



## **THE LATVIAN PRESIDENCY**

### **Analysis, assessment and advice**

### **The first presidency in the second post - Lisbon legislative cycle**

**TEPSA Background Paper**

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## **I. Introductory remarks: putting the presidency in a historical context**

Presidencies of the Union's Council (Future of Europe Group) are of high political and academic relevance. However, looking at the half year presidency runs the risk to take a short-term snapshot at a given moment. Observers and actors alike need to put the presidency into a medium or long term historical perspective of the integration process of the EU polity, i.e. sketch a picture of this office over years.

In a medium perspective one major feature is that Latvia is the second Baltic country and the seventh 'new' member since 2004 to hold the presidency. It is the first country in the second (Neyer) cycle after the institutional changes of the Lisbon Treaty. The specific challenge is that it has to develop patterns of cooperation with the new Commission, a more self-confident EP, the new President of the European Council and the new High Representative of the European Union for Foreign Affairs and Security Policy. The conventional functions of a Presidency need to be revisited; the decisions taken at the critical juncture of this year might have changed the procedural path to be taken by this key office in the Union's institutional architecture.

Next to the role in the institutional architecture in the first half of 2015 the work of the Latvian government will probably be overshadowed by external challenges: At the one hand the EU faces difficulties in the East (Russia as major point on the EU's foreign policy agenda as also in the Latvian's domestic debate) and at the other hand there is the European involvement in the fight against the ISIS in the larger Middle East (taking also into account the cooperation with Turkey).

One major pre-occupation will also be the economic downswing and even the threat of a recession. Juncker's investment plans will have an impact – if at all – only later. In consequence serious political problems could arise for major EU countries like France, thus problematizing the respective cohesion inside the EU. The hope to have overcome the Euro crisis years might be premature.

Presidencies are also an opportunity to define and recall the country's role in the EU. For the Latvian government the Presidency is a sign of its special European vocation and mission. As president country Latvia is put on the political map for EU citizens and governments from outside the EU – particularly since it belongs to the group of smaller and newer members. One effect of the Presidency is thus that the leading representatives of the chairing Member State are in the spotlight of the European and international media.

## **II. Functions and Form of the Presidency: Weak on Written Provisions – Strong on Real Functions**

### **1. Relevance and history**

One point of departure for a long term perspective is the relevance of the rotating Presidency. To understand the way the EU works, one major point is to consider the political and administrative functions as well as the institutional and organisational setup of the Presidency of the Council.

The rotating Council Presidency had already been introduced in the early 1950s: ‘The Presidency of the Council shall be exercised for a term of three months by each member of the Council in rotation in the alphabetical order of the Member States’ (Art.27 ECSC Treaty). The period was extended to six months in the Rome Treaties (Art.146 TEC (Rome)).

This arrangement for a Council composed of national ministers was different from formulas used in other international organisations. In NATO, for example, the permanent Secretary General also fulfils the task of chairing the meetings of ministers including the infrequent NATO summits.

The architects of the Rome treaties apparently aimed at designing an appropriate institutional balance between the Commission and the Council. The ‘masters of the Treaties’ (Bundesverfassungsgericht, 2009: para. 150) had given the role of the chairperson to one of the representatives of the Member States to prevent undue concentration of powers residing in the hands of the Commission.

The provisions of the Treaty establishing the European Economic Community (EEC) and their revisions up to the Lisbon Treaty did not elaborate on the tasks of the Presidency. However, there is a widely shared view that the Presidency, especially that of the European Council, ‘has become a key element in the functioning of the life of the Union’ (CEPS et al., 2007: : 42). In the course of history this office has been widely regarded as ‘one of the major EU institutions’ (Elgström, 2003: 3).

## 2. Role expectations: efficiency without undue power

Since its creation, expectations concerning the Presidency have been torn between two contradictory interests and aims. On the one hand, the office should provide efficient procedural leadership inside the group of chief national executives and on the other hand, the chairperson should not have unlimited power. This tension has been characterised by labels such as ‘responsibility without power’ (Dewost, 1984: : 31) and ‘dynamics in a straightjacket’ (Vornbäumen, 1985).

Compared to the limited official formulations, the functions of the Presidency have evolved considerably in practice. Indeed, its evolution might be seen as a telling case in which the actual practice has developed far beyond the wording of written provisions. Policy-makers and observers alike have enumerated special responsibilities which the chair of the Council was and is expected to fulfil (see Box 1).

### Box 1 Tasks and Functions of the Presidency

Agenda setting (including priorities)
Promoting initiatives
Drafting clear and accurate conclusions
Being an honest broker and mediator
Being a business manager/ organiser/ administrator
Undertaking external representation
Undertaking (collective) representation
Providing transformative and managerial leadership
Representing national interests

Source: Compiled by the author. Based on (Van Hecke and Bursens, 2014; Foret and Rittelmeyer, 2014; CEPS et al., 2010; Schout, 2008; Hayes-Renshaw and Wallace, 2006; Schout and Vanhoonacker, 2006; Tallberg, 2004)

### 3. Some patterns – setting a path

A major function of the Presidency is to identify issues for deliberation in this differentiated set of tasks. This power of agenda-setting involves more than the mere responsibility to collect items for discussions in the group. Presidents might introduce new issues, earmark priorities and exclude points from the list (Tallberg, 2003: : 21). Using the privilege of agenda control, the President of the Council has the prerogative to undertake considerable political entrepreneurship.

To pursue such a role as agenda setter effectively, rotating Presidencies usually prepare their term carefully over several months in advance. But even with optimal preparation, external shocks and crises often overtake and undermine their well-designed plans. One telling example was the French Presidency in the second half of 2008: Having started with a long list of political priorities, the French government had to deal with a range of unexpected issues: the 'No' in the first Irish referendum on the Lisbon Treaties immediately before its term started, the outbreak of war in Georgia in August, and the consequences of the financial and economic crises in autumn.

In addition to unpredictable events, significant agenda items are quite often fixed well in advance and/or by the European Council. Thus, some observers argue that it was an illusion for incoming Presidencies to believe that they would be able to determine the items for further deliberations for the work plan of the Union (Jacqué, 2010: : 105-107). However, notwithstanding all the constraints due to normal procedures, hesitations of other member states and external shocks, Presidencies have a long history of setting ambitious goals for their respective semesters: E.g. by pushing the European Council to act as constitutional architect, by trying to lead the Union towards a history-making event or by concluding an Intergovernmental Conference for treaty revisions. The Dutch Presidency in 1991 undertook considerable efforts to conclude the process leading to the Maastricht Treaty (see Van Middelaar, 2013: : 190-191). The French Presidency was eager to conclude the Treaty of Nice in 2000. In 2004, the Irish Presidency reached an agreement on the Constitutional Treaty (Laffan and Tannam, 2006), and in 2007 the German Presidency set its priority on drafting a far-reaching preliminary draft of the 'Reform Treaty', now called the Lisbon Treaty.

The ultimate decisions regarding the accession of new Member States also belonged to this type of history-making legacy of Presidencies. For instance, the Danish Presidency in 2002 declared that it was its main objective to reach an agreement on the accession of ten new Member States.

Often governments approach their semester by launching initiatives with specific (geo-)economic or (geo-)political priorities and targets. In 1995, the Spanish government pushed to increase the links with the Mediterranean countries leading to the 'Barcelona Process', whereas the Finnish Presidency propagated a 'Northern Dimension' of the EU in 1999. The French Presidency in 2008 proposed a 'Union for the Mediterranean', in 2009 the Czech Presidency led the EU to an 'Eastern partnership' and the Hungarian presidency drew the attention to the Danube region in 2011. Quite often Presidencies proposed these projects as a way to pursue national interests and priorities through their official EU office.

Besides the role of agenda setter and political entrepreneur one of the major functions of the Presidency is to act as 'honest broker'. As formulated for the European Council's president (Art.15(6c)TEU), that means to 'facilitate consensus'. In order to guide members towards agreements, the dominating norm of the group demands that a President should be 'neutral'. The chairperson of the Council disposes of several formal prerogatives, like calling a vote, or informal tactics, like the confessional procedure, to move the members to an agreement (see Hayes-Renshaw/Wallace 2006: 159).

Another central task of the Presidency, right from its initiation, was the responsibility for representing the EU on the international stage. The chairperson had been supposed to increase the awareness of the 'European voice' on the international scene. Even leaders of larger Member States regarded their 'EU hat' as important for gaining reputation and power. Using such an opportunity, French President Nicolas Sarkozy used his status as the President of the European Council vis-à-vis his Russian counterparts for mediating in the war in Georgia in 2008. Such symbolic politics were relevant motivating factors for the personal engagement of ambitious national leaders.

