

## **Rounding out a satisfactory Trio Presidency: Greece sets the stage for its Italian successor**

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**E**xpectations of the Greek presidency were not high: the available budget was limited, the legislative term was drawing to a close and the European Parliament dissolved in mid-April for the elections. However, Greece did not sit idly by – it made the most of its resources to progress on some very important dossiers, bringing about a satisfactory close the Trio presidency previously held by Ireland and Lithuania. The success of Greece’s approach consisted of first focusing on the conclusion of negotiations with the EP on legislation to be passed before the EP elections and parliamentary recess, and then on working out an agreement within the Council on a number of dossiers so that the Italian presidency could start negotiations with the new Parliament right away. In this way, the Greek presidency finalised work on the Trio priorities, mainly in relation to banking union, the Digital Agenda, the competitiveness of EU enterprises and the Compact for Growth and Jobs. It also advanced legislation to tackle tax evasion as a necessary complement to spending cuts, and set the agenda for migration and maritime affairs, in close cooperation with Italy.

### **Intense negotiations with the EP**

Negotiations with the EP during the early months were particularly intense regarding the Single Resolution Mechanism (SRM). The decision of the Ecofin Council on 18<sup>th</sup> December 2013 to resort to an inter-governmental treaty for certain questions pertaining to the resolution fund provoked the staunch opposition of the EP, which also had reservations about the vague and complex decision-making of the Resolution Board. Under mounting time pressure, the Council gave the Greek Permanent Representative a flexible mandate to start negotiations with the EP on 18<sup>th</sup> February 2014. After one month of feverish negotiations, the Greek Presidency and the EP reached an agreement on March 20<sup>th</sup> that was also satisfactory to member states. The firm commitment of the EU institutions to adopt the SRM before the end of the legislature contributed to this major achievement and the peculiarly delicate situation of Greece and its bailout did not hinder the process. The agreement streamlined decision-making, speeded up the mutualisation of resources and increased the accountability of the Resolution Board, as pursued by the EP. Greece

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undertook parallel efforts in the related intergovernmental conference to decide on the Single Resolution Fund. The inter-governmental agreement was duly signed on May 14<sup>th</sup>.

The Greek presidency successfully concluded the already well-advanced negotiations on the updated rules for markets in financial instruments (MIFID II) and on the undertakings for collective investment in transferable securities (UCITS V). Agreements with the EP were reached on January 15<sup>th</sup> and February 25<sup>th</sup>, respectively. The presidency also resumed and successfully concluded negotiations on the Directive on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer, which had been deadlocked for years. Greece's particular interest and the broad consensus among the other member states also allowed the presidency to start and finish negotiations on the regulation on the surveillance of external sea borders in the context of operational cooperation coordinated by FRONTEX.

### Landmark achievements in the Council

After the last plenary session of the European Parliament in mid-April, the Greek presidency focused on advancing negotiations on a number of dossiers within the Council. The most salient of which was, arguably, the general approach reached on parts of the data protection proposal. Despite the breakdown of negotiations at the end of 2013, the Greek government decided to put the issue on the agenda of the informal Justice and Home Affairs meeting held in Athens in late January, with the purpose of breaking up the package into smaller parts. After many working party meetings, on June 6<sup>th</sup> the Justice and Home Affairs Council agreed on a general approach to substantial elements of the proposal (e.g. the territorial scope of the regulation and the conditions under which personal data could be transferred to third countries, international organisations and within companies of the same group). Member states remain divided on other aspects of the legislation such as the 'single point of contact'; negotiations will therefore have to resume during the Italian presidency.

A similar tactic succeeded in the proposal to amend the EU rules on taxing profits of companies of the same group to prevent tax evasion by the use of hybrid loan agreements and other means. On 20<sup>th</sup> June 2014, the Council reached a landmark decision to agree on a general approach to the part related to the parent-subsidiary transfers, which will allow the Italian presidency to start negotiations with the EP. Member states will now have to find a common understanding on the more controversial issue of abusive tax arrangements.

Persistent efforts also led to the Council's agreement on a general approach to the Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and on the regulation on European long-term investment funds, which aims to increase the pool of capital available for long-term investment in the EU economy by allowing for more stable returns. The Italian presidency will now start negotiations with the European Parliament on the basis of these two general approaches.

The failure to form a qualified majority to reverse the Commission's authorisation to cultivate GMOs following old comitology rules prompted the Greek presidency to resume negotiations within the Council on the 2010 Commission proposal on genetically modified organisms, and the possibility for member states to restrict or prohibit its cultivation on their territory. The Environment Council agreed to a general approach on 12<sup>th</sup> June 2014. Regarding Greece's flagship priority of Growth and Employment, the Council also adopted a recommendation on the Quality Framework for Traineeships and an agreement on EU participation in the capital increase of the European Investment Fund, which will contribute to improving SMEs' access to European financing.

The Greek presidency made special efforts to continue negotiations on the financial transaction tax (FTT). The Commission presented a proposal for a directive implementing enhanced cooperation on the FTT in February 2013 but divergent opinions on the scope and impact of the legislation and the possible disadvantages caused by the non-participation of other member states deterred the 11 participating countries from moving forward. In response, the Greek presidency brought the issue to the attention of the Ecofin Council and gained a declaration from 10 of the ministers concerned on May 6<sup>th</sup>. It was agreed that the negotiation and implementation of the FTT would be progressive and would start with certain shares and derivatives. As a participating member state, Greece attended informal meetings with the other 10 member states and – as president – it held numerous working party meetings to ensure that the other member states were informed and involved in the negotiations.

### Reflections on the Trio

The Trio presidency contributed, to some extent, to the aforementioned achievements. The system laid down in Declaration 9 of the Lisbon Treaty has contributed to improving coordination and reinforcing continuity and consistency in Council's policymaking. Before a Trio gets under way, substantial cooperation among its members is essential to determine an 18-month joint programme that will focus the agenda of each country's respective six-month term and ensure the delivery of results in the agreed policy areas and legislative dossiers. In this way, the priorities of the Trio that had not been undertaken or finished by the preceding presidencies determined much of Greece's work during these six months.

The Trio presidency has proved very constructive in the smooth running of triologue negotiations in the ordinary legislative procedures, where the chairing member state involves the incoming Trio partner so that the process flows smoothly and efficiently. The Trio also provides opportunities for member states that have not yet held the rotating presidency to be continuously engaged in the process. Greece followed developments very closely during the Irish and Lithuanian presidencies with a view to its own presidency and was engaged in ongoing triologue negotiations in the final months of the year, which helped contribute to its preparation and success. Involvement of individual member states in the Trio's work inevitably declines once their respective presidency ends but this is somewhat inevitable, given the nature of the rotating presidency of the Council.

Under the new system coordination between Trios is crucial, but the responsibility ultimately falls on the last member of the outgoing Trio and the first member of the incoming one. In this particular case, Greece sought opportunities to cooperate with the Italian presidency to outline shared priorities and ensure their continuity in the incoming Trio. Due to certain shared interests, there was very close cooperation between the Greeks and the Italians in the areas of maritime affairs and migration, for example, but should other interests diverge, the continuity of negotiations may suffer.

Despite the constraints of the elections to the European Parliament and a limited budget the Greek presidency secured the passage of a number of important agreements, making the best of its participation and bringing the Trio to a satisfactory close.