

# Ireland gets the new Trio Presidency off to a propitious start

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**N**egotiating the financial framework for the period 2014-2020 and the reform of the Common Agricultural Policy (CAP) with the European Parliament (EP), following the new Lisbon provisions that enhance the role of the EP in the budget process and give it co-decision powers in the CAP, was among the main challenges facing the Irish Presidency of the Council of the EU (January-June 2013), together with the pressure to advance the banking agenda. Moreover, the fact that it was the start of a new Trio Presidency, the small size of the Irish administration and its fragile financial situation gave further cause for doubt as to how much it could achieve. Nevertheless, the Irish government approached the task with realism and optimism, a firm focus on results and the strong conviction that a good performance would enhance its reputation, both in Ireland and in the EU. They went for broke in the most relevant dossiers and, eventually, their strategy paid off.

## **The highs...**

The main objectives of the 18-month programme of the Trio Presidency made up by Ireland, Lithuania and Greece were to strengthen EMU (through the implementation of the economic governance mechanisms and the European Semester), ensure EU financial stability (through progress on the Banking Union), conclude work on the seven-year EU Multiannual Financial Framework (MFF), improve the competitiveness of EU enterprises, complete the Single Market, develop the Digital Single Market and the new Digital Agenda, conclude negotiations with the EP on CAP reform and advance the EU's Trade and Enlargement agendas. The Irish government chose "Stability, Jobs and Growth" as the theme of its Presidency to capture the need to combine stability and growth. For the most part, its Presidency rose to the challenge and was quite successful in the implementation of the programme, with only a few shadows clouding the overall positive picture.

Agreement on the MFF during the Irish Presidency was imperative to avoid the disruption of the ongoing EU programmes after 31 December and a longer delay of the Commission's proposal for the 2014 budget. In February 2013, the European Council agreed on a ceiling of €60 billion in appropriations for commitments (1% of EU GNI) and its distribution by category of expenditure, but the EP conditioned the start of the trilogue negotiations to the submission by the Commission of an Amending Budget for 2013. It was not until May 13th that the three-way negotiations between the Irish Presidency of the Council, the EP and the European Commission finally got underway. In order to show the Irish government's

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determination to reach an agreement, Lithuania was not invited to take part in the trilogue negotiations. These were focused on the flexibility to carry over unspent funds from one year to the next and to shift among headings and on a mid-term revision of the MFF rather than on the headline figures already agreed by the Council. After ten rounds of intensive negotiations, on June 19th the Irish Deputy Prime Minister Eamon Gilmore rushed to announce that a deal had been struck with the EP's chief negotiator, although apparently that was not exactly what had happened. Soon thereafter, however, the Presidency mended fences with the EP and a deal around increased flexibility and a mid-term review was reached in the following days.

The Irish Presidency also made strenuous efforts to conclude an agreement with the EP on the CAP reform in the first reading. The deal was brokered after marathon talks between the three institutions in Brussels and Luxembourg from June 23rd to the 26th, with the distribution of direct payments being one of the most difficult aspects of the negotiations. Finally, it was agreed that member states would have the option to apply the partial convergence model recommended by Ireland, in addition to the Commission's proposed flat-rate payment by 2019. Irish Agriculture Minister, Simon Coveney, also succeeded in striking a deal on the reform of the Common Fisheries Policy.

Regarding the objectives of strengthening EMU and ensuring EU financial stability, the Irish Presidency successfully completed the first phase of the European Semester process and reached agreements with the EP in first reading on capital requirements for banks (CRD IV) and the so-called 'two-pack' regulations. The latter introduced enhanced monitoring of countries' draft budgetary plans to ensure the correction of excessive deficits and strengthened surveillance of euro-area members experiencing or threatened with financial difficulties. Significant progress was also achieved in the negotiations on the Council regulation conferring specific tasks on the European Central Bank concerning the supervision of credit institutions and the related regulation of the EP and the Council amending the European Banking Authority (EBA). Final adoption of both initiatives is expected soon. Also, on June 27th, after two all-night negotiating sessions, EU finance ministers finally reached a basic agreement on common rules to wind up troubled banks, which includes 'bail-in' rules for creditors. However, there is not yet a starting date for direct recapitalisation by banks by the European Stability Mechanism, and the link with the state debt still remains in place, although it has been 'diluted'. The agreement opens the way for trilogue negotiations between the Council, the Commission and the Parliament with the aim of finalising the Bank Recovery and Resolution Directive at first reading before the end of the year.

