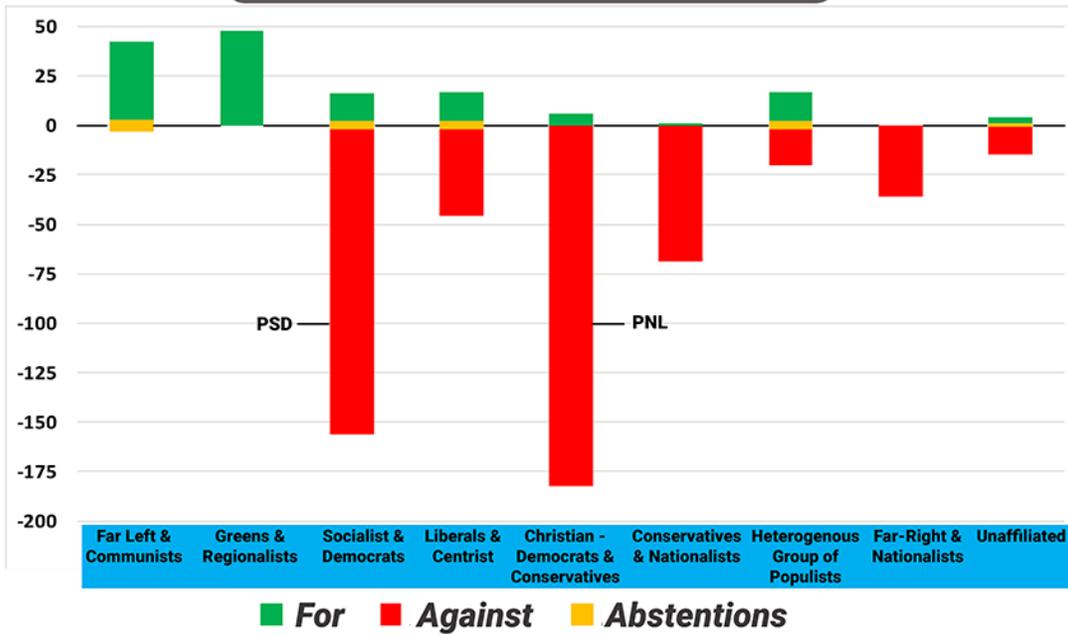
While political affiliations play an important role in this case, voting data also sheds light on key national cleavages. For instance, several Swedish and Danish members (and to a lesser extent Dutch and Finns) are more supportive of a 30% minimum quota of climate action funding than their political groups' colleagues from other countries. Conversely, very little support for such proposal is found among Romanian MEPs, as they all oppose it (with no exceptions in this case).



Support for at least 30% share of next MFF expenditure to be dedicated to climate goals



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Final results:
For **141** (21%)
Against **517** (73%)
Abstentions **20** (3%)

Greening of Cohesion Fund and European Regional Development Fund (ERDF)

In addition to the overall increase of the share of the MFF to be dedicated to climate action, there is a strong push to transform the Cohesion Fund and the European Regional Development Fund into a “greening instrument”. In particular, Nordic countries and left-leaning forces support the introduction a minimum quota of 40% of the ERDF to be allocated to climate objectives and as much as 45% of the Cohesion Fund expenditure to be destined for the same purpose.

However, these proposed new rules would divert funding away from other infrastructural projects within net recipients of cohesion money. This explains why higher quotas for climate objectives are not supported by most Central and Eastern European governments. During the period 2014-2020, Romania was allocated over 20 billion euros from the ERDF and Cohesion Fund.

Balance of views at EU level

A small majority within the European Parliament, and the EU Council, oppose the most ambitious proposals of a 40% minimum quota of ERDF funding and 45% quota of Cohesion Fund to be dedicated to climate objectives. We expect opposition to a faster greening of the Cohesion funding to slightly increase after the elections, due to the gains of right-wing nationalist forces (that tend to be skeptical of the need for climate policies), which will compensate the losses of other right-leaning groups, such as the EPP.

Those who oppose higher quotas (of 40% and 45%) can count on the support of free-market oriented EPP and ECR, as well as right-wing nationalist groups. Conversely, left-leaning groups S&D, Greens/EFA and GUE/NGL, as well as Italian 5 Star Movement back higher green quotas for cohesion funding. The centrist ALDE group is split on this matter, although the increasingly influential French members are in favour of diverting more funding towards de-carbonization.

While, overall, MEPs tend to follow their political groups on this matter, national divisions are also observed. For instance, we observe stronger support among Danish, Swedish, Dutch and Belgian MEPs for a bigger focus on climate action. Conversely, Romanian members tend to be among the most opposed within the European Parliament. Romanian Social Democrats tend to vote against their political group on this matter, therefore opposing higher green quotas within the cohesion budget, the only exception being Tapardel. The Romanian EPP members also oppose the proposal, in line with the position of their political group.

Easier funding from European Investment Bank

The European Investment Bank plays a key role in injecting funding into infrastructural projects across the EU and beyond. Over the past 5 years, the EIB has financed projects for over 300 billion euros. Clearly, the funding is not evenly distributed across the EU, with Italy and Spain being the bigger beneficiaries during the period 2014-2019. One of the key issues is what conditions should be attached to funding from the EIB. In particular, some political forces would like to introduce a stricter environmental conditionality on EIB financing and exclude support for projects such as biorefineries, steelworks, regasification and gas storage facilities, and motorways. There are also calls to make EIB support conditional on the sharing of fiscal and financial information by companies.

However, stricter conditionality could severely affect countries that are still catching up with regards to their infrastructure, as well as make the process to borrow money more burdensome and bureaucratic. Since Romania's infrastructural system has still to reach the same level as Western European ones, the country would need to ensure that there are not too many strings attached to EIB funding.

Balance of views at EU level

There is currently a large majority within both the European Parliament and the EU Council that rejects the introduction of a stricter conditionality on EIB loans. We expect support for a stricter conditionality to increase after the EU elections, mostly because of the gains of fringe political forces (both on the far-left and far-right of the political spectrum) and the losses of the more established parties.

The opponents to a stricter conditionality on EIB loans can count on the support of free-market oriented political families (ALDE, EPP and ECR), as well as the Social Democrats. Left-leaning Greens/EFA, GUE/NGL and the 5 Star Movement are the most supportive of a stricter conditionality. Right-wing nationalists have more nuanced views, although they lean towards supporting a stricter conditionality.

Generally speaking, ideological views seem to trump national cleavages on this topic: most far-left wing members of the European Parliament support a stricter conditionality, as this would ensure that taxpayers' money is spent for projects that comply with very high standards.