#### **4. Strengths and Weaknesses of the Rotating Presidencies**

As a major institutional feature of the EU architecture, the profile and performance of the Presidency of the European Council has precipitated regular political and academic dispute. Many have considered the ability of a chairperson to facilitate consensus among their peer group as the most important and relevant yardstick to measure 'success' or 'failure' of a presidency. However, taking the honest broker function as an essential point of reference, it is difficult to identify a clear magic formula for a successful presidency.

Analysing the intra-group context and the internal power dynamics, observers find a considerable variety of role interpretations and an especially large degree of variation in achieving decisions on issues of significance. Explanatory factors for the reported differences in performance between presidencies include the profile and strategies pursued by the Presidents, as well as some 'country characteristics', which are linked to traditional notions of the power of Member States (see Tallberg, 2007: : 8)

A closer look suggests that mediators, not at least in the European Council, were not always neutral. Following the norms of appropriate leadership under the label 'Présidence oblige', chair persons of larger, more resourceful states were on certain occasions successful in pushing their peer group to consensus in areas of high national sensitivity, for example in reaching an agreement regarding the EU budget. Ambitious presidents of larger countries were willing and able to engage and exert influence, but at the same time their peers in the European Council were attentive not to let them move away from an agreed consensus.

In other circumstances, members from smaller countries played a highly esteemed role as honest broker. The reputation of smaller respectively mid-size member states like Luxembourg as Chair is sometimes better than the one of bigger member states. Generally speaking they can position themselves more as a neutral partner. For example in 2004, the Irish Taoiseach (prime minister) was able to overcome significant controversies in the context of the Constitutional Treaty that had been left by the previous Italian Presidency (see Laffan and Tannam, 2006).

The rise of the Presidency's role was due to several factors: In some new areas of European policy-making, member governments preferred to work under the leadership and guidance of

one of their peers, who was assumed to defend national interests, instead of a supranational institution. In several domains Member States frequently asked the President to take up functions that worried governments of Member States, since they apparently did not want to give those functions to the President of the European Commission.

Another significant reason for the rise of the chair's influence has been the tripling of the numbers of members, which increased the need for intensive personal engagement in order to best facilitate and achieve consensus.

The performance of the rotating Presidency has never been limited to the conventional role attributions of proposing initiatives, chairing meetings, facilitating consensus and representing the Union vis-à-vis the outside world. International and internal crises have often stimulated a demand for leadership in the Union, which can put considerable pressure on the President to take up a guiding and energising role in often challenging circumstances. Leaders of the countries holding the Presidency were motivated to seize such opportunities and to develop their own profile vis-à-vis European and international players and also vis-à-vis their voters. Presidencies of the European Council were thus supposed to exercise a leadership role within this institution for managing crises and push national leaders – if seen as necessary – to acts of transforming EU polity. At critical junctures of EU history, the way and performance of Presidencies were a crucial factor to overcome (or not) the challenges of the time.

These unwritten tasks and responsibilities of the rotating presidency have lost importance due to the instalment of the full time President of the European Council and the High Representative of the Union for Foreign Affairs and Security Policy. However, in a crisis situation the need for effective and legitimate actions might also push the rotating presidency to support the two office-holders.

Irrespective of the evaluation of a specific presidential term, political leaders and observers alike identified a range of significant shortcomings. In view of its increasingly essential functions, the half-year rotation repeatedly revealed its inefficiencies, and a set of structural deficits became obvious (see Box 2).

### **Box 2 Structural Deficits of Rotating Presidencies**

- Duration of presidency too short to learn on the job
- No permanent voice and face on the international stage
- Lack of continuity between Presidencies
- Lack of skills and experience of the person in the chair
- Growing workload and increasing time constraints
- Setting of overly ambitious goals
- Loss of institutional memory
- National flags and agendas as an obstacle to being an honest broker

Source: Compiled by the author. Based on (Craig, 2011; Schout and Wolff, 2008; CEPS et al., 2007: : 42; Hayes-Renshaw and Wallace, 2006: : 154-157; Magonette and Nicolaidis, 2003; Jacqué and Simon, 1988; Three Wise Men's Report, 1979)

There were several proposals as for increasing the continuity of the work. One is the Trio Presidency by which every 18 months a 'pre-established group of three Member States holding the presidency for that period (...) shall prepare a draft programme of Council activities for that period.' (Rules of Procedure of the Council Art. 2(6)).

### **III. Contexts and tasks of the Latvian Presidency**

#### **1. Changes in the Lisbon Treaty**

As reaction to the structural weaknesses the 'Convention on the Future of Europe' in the draft 'Treaty for Constitution of Europe' (CONV 850/03) has designed new rules. The provisions of the Lisbon Treaty have finally introduced significant and innovative changes. The new provisions replaced the rotating Presidency of the European Council with a permanent (or full-time) President (Art. 15(5) and 6 (TEU)) and substituted also the rotating presidency for the Foreign Affairs Council by the High Representative of the Union for Foreign Affairs and Security Policy (Art.16(9) and Art. 18(3)TEU) but kept it for the other 9 Council configurations. Thus, the rotating presidency has lost the responsibilities for external representation with the exception to replace the High Representative 'where necessary' (Rules of Procedure of the Council Art. 2(5)) in case of her non- availability.

As a result the challenge for each rotating presidency is (besides to work together with the Commission) to work together with the two permanent office holders.

One ongoing debate concerns the unity of the Presidency of the whole Council machinery. A major issue is to ensure proper preparation of and follow-up to the meetings, a direct chain of command, especially between the President of the European Council and the rotating chairperson of the General Affairs Council (GAC) and their administrative infrastructure.

The rotating Presidency is also confronted with a 'presidential galaxy' (CEPS et al., 2010: 72) as head of the Council presidency with search for a role besides those of the EU institutions. As the Treaty provisions divide responsibilities between several top positions the rotating presidency might compete for influence with respective office-holders of other EU institutions. Thus representing the Union to the outside world, the rotating presidency might compete with the European Council's President, the Commission President and with some national leaders, especially those of the larger powers.

Even though the governmental head and foreign minister of the half year presidency do not take up anymore the overall responsibility, it would be a mistake to underestimate the importance of the rotating presidency of 9 Council configurations covering all areas of public policies (see list in annex I).

#### **2. Ongoing tasks and challenges**

One major task of the Latvian Presidency is to prepare, chair and facilitate consensus in the General Affairs Council.

Of specific importance is the role of the chairperson of the General Affairs Council (GAC) which 'shall ensure consistency of the work of the different Council configurations' (and) 'It shall prepare and ensure the follow up to meetings of the European Council, in liaison with the President of the European Council and the Commission' (Art. 16(6)TEU).

Thus besides the permanent President of the European Council the rotating chairperson of the GAC plays a significant role in preparing the agenda and the draft conclusions of the European Council which is in many significant policy fields the Union's ultimate decision maker (Wessels, 2015 (forthcoming)). It is certainly a difficult challenge to integrate different national