In support of the jobs and growth agenda, the Irish Presidency secured agreement on the "Youth Guarantee" (to get young people into employment, further education or (re)training within four months of leaving school), "Horizon 2020" (a new research programme for the period 2014-2020), COSME (a new programme for the Competitiveness of Enterprises that will run from 2014 to 2020), the Recognition of Professional Qualifications, the Union Customs Code (which simplifies and modernises custom procedures), the Accounting Directive and the Unified Patent Court. The Irish government also secured agreement in the Council on the Commission's proposals to reform the state aid framework and struck an agreement with the EP on the public procurement package.

Among the priorities of the Irish Presidency was the launch of trade negotiations with the US. Talks in the Council to agree the terms of the mandate for the Commission to negotiate an EU-US free trade deal reached a deadlock when the French prime minister requested the exclusion of the audio-visual sector in order to preserve European cultural values. However, a last-minute compromise was reached in Luxembourg a few days before President Barack Obama and European leaders were expected to gather at the G8 summit in Northern Ireland on June 17th to announce the formal start of talks on the pact. France's demand was accepted on the condition that the Commission could return to the question during the negotiations if

necessary. In the area of Justice and Home Affairs, the first-reading agreement secured on the proposal for a regulation establishing the European Border Surveillance System (EUROSUR) is noteworthy, despite the fact that Ireland does not participate in this system. As far as EU enlargement is concerned, Irish Minister for European Affairs, Lucinda Creighton (TD), actively engaged in discussions with the Serbian and Kosovar authorities to implement the April agreement on the Belgrade-Pristina Dialogue and solidify their relations with the EU. The June European Council decided to open accession negotiations with Serbia and negotiations for a stabilisation and association agreement with Kosovo.

### **... and the lows**

Reaching consensus among member governments in the Council is usually an uphill battle. The Irish Chair made special efforts to keep representatives from all member states well-informed, to give them all a voice and to put forward inclusive proposals. Nevertheless, on certain occasions, it had to bow to pressure from the larger states. The most widely reported case was probably when the COREPER decided, at its last meeting in June, under pressure from Berlin, to postpone the endorsement of the deal that had previously been reached between the Council and the EP on new emissions curbs. New rules would have required car manufacturers to limit their fleets' average CO<sub>2</sub> emissions to 95 grams-per-kilometre by 2020. According to the *Financial Times* (26 June 2013), this move responded to Angela Merkel's phone call to Mr Kenny, and the leaders of other member governments, after Germany had failed to secure sufficient support in the Council to amend the legislation according to its preferences.

Although the Irish Presidency has been viewed as very efficient and productive overall, progress in some dossiers came at the expense of sacrificing others due to the limited resources available. The substantial increase in staff of the Permanent Representative of the member state holding the rotating Presidency never seems to be enough to manage the workload and the deadlines that need to be met. The number of meetings that can be held is also constrained by the availability of meeting rooms in the Council and the capacity of other member states to send representatives. In order to speed up work at COREPER level, the Irish Presidency took some initiatives, such as reducing the length of the meetings and organising informal breakfasts with the ambassadors. It was also decided that the seconds-in-command (the so-called 'Antici counsellors'), rather than the ambassadors themselves, would meet after the Council meetings to smooth out any rough edges to the agreements.

Despite these efforts by the Irish, the Lithuanian Presidency has had to take over the negotiations on several important legislative dossiers, including the Digital Agenda, the European Account Preservation Order and the Entrepreneurship Action Plan. Additionally, the new MFF now requires the urgent adoption of numerous sectoral agreements. The Lithuanian Presidency must also negotiate the Bank Recovery and Resolution Directive with the EP and continue the trilogue negotiations on the Regulation on Markets in Financial Instruments and amending Regulation [EMIR] on OTC derivatives, central counterparties and trade repositories. It also has to carry out negotiations in the Council on the Single Resolution Mechanism and the Directive on Undertakings for Collective Investment in Transferable Securities (UCITS), which the Irish Presidency omitted from its agenda in order to focus resources on the most significant dossiers. Some observers countered, however, that it was a strategic decision on the part of the Irish to protect their domestic fund industry, giving it more time to lobby against the bonus cap and other controversial elements of the directive.

Lithuania has taken on these significant challenges with a smaller administration, much fewer resources and no previous experience in the job. The Lisbon Treaty provided that the "other members of the group shall assist the Chair in all its responsibilities", but this provision on the Trio Presidencies does not seem to apply yet. Ireland considers its job done and Lithuania has

no intention of asking for substantial assistance from other member states, even if that decision could be detrimental to the final outcome. At the end of the day, what it is essential for each Presidency is that it establishes a close liaison with the previous one, even if they don't belong to the same Trio Presidency. Relations within the same Trio remain confined to the elaboration of the joint programme. This is not good news, especially in view of all the work that has to be done in the run-up to the European elections in May 2014 and the extraordinarily difficult circumstances that the last member of this Trio, Greece, is facing. Further reflection should therefore be given to ways to enhance and make more efficient the rotating presidency of the Council.