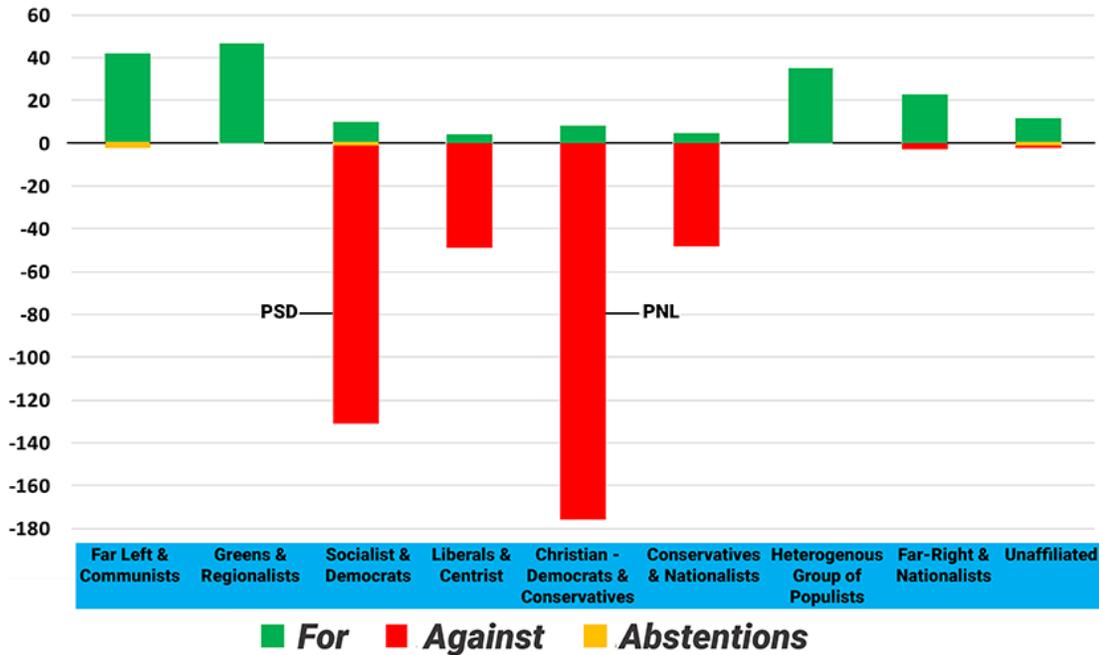
Romanian MEPs have similar views on what is Romania's interest in this matter, almost all of them expressing opposition to linking EIB financing to the environmental impact and financial disclosure.



Support for stricter rules on environmental and social conducts of EIB beneficiaries



Based on **actual votes** in the European Parliament



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Final results:
 For **103** (31%)
 Against **407** (68%)
 Abstentions **7** (1%)

Energy Policy

The debate on energy policy often encompasses a plurality of interests, as energy decisions have economic, environmental and geopolitical implications. While environmental groups are leading a push towards phasing out the use of polluting sources of energy, other political forces are more concerned about energy security. The discussions are further complicated by the different geopolitical interests and energy preferences of EU Member States. With a growing economy that still needs to catch up with those of the other EU countries, Romania tends to focus more on the security of energy supply (abundant supply of cheap energy is needed for economic growth) and prioritizes the development of the pan-European gas infrastructure which it could exploit. On the other hand, the country is also worried about the predominance of oligopolistic sources of energy and tends to oppose projects that would strengthen the hand of energy superpowers such as Russia.

Electricity interconnection

A fully integrated electricity market is one of the requirements to build a European Energy Union, as it would decrease the isolation of the electricity grids of individual Member States. However, the 10% target of electricity interconnectivity between Member States set in 2002 has not been reached in all countries: the problem of “energy islands” and the weak support of both some political forces and some national governments have slowed down the process of reaching the targets. Romania is part of the countries with the highest difficulties on this area but, according to the Commission’s 2017 Report, Romania should still be able to reach its target by the deadline. The other countries that are more isolated are Spain, Portugal, Italy, United Kingdom and Poland.

Balance of views at EU level

While additional funding would help the lagging countries, only a minority of members of the European Parliament and the EU Council are willing to support further financial incentives to increase the interconnection of EU Member States. Opposition is due to the fact that some forces in the countries with higher electricity interconnection levels do not necessarily have an interest in promoting investments in this regard and would rather prefer to allocate investments elsewhere (for instance in the clean energy transition).

The supporters of the request to allocate more funds for reaching the 10% target of electricity interconnection can find allies among the Social Democrat members and right-wing nationalist ENF. However, MEPs from other groups are not highly supportive (for different reasons). Both free-market oriented ALDE and EPP, as well as left-wing Greens/EFA, GUE/NGL and 5 Star Movement tend to be on the opposing side.

The analysis of voting behavior reveals that some MEPs voted along national lines, although the picture is quite nuanced. In the case of Romania, MEPs mostly followed the lines of their political groups, with PSD voting in favour of additional support, whereas most EPP members

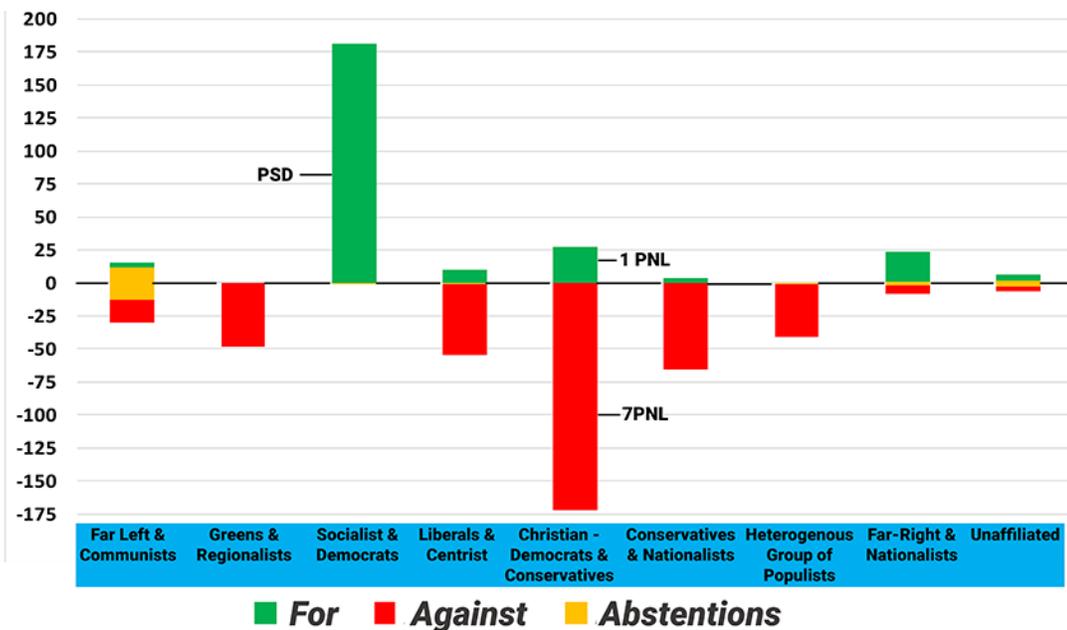
voted against (with the key exception of Muresan and Marinescu). Conversely, Spanish and Portuguese MEPs (the Iberian Peninsula being another peripheral region with regards to electricity interconnection) tend to be much more supportive of strong support for investments and they tend to vote against their political groups when necessary.