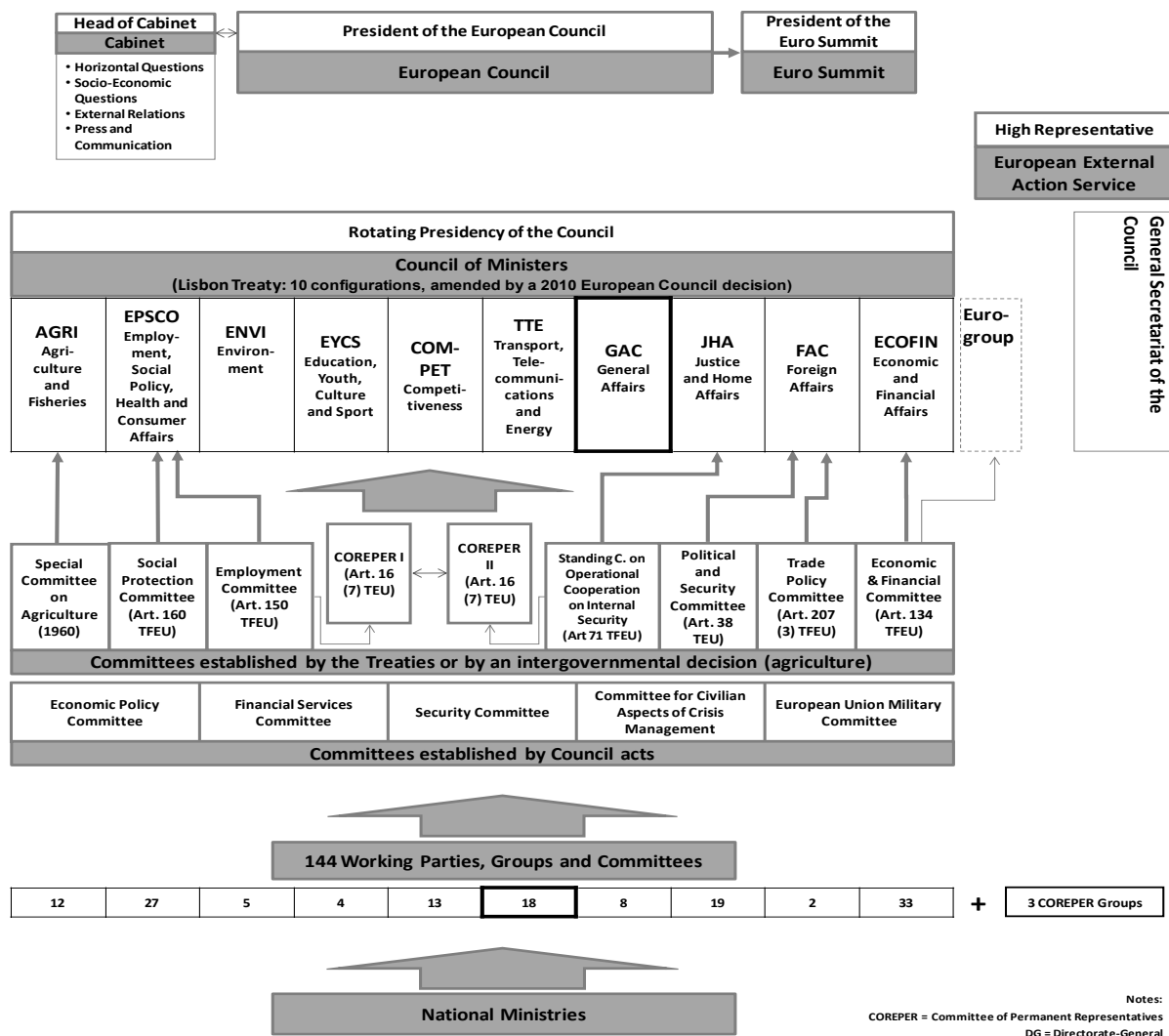


preferences and to identify the most controversial issues, which will be put on the agenda of the governmental heads.

Another legal empowerment and obligation of the GAC is ‘to ensure consistency in the work of different Council configurations’ (Art. 16(6)TEU). This provision points to the difficult task to coordinate the work of several groups of ministers who pursue different and sometime diverging positions. One specific mission is to keep the Non-Euro-members informed about the activities of the Eurogroup (of the Finance ministers of the Euro member states).

An overall task is to chair the political and administrative bodies of the Council. The respective structure of the Council is highly differentiated and complex (see figure 1).

**Figure 1: The EU Council(s) structure**



Sources: (Wessels et al., to be published in 2015)

It is up to the civil servants of the Presidency to chair the respective administrative infrastructure of the Council. That means that the national government needs a chairperson for COREPER additionally to roughly 142 committees and working groups (see Table 1). Some of the committees, like the EPC in the CFSP, are run by permanent chairpersons.

**Table 1: Council Committees, Groups and Working Parties**

Configuration	Frequency of meetings	Working groups
General Affairs	Once a month	18
Foreign Affairs	Once a month	34
Economic and Financial Affairs	Once a month	13
Justice and Home Affairs	Once a month	19
Agriculture/Fisheries	Once a month	27
Competitiveness	At least 4 times a year	13
Transport/Telecommunications/Energy	- transport ministers ; 4 times a year -energy ministers; 3 or 4 times a year -telecommunications ministers ; twice a year	7
Employment/Social Policy/ Health and Consumer Affairs	4 meetings a year	4
Environment	4 meetings a year	2
Education/Youth/Culture/Sport	3 or 4 times a year	5

Sources: own representation, based on:

<http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%2011926%202014%20INIT>;

<http://www.consilium.europa.eu/council/committees-and-working-parties?tab=At-a-glance&lang=en>;

<http://www.consilium.europa.eu/council/council-configurations?lang=en#ecofin>

The role as chair implies a lot of work in order – for example – to run the co-decision procedure with the European Parliament in the ordinary legislative procedure (OLP) smoothly. One major task is to prepare and run the trilogues with the EP and the Commission in the early stages of the first reading.

In fulfilling these tasks the chair can profit enormously from the expertise of the Council secretariat. On the other hand, the presidency should ensure to not to be ‘dominated’ by the advices and opinions of the ‘éminences grises’ of this secretariat.

### 3. Internal EU contexts: The first presidency in second post Lisbon election phase

The Latvian presidency, which will serve in the first half of 2015, is the first presidency in the second (legislative) cycle after the entry into force of the Lisbon Treaty, which had changed major rules in the institutional architecture of the EU. The Latvian presidency needs to find the adequate position for the Council in the institutional balance with other institutions.

Shaping the modus vivendi to cooperate in several and different forms is of specific relevance as these leaders are new and unexperienced in their office.

The presidency coincides with the start of work of three new office holders and an ever more confident EP. The new President of the Commission with 27 new Commissioners and a considerably restructured internal organisation started his work on 1 November. President Juncker dares to pursue a stronger leadership role for himself and his team of vice-presidents, leading to downsizing the character of the Commission as a team of peers (von Oндarza, 2014; de Marcilly, 2014). The Lisbon treaty has both strengthened the leadership role of the president and defended the character of the Commission as ‘a collegiate body’ (Art. 17(6)TEU).

The Latvian Presidency has to cope and work with a Commission which might need time to find the proper form as a reliable and efficient partner in many of the legal procedures, which demand a close cooperation with the Council. The Commission will take time to revise and revisit the proposals submitted by its predecessor and launch its own legislative initiatives. Therefore the legislative workload might be smaller than in normal Presidencies.

Also the new holder of the office of the High Representative of the Union for Foreign Affairs and Security Policy has to find an adequate role. Her predecessor left the impression that the many hats on the head of this office holder (we can count at least four) are very difficult to integrate in an effective and efficient way (see among others (Helwig, 2014)). Mogherini will need the support of the rotating presidency - especially in her role as president of the Foreign Affairs Council. The support might be useful to help her developing common EU initiatives, which even might be against preferences of some larger member countries.

The new full time president of the European Council starts from the first of December. In contrary to the first High Representative, the first permanent President of the European Council, van Rompuy, paved a clearer path for this new role. When drafting the Lisbon Treaty the European Council members had agreed to give significant responsibilities to their President, but they were careful to reduce the risk of unintended consequences, such as the installation of a powerful 'dictator' or a 'boss for the bosses'. The personal characteristics of van Rompuy and the way he used the legal provisions, adequately fit the inbuilt logics formulated in the treaty text (see Art. 15(6)TEU). Over the course of his office, Van Rompuy displayed no significant efforts to become the 'master' of his club, or even to aim at obtaining the status of a charismatic 'Mr Europe' in the eyes of the European public and thus challenging the authority of national leaders (Wessels, 2015 (forthcoming)). He describes his role interpretation as follows: 'I never pretended to be a flashy President of Europe (...) but a bridge builder, a facilitator of agreements among member states' (Van Rompuy, 2014: 113).

The activities and performance of the European Council might change if the Euro crisis will be over. The challenges of turbulent years had an important impact on the performance of the first office-holder. In difficult times, his role as facilitator was certainly more burdensome but at the same time more urgently required. Without facing external shocks his successor might have more problems to move members to a consensus. But in late 2014 we need to take into account that the crisis is not yet over.

The way Tusk will play his role will have to be based on the patterns inherited from his predecessor. Again the Latvian Presidency might be helpful behind the scenes to support the new President in exercising a consensus facilitating role.

In the Lisbon institutional architecture with its evolving balance of power among the institutions, a major challenge will also be the relation with the EP. After the election of the Commission President and the vote on the High Representative and the Commission (see Art.17(7)TEU) the grand coalition of the EP has gained considerable confidence vis-à-vis the Council as its main partner to 'jointly exercise legislative and budgetary functions' (see Art. 14(1) and 16TEU). As it is usual in such cases of shared responsibilities in two chamber systems there is a mixture between the need to cooperate in agreeing on a decision and the struggle for dominance while doing so. It will be up to the Council presidency to negotiate compromises with a stronger EP especially in the ordinary legislative procedure. MEPs will demand a higher

engagement of ministers and not be satisfied with negotiating with high civil servants – especially in the informal trilogues.

