

The Contribution
of 16 European
Think Tanks
to the Polish,
Danish, and Cypriot
Trio Presidency of
the European Union

INTRODUCTION

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Stress tests for EU governance

These are the times that try Europe's soul. Over the past 18 months – under the auspices of the Spanish, Belgian and Hungarian Trio Presidency of the European Union (EU) – EU leaders have had to test their mettle. Not only did they have to boost Europe's economies and implement the Lisbon Treaty, but they were also obliged to salvage the euro and preserve the Schengen Area – two of the EU's greatest achievements. These stress tests – which have not yet subsided – have caused Europe as a whole to undergo unprecedented levels of division and duress, testing whether Europeans are determined to stay united.

Yet, overall, the Community decision-making system has demonstrated an extraordinary capacity for reaction. Not only has the number of initiatives been great – all taken in less than a year, between spring 2010 and 2011, but their importance has been too, notably in relation to economic governance. Regarding fiscal, macro-economic and financial surveillance, European leaders were forced to invent mechanisms for crisis management that did not exist prior to the sovereign debt crisis.

Nevertheless, the future might be just as testing. It is yet too soon to conduct an in-depth assessment of the EU's crisis management. Will the turn-of-the-decade crises trigger a federal leap within the EU or will the EU remain fragile and in danger of backtracking from the current *acquis*? From now until spring 2012, we will not know whether the EU's initiatives – such as the European Semester, the Euro-Plus Pact and the reform of the Stability and growth Pact – are effective tools for coordination. And it is still an open question whether the measures strengthened mutual confidence in Europe.

This said, by simply looking at the growing impact of international affairs, the safe prognostic is that Europeans will have to get used to this type of crisis management. More and more, unexpected events will require Member States to collaborate; the debate on the Schengen Area – triggered by North African migrants arriving on Europe's shores – is just the latest example of this.

What is left to the rotating presidency?

New power relationships resulting from the Lisbon-reforms and more co-decisions involving the European Parliament – in increasingly sensitive policy areas – may generate further complexity and political tension in the EU's political system.

The rotating presidency's political role was limited during the financial crisis and it has since then not addressed the most difficult dossiers. But its “administrative leadership”, which guarantees successful legislative negotiation, has proven to be crucial. The rotating presidency's responsibilities – such as chairing the Council, committees and working-group meetings (except for the Foreign Affairs Council and committees, chaired by the High Representative of the Union for Foreign Affairs and Security Policy) and organising, behind the scenes, legislative procedures – will continue to be vital to the proper functioning of the EU.

Although the Polish, Danish and Cypriot Trio Presidency (July 2011-December 2012) can co-shape some of the priorities on the EU's agenda, it will nevertheless continue to be only one of many agenda-setters. The crisis-context has, in and of itself, forced priorities into the Community agenda, thus leaving the rotating presidencies with less room for promoting priorities linked to their own interests. But it worth mentioning, that following the French Presidency's launch of the Union for the Mediterranean and the Swedish Presidency's inauguration of the Baltic Sea Strategy, the Hungarian presidency has successfully implemented its project for sustainable development and environmental protection in the Danube macro-region – i.e. the EU Danube Region Strategy. Until now, forming a Trio out of three rotating presidencies has not brought many benefits. Strengthening their cooperation could however enforce their agenda setting capacity and would foster consensus during Member States negotiations. This is why, in this report, the term “Trio Presidency” is given preference whenever appropriate.

The rotating presidency – formerly a key function within the EU's institutional landscape – is now greatly counter-balanced by the permanent Presidency of the European Council. If the rotating presidency wants to regain visibility and influence, it will have use the Lisbon Treaty to its advantage. The role of the General Affairs Council (GAC) should be reaffirmed, notably by politically channelling the work of the council formations or by sometimes upgrading issues from the Council level to the European Council level. Having the prime minister of the rotating presidency chair the GAC would allow for a stronger GAC – without having to amend the treaties.

The Trio Presidency should also waste no time in joining forces with influential Member States, who gain relative importance through their direct access to the European Council president.

Moreover, if it wants to define the EU's political priorities, the Commission will also have to become more assertive. On one hand, this would limit the Trio's agenda-setting scope even further, but on the other, if the Trio and the Commission agree to jointly push issues onto the political agenda, they could develop a productive alliance.