Support for more funding to reach the 10% interconnection electricity target by 2020



Based on **actual votes** in the European Parliament



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Final results:
 For 252 (36%)
 Against 406 (59%)
 Abstentions 36 (5%)

Support for biofuels

While some political forces endorse the production of energy from biomass as a viable alternative to traditional energy sources (e.g. fossil fuels), biofuels are also criticized for diverting agricultural production away from the supply of food and promoting de-forestation.

While the debate often assumes ideological connotations, national cleavages are also observed, since the production of biofuels is unevenly distributed across the European continent. While Romanian production of biofuels is still lower than those of other EU countries, there is a strong potential to increase production in the country.

Balance of views at EU level

The proposals to crack down on the production and use of biofuels are supported by only a minority of members of the European Parliament and the EU Council. However, the level of support for stronger limitations on the use of biomass for energy purposes is expected to increase since the fringe forces that are keen on these proposals (the Greens, the far-left and most right-wing nationalists) are set to grow in strength and size after the EU elections in 2019.

Those who want regulators to support the use of biofuels can count on the support of free-market oriented groups EPP and ALDE. The strongest opposition comes from left-leaning groups, Greens/EFA, GUE/NGL and the Italian 5 Star Movement. The Socialist and Democrats are also keen on supporting certain types of biofuels, but are worried about those that contribute to deforestation. Conversely, right-wing nationalists have also nuanced views on the matter: these political forces are not keen on public support for biofuels, but they tend to be less concerned about the environmental impact of biofuels (e.g. deforestation).

Our analysis of voting behavior shows that most MEPs tend to follow the lines of their political groups on these matters, although there are significant exceptions, Romanians being one of them. While Romanian EPP members are aligned with their political group, which is rather supportive of biofuels, some Romanian S&D members are willing to defect from the position of the S&D group, when needed, and still support the use of biofuels. Apart from Romania, Bulgarian and Polish members also display stronger support for biofuels than their political group. At the opposite end, Dutch and Belgian members seem to be less keen on incentives for biofuels than other national delegations within the same groups.

Construction of Nord Stream II

The debate on the doubling of the capacity of Nord Stream pipeline focused on the geopolitical implications of the project, rather than its environmental and economic impact. The project would allow Russian gas to by-pass countries with which Russia has less friendly relations (such as Ukraine and Poland) and to export more gas directly to Germany and Western Europe.

The project is backed by countries such as Germany, Austria and Netherlands, whose economies would benefit from a bigger supply of natural gas. The project would also reduce the disruptive impact of a conflict between Russia and Ukraine on the supply of gas to Western Europe. Conversely, countries such as Poland and Romania are concerned about the Russian alleged 'divide et conquer' strategy and its efforts to diversify its supply routes to Western Europe.

Balance of views at EU level

While the Council tends to be more divided (based on different national priorities), there is a bigger majority in the European Parliament against the project. The balance of power in the European Parliament will not change substantially after the elections, although the gains of right-wing nationalist forces that tend to be more sympathetic towards Russia is set to increase the level of support for the project.

The opponents to the project can count among their allies most political groups in the European Parliament: both free-market oriented groups (ALDE, EPP, ECR) and left-leaning groups (S&D and Greens/EFA), whereas Nord Stream II is mostly supported by the political groups that tend to be more friendly towards Russia (ENF and GUE/NGL), whereas the Italian 5 Star and the British Eurosceptics tend to be more neutral.

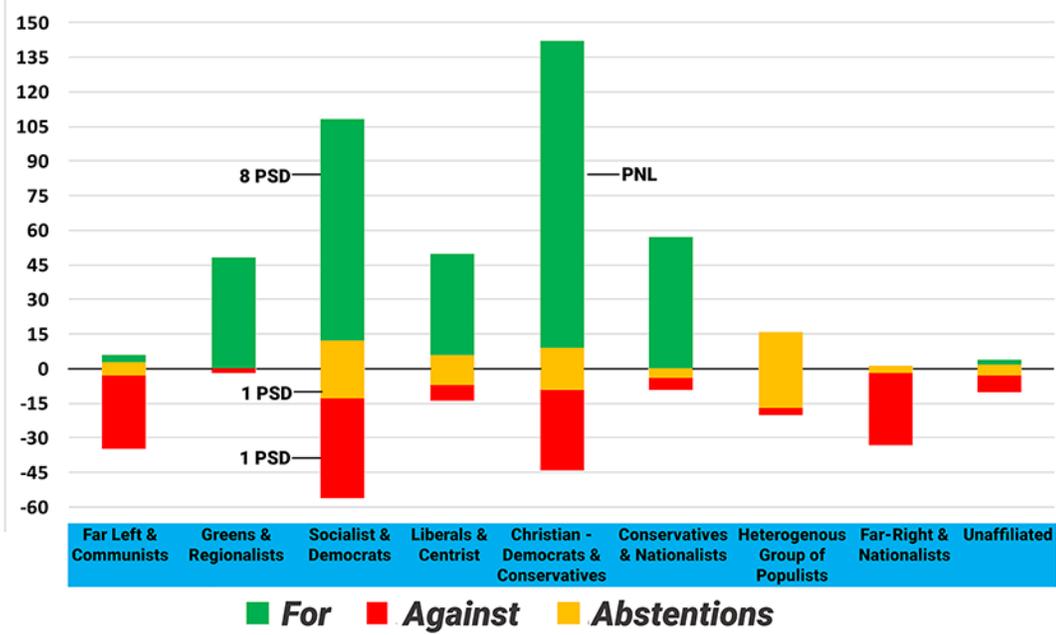
Differently from other issues, Nord Stream II tends to generate splits within some of the political groups, as MEPs belonging to different countries do not necessarily see eye-to-eye with their European group's colleagues. For instance, German, Austrian and (to a lesser extent) Dutch members tend to be more favorable towards Nord Stream II. For different reasons, Greek and Bulgarian members are also more supportive, probably because of their close political and cultural relations with Russia. Not surprisingly, Romanian MEPs tend to vote cohesively against Nord Stream II, regardless of political affiliation.