One specific task might be to negotiate an ‘interinstitutional agreement on Better Law Making’ with the EP and the Commission as proposed by the Commission President (Juncker /Timmermans 2014, see annex 5).

#### **4. Managing the agenda: a specific challenge**

One task allocated to the Presidency is to propose and manage the agenda. The ambitions to act as agenda setter should not be too high. Like other presidencies before, the Latvian presidency will be less of an agenda setter than the manager of a pre-set agenda. To a high degree this Presidency is just part of an ‘ongoing’ process.

There are recurrent issues which need high political attention. One is the European semester which might lead to major disputes about the fiscal policy of major countries. Another set of topics has been again fixed by the European Council in the area of Justice and Home Affairs: In its June 2014 meeting ‘The European Council defined the strategic guidelines for legislative and operational planning for the coming years within the area of freedom, security and justice’ (European Council Conclusions, June 2014). The Latvian Presidency has also to pursue the priorities of the current Trio Presidency (see annex 2).

Besides dealing with several ongoing projects and programmes, the Latvian Presidency is however also at a juncture to sort out a long list of priorities which have been formulated by the Union’s institutions at the beginning of this legislative cycle for the next five years. The Latvian presidency might use the opportunities as offered at the new office holders.

The Presidency will need to deal with the ‘strategic agenda of key priorities for the next five years’ (see annex 4), which the governmental heads had formulated via the European Council in June 2014 when nominating Juncker as president for the Commission. The European Council then ‘invited the EU institutions and the member states to fully implement these priorities in their work’ (European Council Conclusions June 2014).

The Commission President Juncker has presented a ten point programme:

#### **Box 3 Letter by Juncker 12 November 2014**

1. A new boost for jobs, growth and investment
2. A Connected digital single market
3. A resilient Energy Union with a forward-looking climate change policy
4. A deeper and fairer internal market with a strengthened industrial base
5. A deeper and fairer Economic and Monetary Union
6. A reasonable and balanced Free trade agreement with the USA
7. An area of justice and fundamental rights based on mutual trust
8. Towards a new policy on migration
9. A stronger global actor
10. 10. A Union of democratic change

Source: See annex 2.

Of specific importance for the Presidency is Juncker's proposal to reach an inter-institutional agreement with the EP and the Commission on programming for 'Better Law Making' and 'to reinforce the structured dialogue with the European Parliament and the General Affairs Council' (see annex 2).

The EP has also a long list of priorities on its strategic agenda:

#### **Box 4 EP Strategic Agenda**

- Exploiting the potential of the Single market
- Creating a Union of jobs and entrepreneurship
- Respecting consumers' and employees' protection and health
- Addressing environmental concerns
- Investing and preparing our economies for the future
- Fostering the attractiveness of the EU with regard to our industrial basis and a thriving agriculture
- Fostering the attractiveness of the EU with regard to international trade agreements and reciprocity
- Bringing stability and growth by securing a solid EMU
- Creating a Union empowering and protecting all citizens through life chances, fairness and safety nets
- Creating an Energy Union with a forward looking climate policy
- Promoting a Union of Freedom, Security and Justice
- Positioning the Union as a strong global actor

Source: Welle 2014, see Annex 5.

These proposals document and reflect political concerns of all major institutions but at the end they are very broad and ambitious which might force each rotating Presidency to set priorities for their six months of work.

Looking at that list the Latvian presidency will not be confronted with major issues of deepening or widening. No treaty revision as it was demanded by federalist voices (see The Spinelli Group, 2013) seems to get on the agenda. The British claim for reform of the EU might however become more relevant. Accession negotiations with some Balkan countries will be run by the Commission. Opening new chapters in the Turkish accession negotiation might become an issue of higher relevance reading the governmental program by Erdogan. However, the enlargement fatigue is strong, as the statement of President Juncker that no accession will take place in the next five years has again documented (see Juncker, 2014).

## **IV. Latvia: European Identity and EU mission**

### **1. Major historical features**

Presidencies are normally used as opportunity to recall major features of the country's identity and with it the mission for chairing the Union in search of a European finality. In order to understand how Latvia perceives itself and its role as the presiding country of the EU one needs to look back at the historical experiences linked to the identity formation. This year Latvia marked the 10<sup>th</sup> anniversary of its EU membership and the 23<sup>rd</sup> year of its re-established independence after the Soviet Union collapsed.

Latvia is a border country. Historically it has been caught between the interests of the big states in the region. The foreign rule in the territory of what nowadays forms Latvia has been present since the end of 12<sup>th</sup> century. With differing success and proportions Germans, Swedes and Russians were dominating the big cities while Latvians mainly consisted of peasants apart from those who managed to move up the societal ladder until the 19<sup>th</sup> century's first national awakening movements. As a result of the positive conditions like the abolishment of serfdom, development of written language, increasing education (Plakalns, 1974), the first university educated intellectuals who identified themselves as Latvians appeared and popularized the nation-state idea at the beginning of the 19th century.

The combination of many factors (national confidence, world politics) led to *de facto* the first independent Latvian nation-state on 18 November 1918. The first period of independence lasted till the Soviet occupation in 1939. The Molotov-Ribbentrop pact divided Europe into zones of influence and marked the beginning of the Soviet occupation of Latvia, separating the country from the rest of Europe till the collapse of the Soviet Union in 1991. Later the 'separation from Europe' is used in the rhetoric of officials in Latvia and abroad (Lethi and Smith, 2004: : 23) especially in the light of EU's enlargement. One Member of Saeima, Ojārs Kalniņš: 'I never say that Latvia returned to Europe, since we never left Europe. Europe, which abandoned and forgot us in 1940, has returned to us' (Rislakki, 2008: : 16). A similar opinion exists in the society of Latvia and could help explaining the continuing necessity for the people to seek guarantees of safety and protection from NATO and Western countries.

Right after the break-up of the Soviet Union the main foreign policy goal was 'return to Europe', important steps and efforts were made to withdraw the remaining Soviet army, conduct reforms within the country and move towards Euro-Atlantic integration, which successfully took place in May 2004, when Latvia joined both EU and NATO. Since then the Foreign Policy goals have become much more confident, concrete and with a European, world-wide outlook.

#### **Box 5 mission statement 2009**

'Latvia has always felt a sense of belonging to Europe and its values. That was true even when Latvia and other countries in Central and Eastern Europe were, for a long time, linked to a country in which many values were viewed through a particular ideological prism.'

'Each enlargement of the European Union has not only added new member states, but has also created new emphasis in the EU's agenda, including in the area of foreign policy. Latvia joined the EU at a time when Europe's Neighbourhood Policy was being developed along with its goals, principles and implementation instruments. Since that time, the European Union's foreign policy activities in the direction of its eastern neighbours has undergone particular development. That has occurred thanks to the interest and experience of the new member states. Latvia has always viewed the Neighbourhood Policy in a broader dimension. We will continue to play an active role in defining and implementing these policies.'

'In 2015, for the first time in the history of independent Latvia, the country will be entrusted with European and global issues as the presiding country in the European Union. Our contribution to Europe will be based on our special relationship with countries in the Eastern Partnership. Latvia and our region will prepare a bridge to the East, just as the countries of the Mediterranean region will connect both shores of that sea. Our views about European openness, and our experience will integration will be an impulse for further European openness.'

Source: Zatlers 2009.

Regional cooperation has shaped the identity of Latvia and the biggest economic partners of Latvia in terms of import/export and investment are nowadays found in the Baltic Sea Region (Latvia's Foreign Policy Guidelines 2006–2010). The foreign policy goals of the Baltic States are quite similar and allow deepening of cooperation through the Baltic Assembly and the Baltic Council of Ministers. The cooperation between the Baltic States and the Nordic States is mainly exercised through the Nordic-Baltic Eight (NB8) as well as through an active dialogue with the Nordic Council of Ministers and cooperation between the Baltic Assembly and the Nordic Council.

## 2. On its role as Presidency

Drawing from the experience of another Baltic State, Lithuania, in taking up the presidency of the Council in the 2<sup>nd</sup> half of 2013 and the turbulences it faced, Latvia needs to be aware of the potential domestic challenges that lie ahead. 'This will be a challenging Presidency for Latvia - we will start the year 2015 with a new government, a new Parliament, a new European Commission and also the European Parliament will have begun the work.' (Straujuma 2014).