With regards to the European Parliament, the Trio Presidency's involvement should not only be sought in legislative, day-to-day work. Given its manifest interest in increasing its political role in economic governance, the Parliament can provide an important political forum for the Trio. The Parliament is, in any case, an influential player: as seen in four of the so-called Rehn-Package's legislative acts, but also in upcoming Single Market legislation. The European Parliament will likewise seek to extend its role informally when the new mechanisms for economic policy coordination are put into place. The Trio Presidency should thus serve as an honest broker not only between Council members, but also between the Council and the European Parliament. Without this strong role for the Trio Presidency, the institutional system risks further destabilisation – mostly due to the European Council exerting a dominant position.

Finally, a good working relationship between the rotating presidency, the European Commission and the European Parliament would make it possible to both supersede early inter-institutional compromises on co-decision matters, and, more broadly, to consider the political and legal implications, at the national level, of extending the use of the Community method to important policy issues – transfers of competence that constitutional courts may be inclined to scrutinise more intensively.

Economic governance and financial regulation

Over the next year-and-a-half, the EU's two main priorities will continue to be monetary stability and economic growth. Since the Trio Presidency chairs the Economic and Financial Affairs Council (Ecofin), it will be involved in the management of the sovereign debt crisis and the fragility of the banking system. In addition to activating financial solidarity mechanisms and ensuring Member States properly implement economic governance reform (i.e. the European Semester, the Euro-Plus Pact and the European Stability Mechanism), the Trio Presidency will have to focus on regulating undercapitalised banks.

Two factors here will restrict the Trio's role. First, in the case of another severe debt crisis, the European Council will very probably once again find itself in the driving seat. Second, most issues will have a strong eurozone-dimension and will thus be debated in the Eurogroup – chaired by the Eurogroup president – in which the Polish and the Danish are not present. However, if a crisis hits the banking sector, the Trio Presidency could be helpful regarding the cooperation that will be needed in the EU 27 as a whole. Furthermore, the EU could also face a political crisis if the government of one or more Member States in a critical state were to deviate from reform agendas – the 2011-2012 period will most likely be marked by an increased polarisation between core and periphery Member States.

Economic growth

EU leaders recently set-up several projects that will buttress European growth policies: namely, the Europe 2020 Strategy, designed to turn the EU into “a smart, sustainable and inclusive economy”; the Single Market Act, to improve the functioning of the Single Market – a crucial prop for other European policies; and a review of Cohesion Policy, designed as the leading development and investment policy for closing the Member States' competitiveness gap.

Implementing this plethora of European strategies will require a high degree of coordination. Such coherence between strategies would not only help avoid overlap, but would also increase citizens' understanding of “what the EU does”. And increasing the complementary nature of all policies can foster more trust in the EU. To achieve this, cohesion among Member States, and within Member States, should be fostered in conjunction with the current competitiveness criterion – the risk of seeing a two-speed Europe develop, with growing economic-performance gaps among the 27, is a *leitmotiv* in the 2011 edition of *Think Global – Act European*.

As a core community competence, the Single Market is one of the domains where the Trio Presidency has the most opportunity to prove its value. It is a crucial actor in the legislative negotiations between Member States within the Council, and increasingly between the Council and the European parliament. In order to improve the implementation of Single market legislation, both stronger political consensus regarding the adoption of the Single Market Act and a greater implication of regional and local actors are paramount. Concerning legislative negotiation, rather than adopting pick-and-choose tactics – which tend to paralyse ambitious projects – the Trio should thus go back to the “package deal technique” advocated by former Commissioner

Mario Monti. This technique involves bundling legislative measures into complete packages, which are then considered in their entirety – thereby facilitating across-the-board trade-offs.

Multiannual Financial Framework 2014-2020

To this picture, the institutional agenda adds the major issue of negotiating the forthcoming financial perspectives for 2014-2020, which is due to commence under the Polish Presidency. In light of the public-finance cuts being implemented at the national level, these negotiations look set to be particularly complex. The political authorities tasked with conducting the negotiations in the General Affairs Council should honestly explain to their fellow citizens that while a 1-percent-of-EU-GDP budget cannot be a panacea for re-launching economic growth, it can still have a significant effect on particular policy domains and territories.