Support for stopping the Nord Stream II gas project



Based on **actual votes** in the European Parliament



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Final results:
 For **383** (58%)
 Against **165** (25%)
 Abstentions **107** (16%)

Digitization and Automation

The economic and social consequences of the expansion of new technologies, in particular digitization and AI, are increasingly under the scrutiny of political decision-makers. While innovation can hardly be stopped, politicians are debating to what extent public authorities should intervene in regulating the use of these technologies. Some countries, such as, arguably, Romania, are trying to encourage digitization and automation in order to make their country more appealing for businesses and investments. Other countries, as well as political forces, tend to be more concerned about some of the negative social and economic impact of the digital revolution.

The digital dimension is becoming ever more important for the performance of social, economic and even military activities. For this reason, cybersecurity ranks high in the list of priorities of EU decision makers. However, whether the remit of European Cyber-security Industrial, Technology and Research Competence Centre should be strengthened to also include defence-related projects turned out to be highly controversial, also because this touches upon the debate on the EU competencies and its role in defence matters.

While some EU countries (such as France) are seen as leaders in cybersecurity commitments and investments, Central and Eastern European countries have still to catch up, including Romania. Stronger EU coordination and investment in this field would help the countries to strengthen their defence against cyber threats. However, those who do not trust the EU are less keen of supporting its involvement in security and defence matters.

Balance of views at EU level

Overall, a large majority of policymakers within both the European Parliament and the EU Council is in favour of funding research on defence and other defence-related purposes as part of the remit of the dedicated cybersecurity agency. However, the size of this majority is set to decrease after the European Parliament elections, which boosted the strength of fringe forces on both the right and the left parts of the political spectrum.

The main supporters of funding military defence research or other defence-related projects on cybersecurity can count on the support of ALDE and the EPP. Conversely, the main opponents can be found among left-wing Greens/EFA and GUE-NGL (which oppose military research on pacifist and, to some extent, also geopolitical grounds) and right-wing nationalists forces, which are against any EU role in defence policy (although there are some exceptions, such as Italian Lega, which is in favour of EU funding for defence research). Other groups tend to have more nuanced positions, such as the Conservative ECR, which is currently sitting on the fence. S&D group leans towards including defence research into the remit of the new agency, but does not have currently a strong common view on whether the EU budget should be used for operations having military or defence implications.

Our analysis of voting behavior shows that political affiliations are a stronger predictor than nationality of MEPs' when it comes to their views on EU cyber-defence. There are a few exceptions, though, such as the case of Irish members: coming from a neutral country, Irish members are more wary of an increase of EU's role in defence matters. With regards to Romanian MEPs, they tend to vote alongside their political groups. All Romanian members tend to be supportive

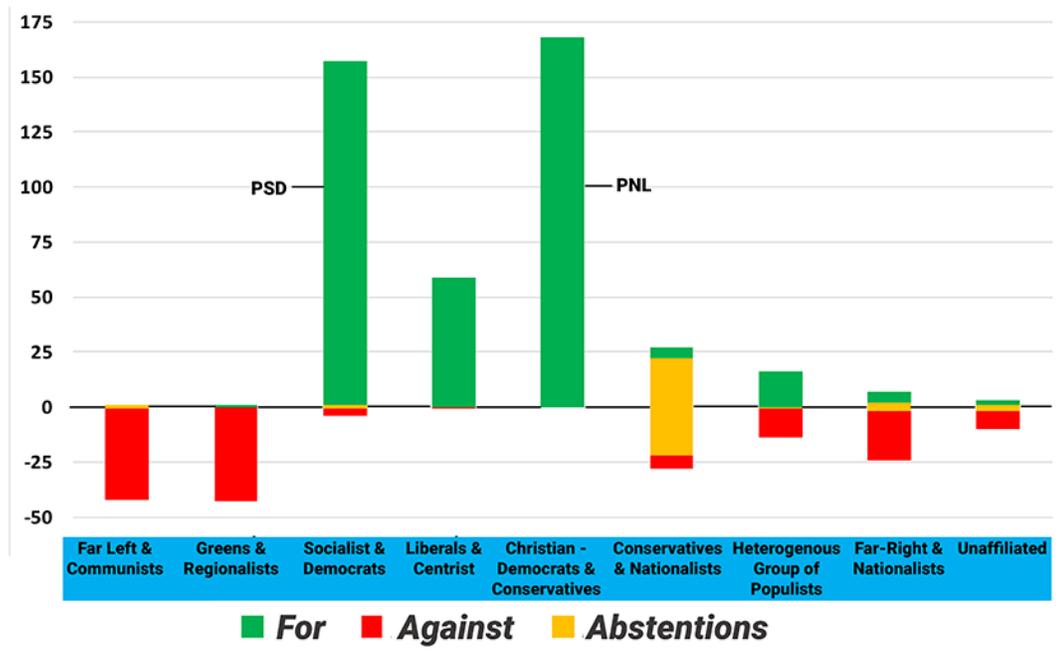
of extending the remit of the new agency, regardless of political affiliation. However, Romanian S&D members tend to follow the middle-ground position of their European group with regards to the use of the EU budget for operations having military or defence implications, whereas Romanian EPP members do not seem to have reservations in this regard.



Support for establishing cybersecurity projects with military purposes in the EU



Based on **actual votes** in the European Parliament



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Final results:
 For **412** (68%)
 Against **137** (23%)
 Abstentions **56** (9%)

Taxation of robots

The new technologies linked to Artificial Intelligence are increasingly changing the European society and economy. While AI is likely to help companies increase their productivity, there are concerns with regards to its impact on the job market. Some policy-makers are concerned about the occupational status of the social categories that are more likely to be made redundant by the development of AI and go as far as proposing a tax on robots in order to support the social security system. This proposal is highly controversial though, as it could further slow-down the development of AI in the EU at a time where the EU seems to be lagging behind the US and China when it comes to Artificial Intelligence.

Balance of views at EU level

Currently in the European Parliament, there is a small majority against the proposal of a tax on the use of robots, whereas the EU Council is even more skeptical (generally speaking, EU governments are not fond of EU interferences on taxation matters).