It seems that there will be support 'from the region' among the EU top officials to the Latvian presidency. One of the key politicians of Latvia, the ex-prime minister Valdis Dombrovskis has taken up the position as one of Juncker's vice-presidents of the Euro and Social Dialogue in the new Commission. Donald Tusk, the ex-prime minister of Poland is taking up the position of the European Council president, which positively responds to the concerns earlier this year of the Minister of Foreign Affairs of Latvia (Rinkevics, 2014).

### Box 6 Latvia's interests

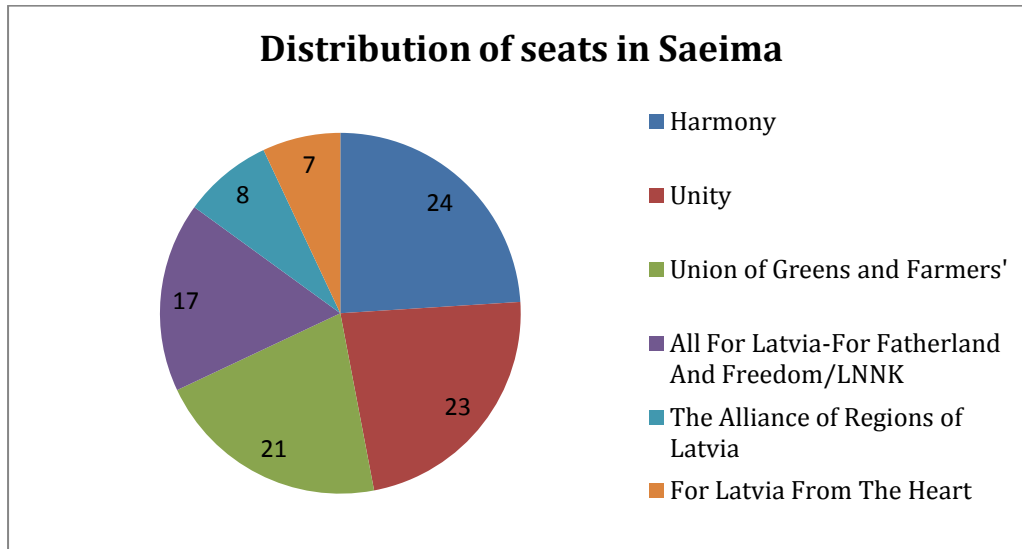
'Latvia sees advantages in at least three aspects. First, through developing contacts, including bilateral, with Central Asia and other states. Data from 2013 indicates that economic cooperation with this region has grown for 40%. As a presidency we can support this economic development – this applies also to the Eastern Partnership countries and also Belarus where despite some disagreements in political matters cooperation is very good. Many states already now have interest to work with Latvia as EU presiding country; they understand that for a certain period we have the opportunity to influence things (...) Second, the EU's Baltic Sea Strategy, where we should activate the attempts to increase energy independence. Third, this the digital market (...) Estonia and Latvia are pioneers in this field.'

Source: (Rinkevics, 2014: , translation from Latvian)

In the preparation period for the upcoming presidency priorities as well as potential risks were defined both in public discussions and academia. One of the internal risks mentioned was that the newly elected parliament and newly formed government might hold different priorities than the ones set in advance of the presidency.

The Latvian parliament, the *Saeima* is the highest legislative power and serves a four-year term. It consists of 100 members who are elected in proportional elections. Parties have to overcome the 5% threshold to be elected (Constitution of the Republic of Latvia). The last elections of Saeima took place on 4 October. It resulted in a new coalition in the Parliament and a new government confirmed on 5 November (see Figure 2).

**Figure 2: Distribution of seats in the Latvian parliament**



Source: own representation, based on: Central Election Commission, 2014.

One issue of the Latvian European policy is the Ethnic minority of Russians which form 26% of the total population in Latvia. This minority is highly influenced by the soft power pressure of Russia and tends to support pro-Russian policies. The pro-Russian party 'Harmony' is not the most radical, but the most popular among the Russian voters – the party program and rhetoric of some of its members in the media shows support to Putin. However, the ethnic issues between Russians and Latvians within Latvia might often be exaggerated. In the Russian media they often tend to be displayed as discriminatory, although tensions are not evident in everyday life. There is a strong tendency of ethnical voting – Russians tend to vote for “Russian” parties and Latvians for a certain Latvian party in order to let not pro-Russian parties gain power. This was present in society in the period before the parliamentary elections and is reflected in the election results.

The parliamentary elections led to the victory of the pro-European central coalition (Krutaine, 2014). The Saeima elections have been dominated by the security issues particularly the threat of Russia in light of the war in Ukraine, which also remains high on the EU agenda. Turbulences in the region threaten Latvia as a whole and are perceived as first-order security matters. Linked to national concerns, the Latvian Presidency will aim at mediating the tensions between Russia and Ukraine (Mierzejewski, 2014). The Latvian Presidency might consequently reconsider the relations between the EU and Russia. In guise of a conclusion: The Latvian semester in 2015 will arguably be more than just one in a long row. It might set a new path in the way the Union's institutions work together.



## Annex 1 List of EU Presidencies (2009-2016)<sup>1</sup>

Czech Republic	January-June	2009
Sweden	July-December	2009
Spain	January-June	2010
Belgium	July-December	2010
Hungary	January-June	2011
Poland	July-December	2011
Denmark	January-June	2012
Cyprus	July-December	2012
Ireland	January-June	2013
Lithuania	July-December	2013
Greece	January-June	2014
Italy	July-December	2014
Latvia	January-June	2015
Luxembourg	July-December	2015
Netherlands	January-June	2016
Slovakia	July-December	2016

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<sup>1</sup> Source : Council Decision of 1 January 2007

## Annex 2 Priorities of the current Trio Presidency Countries<sup>2</sup>

**Italy, Latvia and Luxembourg** constitute the Presidency Trio for the 18-month period from 1st July 2014 to 31st December 2015. The program and priorities for the 18 months will build on the work successfully brought forward by the three countries in the preceding trio i.e. Ireland, Lithuania and Greece.

In the aftermath of the European Parliament elections in May 2014 and with a view to the renewal of the European Commission at the end of this year, the Trio Presidency countries (Italy, Latvia and Luxembourg) is determined to enhance the new legislature's ability to give concrete and appropriate answers to citizens' expectations. In order to address the current political, economic and social challenges, the European Union should be united, active and effective, as well as capable of taking rapid and focused action. From 1 July 2014, the three Presidencies of the European Council over the next 18 months have one ultimate goal: fully overcoming the economic crisis and returning to a job rich growth, as well as seizing the opportunities of the digital economy. Safeguarding fundamental rights all over Europe and consolidating EU's role as global player in a rapidly changing world will also be of outmost importance.

- *The fight against unemployment, particularly youth unemployment, will be among the focus areas of the EU. The Trio Presidency will strongly support ongoing initiatives, most particularly via the Youth Guarantee schemes and the Youth Employment Initiative, as well as through ESF funding.*
- *The Trio will give new impetus to Europe 2020 strategy for a smart, sustainable and inclusive growth, which will be key to economic recovery and further development of competitiveness of the European Union.*
- *Energy and Climate policies are of strategic importance. Europe is ready to give global leadership: to tackle climate change, to face up to the challenge of secure, sustainable and competitive energy, and to make the European economy a model for sustainable development in the 21st century. The Union intends to build an economy which can favour employment and reduce dependence on energy imports, particularly thanks to greater efficiency and increased production of clean energy.*
- *The single market is one of the greatest success stories of the European Union. The completion of the single market, especially through harmonisation and mutual recognition, will contribute to increase economic growth and competitiveness. In the last years, the world has become more and more digital and Internet and digital communication technologies are powerful tools to modernize the economy and working environments in the EU. The Trio Presidency will work to complete the Digital Single Market, as a common space for European progress and competitiveness.*
- *Financial stability and economic growth in the euro area need a more integrated Economic and Monetary Union (EMU). The Trio Presidency will continue work on deepening the EMU and progressing towards the economic and fiscal union.*

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<sup>2</sup> Sources: <http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%2010948%202014%20REV%201>.  
<http://www.mk.gov.lv/en/content/presidency-european-union>.