One important responsibility for the Polish Presidency is to start the negotiations with a debate on Multiannual Financial Framework (MFF) priorities (improving policy targeting and programming of two major spending, namely Common Agriculture Policy and Cohesion Policy). Following this, the negotiations should focus on how the budget should be distributed. Determining from where the funding will come should only take place at the end of the negotiation. Placing discussion of concrete numbers at the end will help conduct a transition from concentrating on Member States' "net positions" towards a focus on European Value Added and European public goods. To convert the next MFF into an effective tool for re-launching the economic growth, the Trio should look for ways to increase the efficiency of EU spending, notably by improving coordination between national and EU spending (in diplomatic services, defence or research, for example) and by rendering EU spending more responsive to economic fluctuations. The overall coordinating function of the Trio should be to insist on aligning the next MFF with the promotion of low-carbon outcomes.

Area of Freedom, Security and Justice

In the area of Freedom, Security and Justice – which is run by the rotating presidency alone, the implementation of the Stockholm Programme, its attendant Action Plan, the Internal Security Strategy (ISS) and the Commission's Communication entitled "Internal Security Strategy in Action" will all be the object of greater public attention. Furthermore, the debate on the Schengen Area – relating to Bulgaria and Romania's future accession and, more recently, to media coverage of North-Africans migrants arriving

in Italy – calls for a new consolidation of EU immigration, border control and asylum policies. Asylum rules need to take into account Member State's lacking-resources; and concerning labour migration, this issue should not be regarded as a security threat, but more as a potential contribution to sustainable growth.

Foreign policy

As far as foreign and security policy challenges are concerned, the entry into force of the Lisbon Treaty has shifted responsibility to the Union's High Representative (HR) for Foreign Affairs and Security Policy. The HR, together with the newly established European External Action Service (EEAS), has stripped the rotating presidencies of a large part of their agenda. But the HR and the EEAS cannot go it alone. The Member States remain the key players in foreign and security matters. In order to facilitate the HR's work, the rotating presidencies must continue to be fully engaged and assist the HR and the EEAS in establishing effective coordination mechanisms with the European Council, the Commission and the European Parliament, which will enable the HR and her team to act as interlocutors between them.

In pursuit of interchangeability between national and European administrations, the Trio should furthermore serve as a role-model. It should facilitate the smooth exchange of national diplomats and experts with the EEAS. In third countries and international *fora*, the Trio should encourage cooperation between national embassies and EU delegations, thereby further strengthening the latter's coordination role – cooperation on the ground will be a litmus test for the EEAS. On the domestic front, the presiding government should also start a serious discussion about potential cuts in national diplomatic services, which in the long term could be implemented by the EEAS (consular services, and also reporting on political and economic developments in third countries, for example).

In addition, the development of the Single Market and benefits from market integration should be sought on the international level. The external dimension of internal EU policies – related to trade, energy, climate or the Single Market – is becoming more prominent. The Trio Presidency should thus use its chairs of the Permanent Representative Committee (COREPER), of GAC and of other Council groups and of their preparatory working groups to help uncover inconsistencies between the EU's various different external policies, including the external dimensions of internal policies such as terrorism, migration, asylum, climate change and energy. The Trio

Presidency should also push towards a trade policy that helps promote the Single Market interest and towards a conclusion of the Doha Round.

So far, the new HR and two Presidents – of the European Commission and the European Council – have not been steering the EU in the right direction. During the upcoming period, EU citizens will see whether the EU's new strategy process can overcome bilateral tendencies, China's shrewd negotiation-style – based on the “divide-and-rule” principle, and EU bureaucracy writ large. By working in the EU's engine room and by helping prioritise the Union's interests in each specific partnership, Poland, Denmark and Cyprus will help the EU become a stronger global actor.

Enlargement and Neighbourhood Policy

In light of the Arab uprisings, the auspicious review of the ENP is most welcome. While redesigning the ENP, the EU should compensate for its slow response to pro-democracy demands by getting involved in favour of the democratic transitions in North Africa and the Middle-East. The EU should also not neglect its commitment to the neighbourhood policy (ENP) in the East. A common interest in neighbourhood regionalisation policy, shared by the Hungarian and Polish Presidencies, should allow for a smooth transition between the two Trio Presidencies on this issue. Furthermore, the Trio should ensure that, during the next MFF negotiations, ENP funding is increased to support specific economic and social development projects.