According to Eurostat, Romania ranked in 2018 among lagging countries that use robots in industrial processes or in services. The very low density of industrial robots means that more investments are needed in this sector, which would be deterred by the introduction of a dedicated tax. On the other hand, the rise of automation in Western Europe can be seen as a threat in Eastern Europe, since it would become less profitable for Western companies to relocate part of their production to lower-wage countries in Central and Eastern Europe.

The level of opposition to the introduction of taxes on robots is likely to increase after the EU elections, due to the losses of the progressive forces that are keener on taxing automation. However, this trend will partially be compensated by the gains of some right-wing nationalist forces, that tend to be critical of the extensive use of AI and automation, such as the Italian League.

Overall, the forces that oppose taxation of robots can count on the support of free-market oriented groups (ALDE, EPP and ECR). Not surprisingly, left-wing groups tend to be more favourable towards a robot tax (S&D, Greens/EFA, GUE-NGL and the Italian 5 Star Movement). In this case, most right-wing nationalists tend to sit on the fence, as several parties have not made up their minds yet. These political forces are afraid of crippling their national economies by introducing such a tax, but they are also wary of the side-effects of the AI revolution on a substantial part of their electorate: blue collar workers and small entrepreneurs (who have less resources to invest in AI).

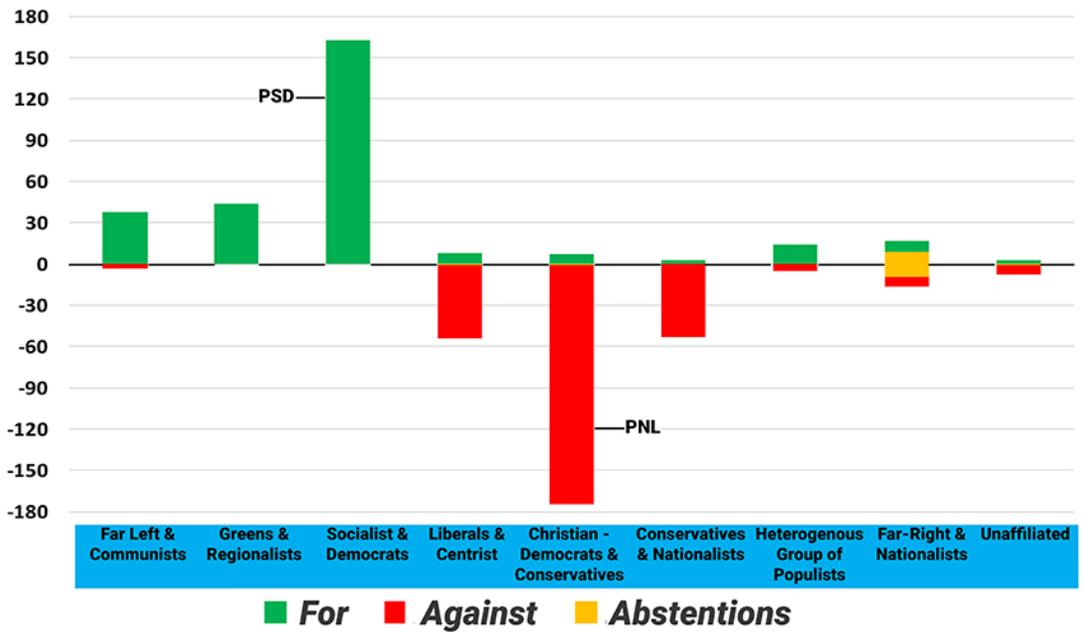
Our analysis of votes on the matter show that about half of Members of the European Parliament oppose taxation of AI. These votes highlight stronger ideological cleavages rather than national cleavages, meaning that most members tend to vote alongside their political groups. This is also the case of the Romanian members of the European Parliament: Romanian EPP members tend to be more opposed to the tax, while Romanian S&D members tend to be more supportive.



Support for levying a tax on the work performed by robots



Based on **actual votes** in the European Parliament



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Final results:
 For **288** (47%)
 Against **302** (49%)
 Abstentions **22** (4%)

Development of e-commerce

While policymakers tend to agree on the benefits of e-commerce for consumers, they do not necessarily agree on whether policymakers should remove regulatory obstacles in order to support the expansion of e-commerce to new sectors and products. In particular, some political forces are concerned by the disruptive economic and social impact of e-commerce. They deem e-commerce to favour big digital players to the detriment of smaller shop-owners. The debate can also assume a national dimension, since the digital revolution allows transnational e-commerce giants to outsell local businesses. However, there are concerns about the EU lagging behind the United States and China with regards to e-commerce (as well as the rest of the digital sphere), which also entails that US and Chinese digital companies tend to be more competitive than the European ones.

The online shopping sector is currently underdeveloped in Romania and public support might be needed for its development. According to UNCTAD B2C E-commerce index, Romania is close to the bottom of the ranking with regards to online shopping frequency from among the EU countries.

Balance of views at EU level

The support for further promotion of e-commerce, which entails the removal of barriers and obstacles that remain for consumers and businesses, is majoritarian within the European Parliament and the EU Council, since a majority of policy-makers believe in digital innovation as a tool to make the EU economy more competitive. We expect the side in favour of promoting e-commerce to remain majoritarian after the European Parliament elections, also because of the losses of the progressive forces that are particularly concerned about the side-effects of e-commerce.

The stakeholders who have an interest in encouraging the e-commerce revolution are likely to find allies among the free-market oriented political groups in the European Parliament (ALDE, EPP and ECR), whereas left-leaning S&D and Greens/EFA have more reservations. The fringe groups have a more nuanced position, in particular right-wing nationalist parties. While these political forces agree on the need to reduce barriers for businesses and consumers, they do not want the EU to actively support the expansion of e-commerce.

Our analysis of votes in the European Parliament shows that MEPs tend to vote alongside their political groups, including the Romanian MEPs. PSD seems to share the concerns of their European group (S&D) on the social impact of e-commerce, whereas centre-right wing Romanian MEPs from EPP and ALDE are more supportive of the free promotion of e-commerce.