- *In the path to building a common European Area of freedom, justice and security, the three Presidencies will focus in particular on the issue of migration and the management of EU external borders. For this reason, FRONTEX activity has to be strengthened and cooperation agreements with third countries have to be concluded and implemented. Such agreements will concern border control, fight against irregular migration and support to legal migration, which generates economic and social benefits both to the countries of origin and to the countries of destination.*
- *Open and fair trade and strategic partnerships with major economies are fundamental to stimulate economic growth, competitiveness and employment. The European Union will therefore pursue and, wherever possible, finalise bilateral trade and investment negotiations – in particular with the United States, Canada and Japan – and deepen trade and investment relations with emerging economies.*
- *The three Presidencies will attach great importance to promoting a common EU position on the Post-2015 Development Agenda before the start of the international discussions that are scheduled for September 2015.*
- *The EU should consolidate its role as an international player, starting from its relations with the neighbouring regions, where the hope for a civil and economic progress is today often threatened by political unrest and conflicts. The Neighbourhood Policy and the Union's enlargement policy are of strategic importance and a fundamental tool to prevent tensions and promote peace, democracy and security in Europe and at its borders. The three Presidencies will work to further advance the accession negotiations with the Western Balkans countries and will seek further cooperation with Southern and Eastern countries. The three Presidencies are committed to support the High Representative for Foreign Affairs and Security Policy and the External Action Service to further develop the European foreign policy.*

## Annex 3 European Council Strategic Agenda<sup>3</sup>

According to the Strategic Agenda for the Union in Times of Change set out by the European Council in June 2014 outlines the key political agenda for the new EU leadership for the next five years: energy security, more emphasis on fundamental human rights, an effective joint action in the world, as well as new economic policies should allow enough flexibility for member states so that an earlier narrow focus on austerity will no longer be standing in the way of investments promotion and jobs creation.

The priorities set for the Union in the field of **Jobs, Growth and Competitiveness** for the next years are to:

- fully exploit the potential of the single market in all its dimensions: by completing the internal market in products and services; by completing the digital single market by 2015;
- promote a climate of entrepreneurship and job creation, not least for SMEs: by facilitating access to finance and investment; by ensuring more resilient financial regulation; by improving the functioning of labour markets and by shifting taxes away from labour; by reducing unnecessary administrative burdens and compliance costs in a targeted manner, respecting consumer and employees protection as well as health and environment concerns;
- invest and prepare our economies for the future: by addressing overdue investment needs in transport, energy and telecom infrastructure as well as in energy efficiency, innovation and research, skills, education and innovation; by making full use of EU structural funds; by mobilising the right mix of private and public funding and facilitating long-term investments; by using and developing financial instruments, such as those of the European Investment Bank, in particular for long-term projects; by providing the right regulatory framework for long-term investments;
- reinforce the global attractiveness of the Union as a place of production and investment with a strong and competitive industrial base and a thriving agriculture, and complete negotiations on international trade agreements, in a spirit of mutual and reciprocal benefit and transparency, including TTIP, by 2015;
- make the Economic and Monetary Union a more solid and resilient factor of stability and growth: with stronger euro area governance and stronger economic policy coordination, convergence and solidarity, while respecting the integrity of the internal market and preserving transparency and openness towards non-euro EU countries.

The priorities set for the Union in the field of **citizen empowerment and protection** are to:

- help develop skills and unlock talents and life chances for all: by stepping up the fight against youth unemployment, in particular for young people who have dropped out from education, employment or training; by promoting the right skills for the modern economy and life-long learning; by facilitating mobility of workers, especially in fields with persistent vacancies or skills mismatches; by protecting one of the Union's four fundamental freedoms, the right of all

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<sup>3</sup> Sources: [https://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/143477.pdf](https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/143477.pdf).

EU citizens to move freely and reside and work in other member states, including from possible misuse or fraudulent claims;

- guarantee fairness: by combating tax evasion and tax fraud so that all contribute their fair share;
- help ensure all our societies have their safety nets in place to accompany change and reverse inequalities, with social protection systems that are efficient, fair and fit for the future; indeed, investing into human capital and the social fabric is also key to the long-term prosperity prospects for the European economy.

Moreover, the Union **energy and climate policies** for the upcoming five years must focus on:

- affordable energy for companies and citizens: by moderating energy demand thanks to enhanced energy efficiency; by completing our integrated energy market; by finding ways to increase the Union's bargaining power; by increasing transparency on the gas market; by stimulating research, development and the industrial European base in the energy field;
- secure energy for all our countries: by speeding up the diversification of energy supply and routes, including through renewable, safe and sustainable and other indigenous energy sources, as a means to reduce energy dependency, notably on a single source or supplier; by developing the necessary infrastructure such as interconnections; by providing private and public actors with the right planning framework so they can take mid- to long-term investment decisions;
- green energy: by continuing to lead the fight against global warming ahead of the United Nations COP 2015 meeting in Paris and beyond, including by setting ambitious 2030 targets that are fully in line with the agreed EU objective for 2050.

As to **freedom, security and justice**, the priorities set for the Union for the next five years are to:

- better manage migration in all its aspects: by addressing shortages of specific skills and attracting talent; by dealing more robustly with irregular migration, also through better cooperation with third countries, including on readmission; by protecting those in need through a strong asylum policy; with a strengthened, modern management of the Union's external borders;
- prevent and combat crime and terrorism: by cracking down on organised crime, such as human trafficking, smuggling and cyber crime; by tackling corruption; by fighting terrorism and countering radicalisation – while guaranteeing fundamental rights and values, including the protection of personal data;
- improve judicial cooperation among our countries: by building bridges between the different justice systems and traditions; by strengthening common tools, including Eurojust; by mutual recognition of judgments, so that citizens and companies can more easily exercise their rights across the Union.

The following **foreign policies** will be key in the years ahead:

- maximise the clout: by ensuring consistency between member states' and EU foreign policy goals and by improving coordination and coherence between the main fields of EU external action, such as trade, energy, justice and home affairs, development and economic policies;
- be a strong partner in our neighbourhood: by promoting stability, prosperity and democracy in the countries closest to our Union, on the European continent, in the Mediterranean, Africa and in the Middle East;
- engage our global strategic partners, in particular our transatlantic partners, on a wide range of issues – from trade and cyber security to human rights and conflict prevention, to non-proliferation and crisis management – bilaterally and in multilateral fora;
- develop security and defence cooperation so we can live up to our commitments and responsibilities across the world: by strengthening the Common Security and Defence Policy, in full complementarity with NATO; by ensuring that member states maintain and develop the necessary civilian and military capabilities, including through pooling and sharing; with a stronger European defence industry.

## Annex 4 EP Strategic Agenda<sup>4</sup>

For the first time at the beginning of a legislative term the European Council has presented a **'Strategic Agenda for the Union in Times of Change'**, outlining political guidelines in five thematic areas. On these five thematic areas and beyond the **European Parliament** had, during the past legislative term (2009-2014), developed and adopted numerous initiatives for European legislation, calling on the European Commission for **legislative action** with a view to addressing the political, economic and societal challenges the European Union is faced with.

Some of these legislative requests have been taken up by the Commission and subsequently adopted as part of the European Union's answers to the financial and economic crisis or together with the new Multiannual Financial Framework.

A substantial number of legislative requests were, nevertheless, not addressed. Yet they remain **fully valid in view of the European Council's Strategic Agenda**.

It becomes clear that both the Strategic Agenda and Parliament's remaining legislative requests deal to a large extent with the major challenges the European Union is facing:

- *Exploiting the potential of the Single market*
- *Creating a Union of jobs and entrepreneurship*
- *Respecting consumers' and employees' protection and health*
- *Addressing environmental concerns*
- *Investing and preparing our economies for the future*
- *Fostering the attractiveness of the EU with regard to our industrial basis and a thriving agriculture*
- *Fostering the attractiveness of the EU with regard to international trade agreements and reciprocity*
- *Bringing stability and growth by securing a solid EMU*
- *Creating a Union empowering and protecting all citizens through life chances, fairness and safety nets*
- *Creating an Energy Union with a forward looking climate policy*
- *Promoting a Union of Freedom, Security and Justice*
- *Positioning the Union as a strong global actor*

Moreover, the following complements the Strategic Agenda with listing other areas that also need to be addressed:

- *Effective governance through programming, implementation control and scrutiny*

### EP demands which have been addressed and partially implemented

#### 7. Governance of European Financial Backstops

A new structure of economic governance has been implemented since 2011 in order to address weaknesses revealed by the crisis. With regard to an improved governance of European financial backstops, the European Stability Mechanism (ESM) is a core element of this

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<sup>4</sup> Sources: [http://www.europarl.europa.eu/RegData/etudes/STUD/2014/539476/SG\\_STU\(2014\)539476\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2014/539476/SG_STU(2014)539476_EN.pdf).  
[http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/143477.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/143477.pdf).