Closer to home, the EU is losing influence *vis-à-vis* candidate countries. Since 2007, bouts of enlargement *fatigue*, in numerous Member States, have stifled prospective EU memberships. But disengagement is not an option. The EU should be as proactive as it once was – the fate of candidates should be seen as affecting the entire EU. Candidates need a clear road map, offering specific requirements for each policy area, thus ensuring that momentum for reform is not lost. At the same time the necessary benchmarks set by the EU for the candidate countries should not in any way be compromised.

The Trio Presidency should help to clarify the division of responsibilities between the European External Action Service (EEAS) and the Directorate-General for Enlargement – especially concerning states that are only potential candidates. In European Union terms, there is a distinction between countries that are negotiating and those that only benefit from the prospect of accession. Currently, enlargement is still the hands of the

Commission, while all enlargement issues are now dealt with by the General Affairs Council (GAC), which continues to be chaired by the rotating presidency and is subject to unanimous decisions on all enlargement issues.

The Council Working Group on Enlargement (COELA) is currently dealing with Turkey, Iceland and Croatia. This means that the rotating presidency's role is limited to the negotiations in the COELA, which mainly decides on the closing and opening of chapters. Thus two subjects of immediate concern to the Trio Presidency are mobility partnerships and visa liberalisation. Turkey's place in EU policies should also be better defined – especially with regard to the ENP and to the Common Security and Defence Policy.

Common Security and Defence Policy

In the area of Common Security and Defence Policy (CSDP), increasing (or at least stabilising) Member States' defence capabilities and strengthening collective European capabilities remain areas of concern. Fragmentation, duplication and cost-ineffective national armed forces are leading to a situation where the collective capability of European armed forces is much less than the sum of its national parts. Europeans need to tackle issues such as the level and manner of defence spending, EU-North Atlantic Treaty Organisation relations (NATO), and the building of a comprehensive approach to crisis management.

Increased pressure on already strained defence budgets and the creation of the EEAS could boost cooperation and integration in security and defence matters. Via its COREPER chair, the Trio could play a role by focusing attention on small, clearly defined initiatives by a few states – which would help the EU deliver success stories and increase Member States' good will. By establishing permanent structured cooperation, the Trio would play a limited, but yet important role as a mediator for small and medium-sized Member States. The Trio can also contribute to security and defence integration by encouraging the liberalisation of the EU defence market, notably by embracing new defence procurement rules and by helping the European Commission to dare to criticise non-compliant Member States.

Finally, to avoid having the EU acting like a coalition of the willing, in which the available means and participants define the CSDP mission, the coming Trio Presidency should – in conjunction with the HR – seek credibility and efficiency by introducing intervention criteria (affordability) and evaluation mechanisms (accountability), all open to public scrutiny at both EU and national-parliamentary levels.

The structure of this report

As in the two previous editions of *Think Global – Act European (TGAE)*, this report focuses on a medium-term scenario, covering the Polish, Danish and Cypriot Trio Presidency, running from July 2011 to December 2012.¹

Focusing on the Trio Presidency has allowed the authors to analyse the development of rotating presidencies' (direct and indirect) role in the context of the Lisbon Treaty, while highlighting, on a sector-by-sector basis, the way in which the role interacts with those of other EU institutions. This explains the attention devoted to external policy – over which rotating duty presidencies now only exercise an indirect influence, but which, according to the authors, might yet prove to be vital to the EU as a global actor.

Each part of the report is introduced by a summary that underlines possible consensus or divergence of views between the authors. In each chapter, the authors have three aims: to take stock of the initiatives adopted over the past eighteen months, to identify the challenges that have emerged during this time, and to formulate concrete short- to medium-term proposals targeting rapid progress for Community policies. Overall, the 18-month time frame to which each new edition of TGAE is devoted produces, from one report to the next, a comprehensive chronological picture of the EU's development.

This introduction reflects the analyses of the experts of the 16 think tanks, but it remains under the sole responsibility of its authors.

1. *Think Global – Act European. The Contribution of 13 European Think Tanks to the French, Czech and Swedish Trio Presidencies of the European Union*, dir. by Elvire Fabry and Gaëtane Ricard-Nihoul, Fondation pour l'innovation politique/Notre Europe, May 2008; *Think Global – Act European. The Contribution of 14 European Think Tanks to the Spanish, Belgium and Hungarian Trio Presidency of the European Union*, dir. by Elvire Fabry and Gaëtane Ricard-Nihoul, Notre Europe, March 2010.