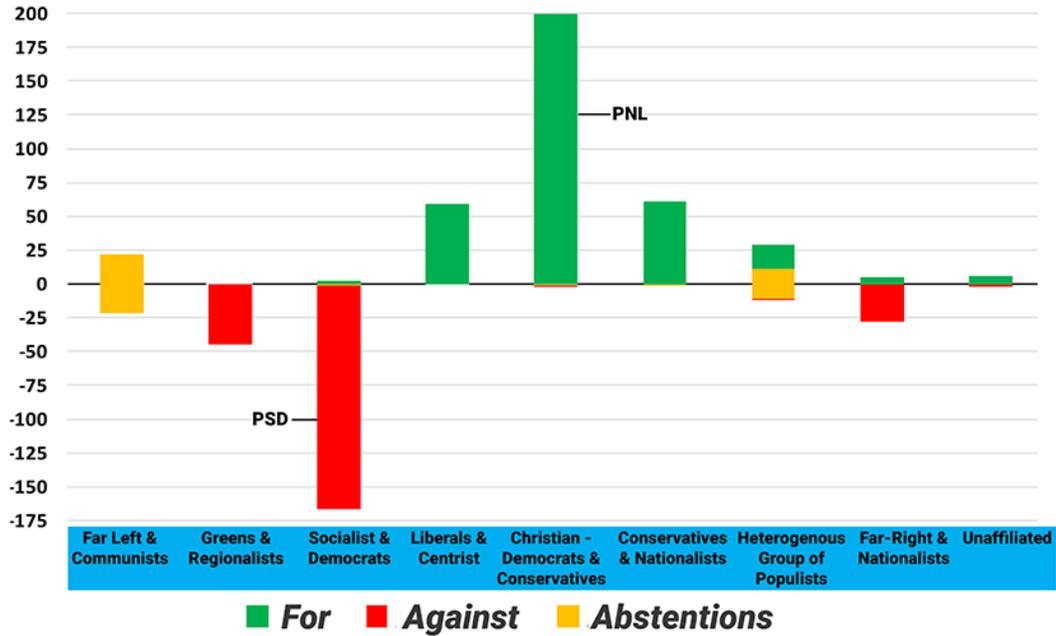
As the debate on e-commerce regulation will deepen, we expect stronger national cleavages to emerge between the national groups that are in favour of a more gradual approach and those that support stronger incentives for this new sector.



Support for stronger promotion of e-commerce in the EU



Based on **actual votes** in the European Parliament



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Final results:
 For **351** (53%)
 Against **243** (37%)
 Abstentions **69** (10%)

Social and Fiscal Policy

Over the past few months, calls for increasing harmonization of social and fiscal policies of EU Members States have become louder, in particular during the electoral campaign. Some of these proposals are not welcomed by some the governments, including in the Central and Eastern European, which are afraid of having to adopt rules that are more in line with West European social standards, as doing so could take a toll on their growing economies.

Revision of rules on CSSS (Coordination of social security systems)

The proposal for a stronger coordination of social security systems (CSSS) is one of main cornerstone of the European Pillar of social rights. However, the current proposal turned out to be so controversial that the EU legislators could not find an agreement on the text by the EU elections, despite the efforts of the Romanian Presidency of the EU Council.

This proposal aims to clarify where benefits can be claimed with regards to cross-border workers. The Commission wants to make it easier for frontier workers (who live in one country, work in another country, and go home at least once a week) to get benefits in the country where they worked. This explains why the proposal is strongly supported by countries such as France and Italy, since their high number of frontier workers who work in Switzerland (in case of Italy and France), Luxembourg and Germany (in case of France). It would also allow workers to export their benefits for longer, which could be seen as beneficial for the highly mobile Romanian workers. However, the proposal also aims to crack down on companies that act as posting platforms (also called by their critics, 'letterbox companies'), which explains the strong opposition of Poland and other Central European countries.

Balance of views at EU level

Opposition against the revision of the CSSS is likely to get stronger after the EU elections, mainly because of the losses of left-wing political forces that are pushing for a revision. On the other hand, the departure of the UK might have the opposite effect, tilting the balance of power in favour of the national groups that support the reform.

The proponents of the revision can rely on the support of the left-leaning political forces (S&D, Greens/EFA and GUE/NGL) and some the right-wing nationalists (depending on the country), whereas the opponents can count on the free-market oriented groups (which are also less keen on promoting reliance on welfare benefits): ALDE, EPP and ECR, as well as the other right-wing nationalists.

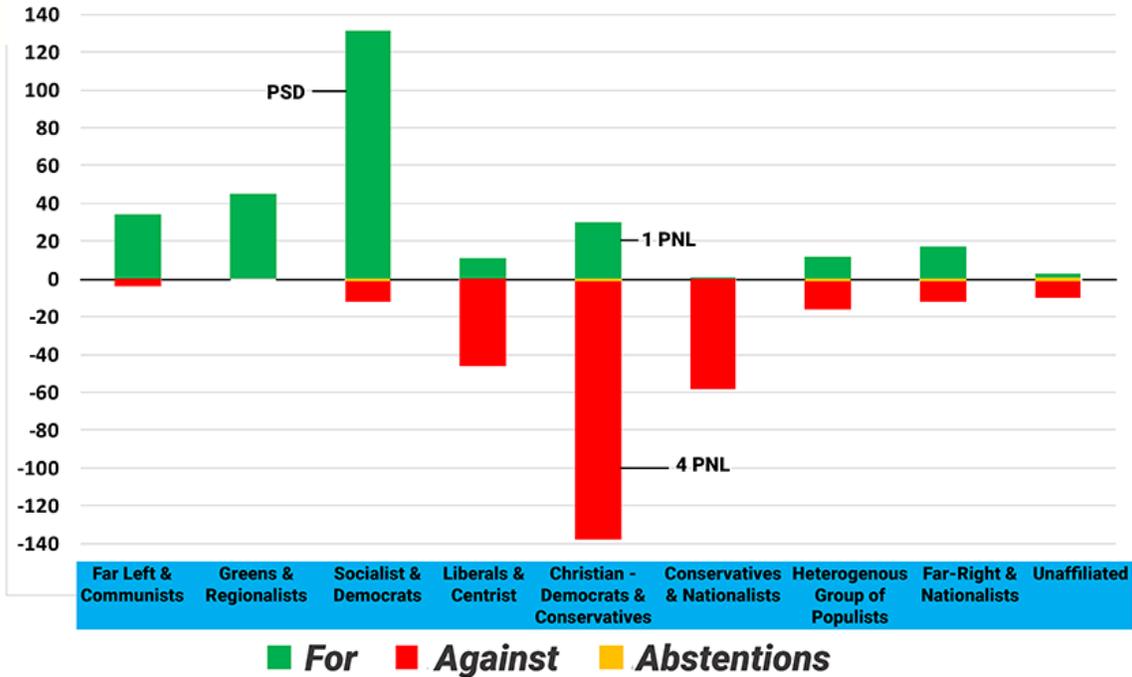
However, political groups tend to split long national lines on these matters, given the strong views of some national delegations. The initiative is supported by almost all Italian, French and Spanish members, even in the case of right-wing nationalists (e.g. Salvini and Le Pen's parties). Almost all Polish, Czech, Dutch and Danish members oppose the revision, regardless of political affiliation. Other national groups are split along ideological lines and tend to follow the line of their political groups, as in the case of Germany and Romania. This means that Romanian Social Democrats tend to support the revision, alongside their political group, whereas Romanian EPP members are less supportive of the proposed revision.