Klaus Welle (ed.), The Secretary-General, European Parliament. This document was assembled for presentation to the Members of the European Parliament commencing the new legislative term 2014-2019.

framework to safeguard financial stability within the euro area. Set up in October 2012, the ESM was created as primary support mechanism to euro area Member States with a total effective lending capacity of EUR 500 billion. Ratification of and adherence to the Treaty on Stability, Coordination and Governance in EMU (TSCG) is a prerequisite for having access to the ESM.

While the rules governing the Banking Union aim to ensure that any resolution is first financed by a bank and its shareholders, and if necessary also partly by a bank's creditors, also another funding source was made available that can step in if neither the contributions of shareholders nor those of a bank's creditors are sufficient. The Single Resolution Fund (SRF) was established for this situation through an Inter-Governmental Agreement (Galligan), which also governs the provisions relating to the transfer of contributions and mutualisation of the SRF.

Both the ESM and the SRF have set up in the framework of Intergovernmental Agreements.

#### 8. Increasing EP's role and inter-parliamentary cooperation in the European Semester

This system of economic governance has introduced strong coordination mechanisms and enforcement mechanisms related to Member States' economic and budgetary policies. Economic dialogues with Member States on the implementation of CSR and in European Semester have succeeded in ensuring accountability of decision-makers. The President of the Council, the Commission, the President of the European Council and the President of the Eurogroup must give evidence before the European Parliament on issues relating to the European Semester. Moreover, the EP has the right to invite for an exchange of views a national representative from the Member States that are subject to recommendations under the preventive and/or the corrective arm of the Stability Pact and of the new rules on macroeconomic imbalances. National parliaments have also been involved in holding Member States to account. Transparency is ensured through the public release of texts and discussions relating to the processes.

#### 9. Ex-ante coordination of major economic policy initiatives

Parliament had repeatedly called on the Commission to submit, as a matter of urgency legislative proposals with the aim of creating provisions on ex-ante economic policy coordination based on the Community method. Since December 2012 two reports reforms: the 'Towards a Genuine EMU' report by the President of the European Council, Herman Van Rompuy, and the subsequent 'A Blueprint for a Deep and Genuine EMU' by the Commission.

#### 10. Adequate response to EP legislative initiatives

Parliament succeeded in obtaining new commitments from the European Commission concerning an adequate response to EP legislative initiatives. The Commission committed to report on the concrete follow-up of any request to submit a proposal pursuant to Article 225 TFEU (legislative initiative report) within three months following adoption of the corresponding resolution in plenary. The Commission also agreed to come forward with a legislative proposal at the latest after one year or shall include the proposal in its next year's Work Programme. In case the Commission would decide not to submit such a proposal, it would give Parliament detailed explanations of the reasons.

#### 11. Better law-making

The revision of the Framework Agreement on relations between the European Parliament and the Commission established new methods concerning an improved transposition of EU legislation as well as ways to undertake the simplification of existing legislation. Parliament nevertheless demanded that the Regulatory Fitness and Performance Programme (REFIT) should lead to more concrete action and reductions of burdens.

#### 12. Enhanced cooperation with Consultative Committees (ECOSOC, CoR)



Parliament signed a cooperation agreement with the Committee of the Regions (CoR) and the Economic and Social Committee (ECOSOC), allowing for an increased use of the CoR's specific expertise at regional and local level as well as for a strengthened contribution by ECOSOC regarding to information and relevant materials from civil society on how existing legislation and spending programmes are effectively working. Parliament will provide the two Committees with additional expertise and materials via the European Parliament Members Research Service.

### 13. Delegated acts and implementing acts

With the introduction of delegated acts in the Treaty of Lisbon (Article 290 TFEU), the prerogatives of the Parliament were fully strengthened. The Framework Agreement on relations between the European Parliament and the Commission reinforced the involvement of the Parliament, as it required the Commission to provide full information and documentation on its meetings with national experts within the framework of its work on the preparation and implementation of Union legislation, including soft law and delegated acts. If so requested by Parliament, the Commission may also invite Parliament's experts to attend those meetings. Parliament's right to be invited to expert meetings that prepare delegated acts and to receive full information at the same time as the Member States represents an important step forward. Nonetheless, several points remain under discussion between the institutions. Parliament asked for the procedure to invite the Parliament to attend expert meetings to be simplified, and, in addition, for the calendar of meetings to be communicated to Parliament well in advance.

### EP demands which have not yet been addressed, finalised or adopted

### 14. Social Pact in the European Semester

The European Parliament has been a driving force behind the debate on the introduction of a Social dimension of the Economic and Monetary Union (EMU). Adding a social pillar to the EMU is necessary on several counts: a well-functioning monetary union must be able to cater for the social implications of structural reforms, which are undertaken in Member States in order to boost jobs, growth and enhance competitiveness.

It is also crucial to detect and tackle in a timely way the most serious employment and social problems, which lead to negative spill-over effects beyond national borders and in the longer term, to larger disparities and polarization. Through addressing the initial weaknesses in the design of the EMU, its nature is changing from a purely monetary union to a genuine economic and monetary union, with reinforced economic and social governance.

Since December 2012 two reports have set out the framework for future reforms of the EMU: the 'Towards a Genuine EMU' report by the President of the European Council, Herman Van Rompuy, and the subsequent 'A Blueprint for a Deep and Genuine EMU' by the Commission. On 2 October 2013, the Commission presented a more detailed proposal focused on the social dimension of EMU, on the basis of the calls by the European Parliament and European Council conclusions.

### 15. Reliability of inter-institutional planning

The European Parliament called on several instances on all Institutions to improve the quality of the legislative process throughout the entire EU legislative cycle, from agenda-setting to the stages of implementation and evaluation of legislation, so as to ensure that all these phases form part of a coherent process.

The analysis of the potential 'European added value' of any proposed action, as well as an assessment of the 'cost of non-Europe' in the absence of action at EU level, should be used as guiding principles when setting the legislative agenda.

Parliament also insists on a reliable programming of the main legislative procedures, especially by ensure full application of Article 17 TEU as regards agenda-setting and inter-institutional programming.

#### 16. Better Law-Making Agreement

As, in the view of the European Parliament, the Interinstitutional Agreement on Better Law-making of 2003 has become ill-suited to the current legislative environment created by the Treaty of Lisbon, Parliament repeatedly called for a **renegotiation of the 2003 Interinstitutional Agreement on Better Law-making** in order to take into account the new legislative environment created by the Treaty of Lisbon, consolidate current best practices and bring the agreement up to date in line with the better law-making agenda, for instance concerning correlation tables, the practical modalities for legislative procedures and the demarcation between delegated and implementing acts. Specifically, Parliament demanded that any new agreement should be adopted on the basis of Article 295 TFEU and should be of a binding nature.

- *Securing a reliable future of European budgeting*

#### EP demands which have been addressed and partially implemented

The EP asked in several instances over the past years and especially in the framework of the MFF negotiations for the return to a system of 'genuine, clear, simple and fair own resources', to be again pushed forward by the new Commission.

During the 2011 Budget Procedure, the Parliament requested the Commission to come up with a Proposal on new own resources for the EU and ask the Council to discuss these proposals within the negotiation process for the future MFF. During the debate on the MFF, the EP has stressed the importance of reaching an agreement on an in-depth reform of the own-resources system.

As no major changes have been approved in order to reach the desirable goal of a maximum of 40% GNI-based contributions so far, the issue of own resources should remain high on the Parliament's agenda for this legislative term.

Parliament used its right of consent to the MFF regulation and the implementing measures on own resources as leverage to obtain a political agreement to examine a reform of the revenue side, leading to the establishment of a High Level Group on own resources. The Group, chaired by Mario Monti, will be composed of members appointed by the three institutions and undertake a general review of the Own Resources system guided by the overall objectives of simplicity, transparency, equity and democratic accountability with the objective to have.

#### EP demands which have not yet been addressed, finalised or adopted

Parliament supported the Commission's ambitious legislative proposals including reducing the level of GNI-based contributions to 40% of the EU budget, transferring the revenues from the Financial Transaction Tax under enhanced cooperation fully or partially to the EU budget, reforming the VAT own resources, reducing the collection costs of traditional own resources to 10% of the amounts collected by the Member States, and phasing-out the existing rebates and other correction mechanisms.

As no major changes have been approved in order to reach the desirable goal of a maximum of 40% GNI-based contributions so far, the issue of own resources should remain high on the Parliament's agenda for this legislative term.

