

The Result of the European Parliament Election and Future Policy Trends

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On June 13, the Institute of Energy Economics, Japan, held the 74th IEEJ Energy Webinar on an online basis, where Kei Shimogori, Senior Researcher, Global Energy Group 1, Energy Security Unit, gave a report titled “Overview of the European Parliament Election Results and Future Focuses of Attention.” This report summarized the key points of European Parliament elections held June 6-9, examined the background that led to the growth of right-wing and conservative groups, and discussed focuses of attention regarding future European decarbonization and other policy trends. I served as a commentator responding to the Shimogori report. In the following, I would like to summarize the important points of the report and make my comments on the key points for anticipating Europe’s future decarbonization policy.

As reported by many media, the results of the European Parliament elections featured the growth of right-wing and conservative groups. Given the results of various elections that have been held in European countries since last year, it was predicted that right-wing groups, including the so-called far-right, would increase their seats in the European Parliament. The centrist-conservative European People's Party (EPP) remained the biggest group in the parliament, increasing the number of its seats by 10 to 186 to account for 26% of the total seats. The far-right Identity and Democracy (ID) party increased its number of seats from 49 to 58, while the European Conservative and Reformist Party (ECR) boosted its number of seats from 69 to 73.

In contrast, left-wing groups declined conspicuously. The social democratic Progressive Alliance of Socialists and Democrats (S&D), one of the major groups in the European Parliament, saw its number of seats drop from 139 to 135. The number of seats decreased from 102 to 79 for Renew Europe, another major group in the parliament, and from 71 to 53 for the Greens and European Free Alliance (GEFA). As the total number of seats in the European Parliament expanded from 705 to 720, a decrease in the number of seats means a greater decline in the percentage share. In this regard, Renew Europe and GEFA in particular suffered conspicuous setbacks.

Despite these changes, mainstream groups that support the European Union maintained their overall majority in the parliament. The EPP, the largest group in the parliament, will cooperate with centrist and moderate leftist groups to retain a combined majority. In this regard, basic policies are likely to be continued. However, the growth of rightists including far-rightists and the contrasting decline of leftists may exert various effects on future policy trends in Europe.

As noted in the Shimogori report, the election results apparently indicate that European voters are critical of EU and member country policies regarding immigrants into Europe, COVID-19, inflation (growth in costs for citizens and companies) following the Ukraine war, overregulation and bureaucratism (dissatisfaction with Brussels), and the stagnation and falling competitiveness of the EU economy and industry. The previous European Parliament elections in 2019 came at a time when

the green movement gained momentum in Europe, with young environmental activist Greta Thunberg's remarks and actions attracting great interest. As a matter of course, the green movement is still strong in Europe at present. However, it is conceivable that new European realities, such as the abovementioned rise in energy and other costs of living, inflation, economic stagnation, and sluggish industrial activities, have led to voting behavior that affected the latest election results.

The European Parliament will elect its president at its plenary meeting in July and the president of the EU's executive European Commission later. For the time being, attention will focus on whether the incumbent European Commission President Ursula von der Leyen will remain in office. She is dominantly expected to retain the post depending on major parliamentary groups' coordination to secure a combined majority.

Even if the European Commission president remains unchanged, however, uncertainty is arising over whether policies will remain unchanged under the new distribution of seats in the European Parliament. The European Commission will be required to be aware of the political realities that led to the European Parliament election results, as well as voters' dissatisfaction and criticisms. A foul wind against unpopular policies will naturally become stronger. When selecting top priorities, the commission may have to consider the problems and challenges facing Europe and citizens' expectations and demands.

In this regard, two points given in the Shimogori report are worthy of close attention: (1) whether the European Green Deal as a policy premise will become more realistic and (2) whether the focus will shift to strengthening competitiveness in Europe. The European Green Deal or energy transition toward carbon neutrality that entire Europe or the EU should tackle will remain an important challenge and a policy premise. Policy goals will remain ambitious. Given the European realities that have brought about the latest European Parliament election results, however, the EU executive organ may be required to be cautious of implementing policies that have significant negative effects on livelihoods, economic conditions, and the industry sector (including agriculture). In this regard, developments that have been evident since last year, such as the revision of policy implementation deadlines, may be seen anew, reflecting the voices of European Parliament groups calling for such revision.

It should also be noted that the European Commission may be shifting its priority to enhancing industrial competitiveness in response to the economic stagnation and industrial slump, which are clearly and extremely important for Europe today. It will be interesting to see what the European Commission will include in the next "strategic agenda."

Important for considering these points is what will happen to the initiatives of EU member countries that actually implement EU policies. Facing the political, economic, and social realities that led to the European Parliament election results, the governments of EU member countries are being asked to prioritize and address policy challenges amid ever-expanding fiscal spending since the COVID-19 pandemic. It will be interesting to see how decarbonization and other major policies will be positioned by national governments, which are required to be sensitive to hikes in energy and other costs of living, protect livelihoods, economies, industries, and jobs, and meet citizens' expectations and demands.

As I wrote in my essay "A Japanese Perspective on the International Energy Landscape (690)," there is no doubt that decarbonization initiatives will continue to be promoted in Europe, with the energy transition progressing. Given the latest European Parliament election results, the European

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realities behind the results, conditions and needs in major European countries, and urgent issues for European citizens and economies, however, we must pay close attention to the possibility that the energy transition may make slower progress in Europe. I would like to closely watch future policy developments regarding the European Parliament, the European Commission, and EU member countries.

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