Support for stronger coordination of National Social Security Systems



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Final results:
 For **284** (49%)
 Against **291** (50%)
 Abstentions **6** (1%)

Common minimum wage

Similarly, the introduction of a common EU minimum wage may take a toll on countries with a relatively low statutory minimum wage (or possibly not statutory minimum wage at all). The opponents of this proposal argue that the companies operating in these countries could lose competitiveness, since wages could increase irrespective of productivity. On the other hand, workers would in a better position to cover their living expenses which would result in an increase in consumption levels in the country's economy. Here too, some national cleavages are visible, since countries that have already introduced relatively high statutory minimum wages could benefit from bigger harmonization at the EU level.

Since Romania has one of the lowest minimum wages (in absolute terms) in the EU, the implications for Romanians would be greater. However, the impact of a common minimum wage depends on how it is calculated. For instance, the current Romanian minimum wage is already relatively close to the median wage of the country, although it is also relatively close to the poverty level.

Balance of views at EU level

Currently, the support for a Union-wide minimum wage is minoritarian within both the European Parliament and the EU Council. Several national governments, as well as nationalist forces, are wary of allowing the EU institutions to decide on such a delicate topic and they oppose the push by the left for further harmonization. Additionally, liberal, free-market oriented forces tend to be critical of minimum wages and their impact on the competitiveness of the EU economy as a whole.

Since the elections have strengthened both the nationalist forces and the centrist liberals, the balance of power is likely to evolve in favor of the opponents in the immediate post-elections landscape, despite the vigorous campaign by the forces advocating for a more social and progressive Europe.

The political forces that oppose a Union-wide minimum wage can count on the support of free-market oriented groups in the European Parliament (ALDE, EPP and ECR) and the right-wing nationalist forces. Even far-left GUE/NGL and the Italian 5 Star Movement tend to endorse the common argument that the EU does not currently have the needed regulatory powers to pursue such an initiative. Conversely, Social Democrats and Greens/EFA are of the opinion that the EU should do more in this regard, with the exception of the Nordic and British Social Democratic members, who are more concerned about potential extension of the EU regulatory powers.

Nevertheless, we observed a stronger majority in favour of recommending Member States to ensure that their minimum wage levels are equal to or higher than 60% of their average wages. Such proposals are supported by the left-wing groups (S&D, Greens/EFA, GUE/NGL, the 5 Star Movement), but also most members of the EPP. Free-market oriented ALDE and ECR, as well as right-wing nationalist forces are more likely to reject these recommendations, as some members deem high minimum wages to be harmful for the economy of their countries.

The members of Romanian PSD tend to follow the line of their group in supporting a common EU-wide minimum wage. Romanian EPP members are more skeptical and would rather support a more nuanced approach, such as recommending Member States to ensure a minimum wage

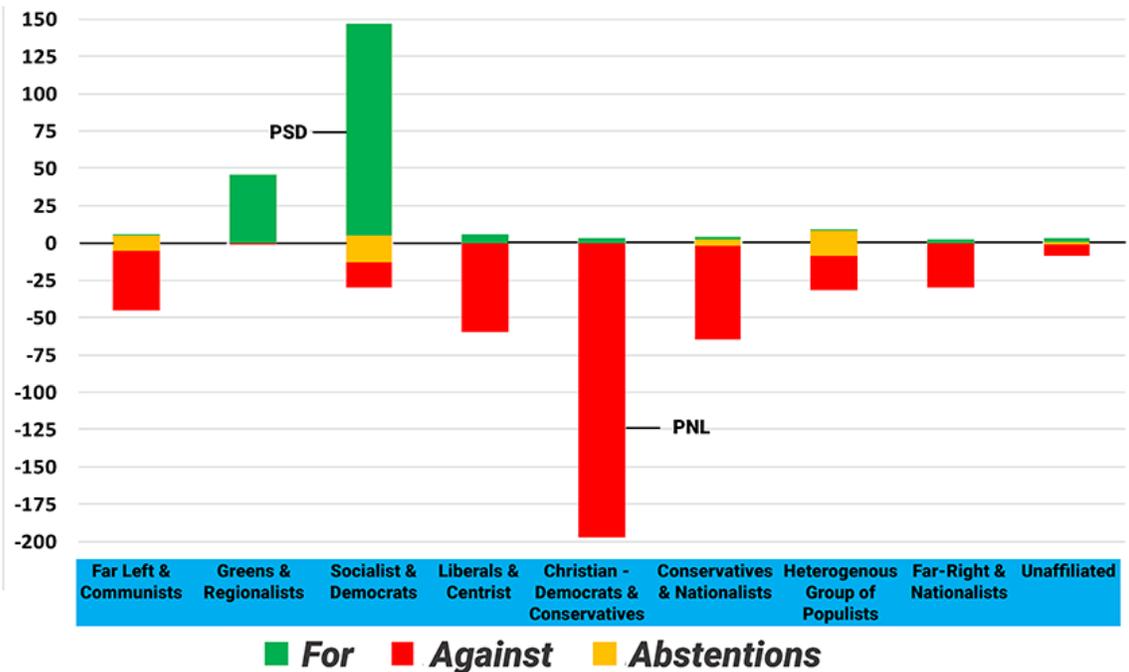
of at least 60% of the average wages. Some national groups tend to be more critical on common policies on minimum wages, among which, notably, the British and Nordic members.



Support for introducing a common minimum wage



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Final results:
 For **205** (29%)
 Against **439** (63%)
 Abstentions **51** (7%)

Common Minimum Corporate Tax Rate

Debates on taxation often tend to split policymakers along national lines. Countries with low corporate tax rates have less incentives to support a minimum common corporate tax rate, as this would force them to increase taxes on companies, therefore making their economy less competitive vis-à-vis European countries that already have higher corporate tax rates. As Romania is one of the EU countries with a low corporate tax (16%), the establishment of a higher common minimum corporate tax could be inconvenient from the point of view of attracting foreign investments. On the other hand, a more predictable (even though higher) tax rate would strengthen the fiscal revenues of the country, therefore allowing bigger public investments. This also explains why some national groups are internally divided on the matter.