The mid-term revision of the MFF was one of the main conditions for the EP to adopt the MFF, so as to allow both the newly elected Parliament in 2014 and the new Commission a chance to examine the budgets inherited from the current legislators. The adopted MFF package now foresees this review-revision process of the MFF by 2016.

In its initiative report on 'Negotiations on the MFF 2014-2020: Lessons to be learned and the way forward', adopted by Parliament during the April II 2014 Plenary sitting, Parliament presented some considerations and recommendations on political and institutional grounds, as well as on the way forward, including the preparation of the upcoming review-revision, own resources and possible changes in the MFF decision-making process.

Among other issues, Parliament has been demanding a clarification of the use of delegated acts in the framework of the MFF, the use of global ceilings for commitment and payment appropriation in the MFF in order to be able to carry-over any unused margin between headings and between years, as well as the possibility of re-use of annual surpluses specifically for payments, with a view to avoid the situation where additional payment needs appear while at the same time, extra EU resources on the revenue side are actually returned to Member States via a reduction of their GNI contribution.

A further and future simplification of the Financial Regulation is also a continued legislative demand of the European Parliament, as is the call for establishing a single document for EU institutions annual expenditure.

## Annex 5 Letter by Juncker and Timmermans 12 November 2014



**Jean-Claude JUNCKER**  
President of the European Commission

**Frans TIMMERMANS**  
First Vice-President of the European Commission

Brussels, 12 NOV. 2014

Dear President Schulz, *Dear Martin,*  
Dear President Renzi, *Dear Matteo,*

*We are entering a new legislative cycle following the European Parliament elections this year. We should seize this opportunity for a new approach, to restore citizens' confidence by proving that the European Union can deliver in their interests on the key challenges ahead for our economies and societies.*

*This will require a clear sense of priorities shared across all institutions so we focus our work on what can be best achieved for Europe's citizens and businesses by action at EU level. The Political Guidelines for the new Commission have set out an Agenda for Jobs, Growth, Fairness and Democratic Change for a new start for Europe. The agenda focuses on ten policy areas where we will work to deliver results during our mandate, taking into account the strategic agenda agreed by the European Council in June.*

*Closer cooperation between our Institutions can send a powerful message. The Lisbon Treaty introduced provisions to foster a common agreement between institutions on annual and multiannual programming, and it is time to give them real meaning. This will enhance our collective capacity to deliver results for Europeans – responding to the expectations of citizens and business, focusing on the big issues where EU action can make a real difference, whilst exercising restraint, in line with the principles of subsidiarity and proportionality, in areas which can be effectively addressed at national, regional or local level.*

*Close cooperation and a commitment to prioritising the things that really matter is all the more important as economic recovery has lost momentum and unemployment remains unacceptably high, while events in our neighbourhood call for a strong response.*

*Mr Martin Schulz*  
*President of the European Parliament*

*Mr Matteo Renzi*  
*President of the Council*

*By email*

*In line with Article 17(1) TEU, the Commission initiates the European Union's annual and multiannual programming. With this letter we would like to first share with you our initial thinking for priorities for 2015, as the basis for an exchange of views in full respect of the respective roles and prerogatives of all institutions and the structured dialogue with the European Parliament set out in the Framework Agreement. We also present some suggestions for turning our cooperation into a future inter-institutional agreement covering multiannual programming for the years that follow.*

*Priority initiatives for 2015 and beyond*

*Against this background, we are currently preparing the Commission Work Programme for 2015, which we plan to adopt by the end of the year. This will include new initiatives for 2015 to give effect to the ten priorities. We will also take this opportunity to review and if necessary withdraw some pending proposals. The work programme will have a strong implementation and simplification dimension, building on the REFIT Communication of June 2014.*

*At this stage, and to ensure our exchange of views with you is well-prepared, we would like to share the following non-exhaustive list of the kind of proposals and further work which the Commission is considering for inclusion in the Commission Work Programme for 2015:*

*1. A New Boost for Jobs, Growth and Investment*

- *Jobs, Growth and Investment Package (before end of 2014) and follow-up*
- *A review of the Europe 2020 Strategy*
- *A strengthened Better Regulation agenda*

*2. A Connected Digital Single Market*

- *A Digital Single Market package, including more ambitious reform of the telecoms market*
- *A proposal on copyright reform*

*3. A Resilient Energy Union with a Forward-Looking Climate Change Policy*

- *Follow-up to the 2030 energy and climate package agreed in the October European Council*
- *Preparation of the EU role in the UN Conference on climate change negotiations*
- *Actions to strengthen energy security*

*4. A Deeper and Fairer Internal Market with a Strengthened Industrial Base*

- *Implementing new banking supervisory and resolution rules, and completing the financial services regulatory framework*
- *Proposal on crisis management and resolution of financial institutions other than banks*
- *Work on a future Capital Markets Union*

- *A targeted review of the Posting of Workers Directive; promotion of labour mobility*
  - *Work on a definitive VAT regime*
  - *Measures to combat tax fraud and tax evasion*
5. *A Deeper and Fairer Economic and Monetary Union*
- *Proposals to deepen Economic and Monetary Union and strengthen economic governance, following the review of the 'six-pack' and the 'two-pack' later this year*
6. *A Reasonable and Balanced Free Trade Agreement with the U.S.*
7. *An Area of Justice and Fundamental Rights Based on Mutual Trust*
- *Pursuing EU accession to the European Convention on Human Rights*
  - *Concluding a comprehensive EU-US data protection agreement and review of safe harbour agreement*
8. *Towards a New Policy on Migration*
- *Implementing the common asylum policy*
  - *A new policy on legal migration, starting with the review of the Blue Card Directive*
  - *A Communication on internal security strategy*
  - *Operational measures to fight terrorism and counter radicalisation*
9. *A Stronger Global Actor*
- *European Neighbourhood Policy: stocktaking and way forward*
  - *Millennium Development Goals/post-2015 framework*
10. *A Union of Democratic Change*
- *Review of legislation for the authorisation of Genetically Modified Organisms*
  - *Inter-institutional Agreement on a mandatory transparency register*
  - *Inter-institutional Agreement on better law-making*

*The Commission will engage actively with the European Parliament, in accordance with the structured dialogue under the Framework Agreement, and with the Council through the General Affairs Council in the coming weeks to take forward an exchange of views on these issues.*

*Following the adoption of its Work Programme for 2015, the Commission is ready to work with the European Parliament and the outgoing Italian and incoming Latvian Presidency to identify a list of priority proposals on which the institutions could commit to make swift progress (fast tracking), both as regards content and process.*



Towards an inter-institutional agreement on programming

*The Commission has already confirmed its readiness to present a proposal for a new Inter-institutional Agreement on Better Law Making, which would include provisions on programming, with the aim of concluding negotiations by the end of 2015.*

*A future inter-institutional agreement on programming would foster shared ownership of priorities so as to take the Union's agenda forward in the most effective way, while respecting each institution's role and prerogatives under the Treaties. Our three institutions could agree on a multiannual programme setting out strategic objectives and major deliverables at the start of the legislative term. This could be reviewed mid-term.*

*The Commission Work Programme would be the operational translation of these strategic goals. The Commission considers that the structured dialogue with the European Parliament foreseen in the Framework Agreement has proved its value and the Commission reiterates its full engagement in this regard.*


*We would be open to developing a similar exchange of views with the Council:*

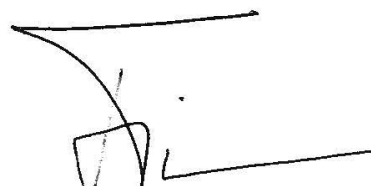
- the letter from the President of the European Commission, accompanying the State of the Union address and setting out the main elements guiding Commission Work Programme preparations, could be addressed to both the European Parliament and the Council;*
- based on the State of the Union address and the accompanying letter, an exchange of views could also take place in the General Affairs Council.*

*The work programme to be subsequently adopted by the Commission would thus reflect the priorities shared by three institutions, including a commitment by the Commission to provide more information and regular updates on its planning and a commitment from European Parliament and Council on the legislative process, notably the fast-tracking of key proposals but also closer cooperation on implementation aspects.*

*We could agree to systematically exchange views, twice a year, both in the Conference of Committee Chairs, which would further reinforce the structured dialogue with the European Parliament, and in the General Affairs Council, to ensure an effective monitoring of progress made on these priority files and review the process if necessary.*

*We need to work on a pragmatic basis for this year and at the same time launch reflections on the future institutional framework. We look forward to your reactions to these ideas and to discussing them further with you.*

  
Jean-Claude JUNCKER

  
Frans TIMMERMANS



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