Balance of views at EU level

Currently, the support for common minimum corporate tax rate is minoritarian within the European Parliament and even more so within the Council of the EU, since national governments are wary of losing the power to cut their corporate tax rates at will and, in doing so, to boost the inflows capitals and investments. However, there are clear national differences. The governments of countries with high corporate tax rates such as France and Belgium tend to support a high minimum common tax rate, as this would allow them to gain relative competitiveness.

The balance of power is unlikely to change after the EU 2019 elections, as the left-wing forces that advocate for such proposals are set to lose steam, whereas nationalist right-wing forces (which tend to defend more vocally the national interests and are less inclined to compromise on transnational solutions) will make significant gains.

The political forces that oppose a common tax rate can easily find allies among both the free-market oriented groups in the European Parliament (ALDE, EPP and ECR) and the right-wing nationalist forces. Conversely, the supporters are found among the left-wing groups (Greens/EFA, GUE/NGL and the 5 Star Movement). The position of the centre-left Socialist and Democrats is more moderate than the positions of the other left-wing forces. However, the S&D group joined the other forces on the left in supporting a common minimum corporate tax rate of 20%, which is higher than the one adopted by Romania and several other countries.

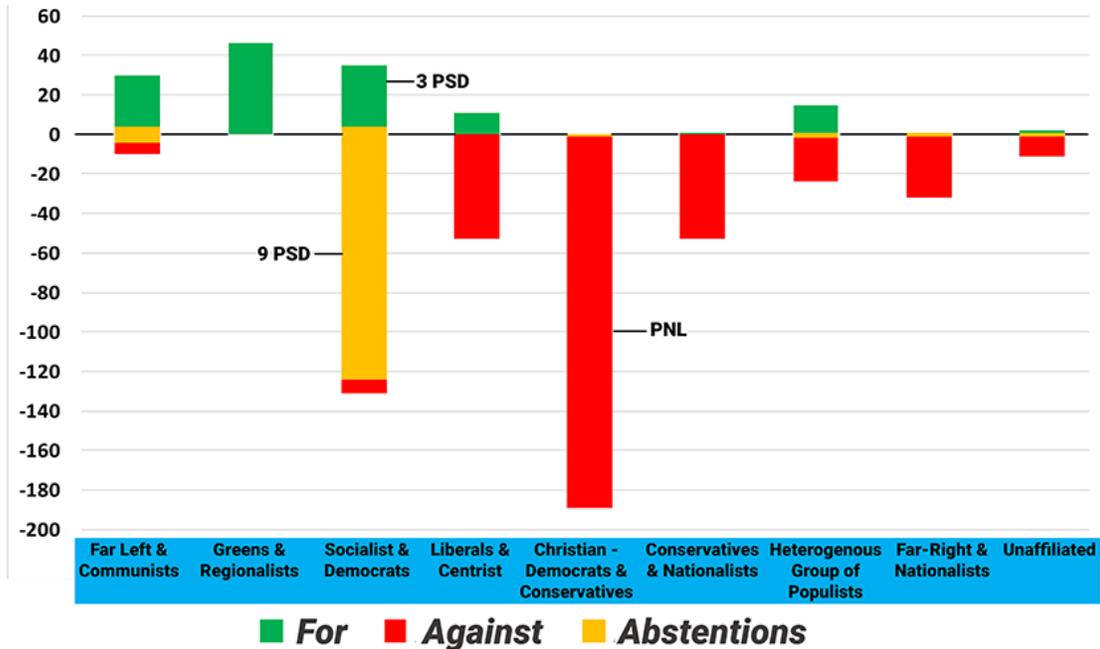
The analysis of the voting behavior reveals that significantly more than half of Members of the European Parliament oppose a common minimum tax rate. On this subject, most members tend to vote alongside their political groups. In the case of Romania, Social Democratic members follow the line of their centre-left group and do not oppose the proposal for EU harmonization. On the other end, Romanian EPP members oppose the proposal (also in line with the majoritarian EPP position).

Interestingly, other national groups are less aligned with the views of their political groups. For instance, we found that several members of the Socialist and Democrats from Sweden, Bulgaria, Malta and Cyprus are against such an initiative.



Support for introducing a European minimum common effective corporate tax rate

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Final results:
 For **130** (20%)
 Against **370** (57%)
 Abstentions **144** (22%)

ANNEX

Common Minimum Corporate Tax Rate

Proposal for a Council directive on a Common Corporate Tax Base - **A8-0050/2018** (AMENDMENT 82 and 78)

Common minimum wage

Proposal for a Council decision on guidelines for the employment policies of the Member States - **A8-0205/2015** (AMENDMENT 10)

Report on social dumping in the European Union - **A8-0255/2016** (Paragraph 52/3)

Revision of rules on CSSS (Coordination of social security systems)

Proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 883/2004 on the coordination of social security systems and Regulation (EC) No 987/2009 laying down the procedure for implementing Regulation (EC) No 883/2004 - **A8-0386/2018** (Decision to enter into interinstitutional negotiations and Procedural vote)

Digitization and Automation

Report with recommendations to the Commission on Civil Law Rules on Robotics - **A8-0005/2017** (AMENDMENT 8 & 13, RECITAL AB, RECITAL AD/2, Paragraph 2/2, RECITAL K)

Proposal for a regulation of the European Parliament and of the Council establishing the Digital Europe programme for the period 2021-2027 - **A8-0408/2018** (AMENDMENT 203)

Budget and investments

Report on the future of food and farming - **A8-0178/2018** (Paragraph 40/2, Paragraph 94, AMENDMENT 35)

Report on the next MFF: Preparing the Parliament's position on the MFF post-2020 - **A8-0048/2018** (AMENDMENT 36, 37)

Interim Report on the Multiannual Financial Framework 2021-2027 - **A8-0358/2018**
(Paragraph 5 AMENDMENT 26/1)

Report on the proposal for a regulation of the European Parliament and of the Council on the European Regional Development Fund and on the Cohesion Fund - **A8-0094/2019** (AMENDMENT 201)

Report on the Annual Report on the Financial Activities of the European Investment Bank -**A8-0013/2018** (AMENDMENT 1, 6, 8, 10)

Energy Policy

Report on Towards a European Energy Union - **A8-0341/2015** (Paragraph 19)

Report on EU strategy for liquefied natural gas and gas storage - **A8-0278/2016**
(Paragraph 31)

Report on the state of EU-Russia political relations - **A8-0073/2019** (Paragraph 30/1, 2, 3)

Report on achieving the 10% electricity interconnection target – Making Europe's electricity grid fit for 2020 - **A8-0330/2015** (AMENDMENT 4)

Report on the proposal for a directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources - **A8-0392/2017**
(AMENDMENT 341, 296, 37/2, 357)

