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Thinking ahead for Europe

How to assess a rotating presidency of the Council under new Lisbon rules

The case of Hungary

Piotr Maciej Kaczyński

Introduction

On 1 January 2011, Hungary, the third member of the European Union to join the club in 2004, took over the presidency of the Council of the European Union. This represents the first presidency of a newer member state under Lisbon Treaty rules. After the new treaty entered into force on 1 December 2009, all rotating presidencies are, in a sense, first time presidencies. Their relative success now depends more on administrative ability than political leadership.

In fact, the new treaty has completely changed the role of the rotating presidency. Before Lisbon, the political responsibility of each of these presidencies included almost all areas of the European project with the main decisions being brokered by national diplomats. Under the new system this 'political' dimension has been seriously curtailed, if not eradicated. The main task of rotating presidencies in the new institutional system of the European Union is to manage ongoing legislation within the Council and with the European Parliament. The most difficult dossiers, usually negotiated politically at the highest level of the European Council, are now no longer part of the rotating presidencies' responsibilities. Even if the role of the rotating presidency is less relevant in the most difficult dossiers, its active engagement in negotiating legislation is absolutely crucial if the system is to function properly. Legislative

responsibility is even more important in the specific context of economic instability and the eurozone crisis.

In this new legal and political reality, the Hungarian Council presidency is the third in a series of three consecutive 'trio' presidencies. The first in this trio was Spain (January-June 2010) followed by Belgium (July-December 2010). Cooperation between the administrations of these states has been very close, with the result that the management and transfer of issues from the Belgian to the Hungarian desks over the New Year passed off smoothly.

EU Council presidency priorities and a test of administrative capacity

In November 2009, the then upcoming trio presidency published an 89-page document called "Draft 18 month programme of the Council".¹ It included a comprehensive list of all issues on the current EU agenda. Since then new points have arisen for the current presidency to deal with; the most important of which is the legislative implementation of the new economic governance rules as approved by the European Council in October 2010. In short, the Hungarian – and any other Council presidency – agenda is the EU agenda. The Hungarians seem to

¹ Note 16771/09, Draft 18 month programme of the Council from the future Spanish, Belgian and Hungarian Presidencies to Coreper/Council, sent on 27 November 2009.

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Piotr Maciej Kaczyński is a research fellow at the Centre for European Policy Studies (CEPS). A previous version of this text was published by the Böll Stiftung EU Office.

understand clearly that, in principle, all priorities should already be on the EU agenda; introducing a new idea rarely brings tangible results during the six-month term.

The Hungarian priorities fall into four main groups that will generate much effort, probably for little short-term reward. The presidency is a long-term

investment in the capacity of country's civil service. Previous presidencies have demonstrated that many months of hard work can easily be jeopardised by a political (mis)statement. The post-Lisbon reality means that there is also a new additional risk of irrelevance.

Box 1. Priorities of the Hungarian presidency of the Council of the European Union:

- Priority one – Economy:
 - To fast-track the six draft laws on economic governance through the legislative process;
 - To translate the Europe 2020 strategy into law with a planned first assessment of the new strategy in March;
 - To address the first formal Commission proposal in the run-up to the multi-annual financial perspective 2014-2020 (expected by June); within this their initial priorities are:
 - To preserve the Cohesion Policy
 - To preserve the Common Agricultural Policy
 - To assist (and hence, establish precedents) in the first-time dealing with the so-called 'European semester', a cycle of close economic policy coordination between the Ecofin Council and the European Commission, which will run between March and July.
- Priority two – balancing the traditional Union policies (i.e. agriculture, cohesion, etc.) with new challenges such as climate, innovation and energy:²
 - To translate into legislation the Commission's ideas for a single European energy policy and the February 2011 European Council decisions. The Commission's November 2010 Communication: "Energy 2020: A strategy for competitive, sustainable and secure energy"³ outlined a very ambitious agenda; steering this through the Council and the European Parliament is a major challenge for whoever is in the driving seat. As energy is mentioned as a policy priority by almost all Hungarian representatives, it is the one to watch for delivery. Any legislative success or failure to deliver (or, equally, a weak delivery) should be attributed to the rotating Council presidency's account.
- Priority three – Citizens:
 - This includes issues ranging from the implementation of the Stockholm Programme on justice and home affairs to socio-economic questions. One element, however, stands out:
 - To adopt the EU's strategy on the situation of the Roma people.
- Priority four – the Union, which "responsibly enlarges, globally engages":
 - To close accession negotiations with Croatia;
 - To launch EU-brokered negotiations between Hungary's neighbour Serbia and Kosovo;
 - To enlarge the Schengen area to Romania and Bulgaria.
- Two additional highlights of the presidency are expected to be:
 - The Eastern Partnership summit in May in Budapest;
 - The launch of the Danube Strategy on macro-regional cooperation by April.

² Péter Györkös, Permanent Representative of Hungary to the EU, speaking at a conference at the Centre for European Policy Studies (CEPS) on 2 Dec 2010.

³ Communication from the Commission: *Energy 2020: A strategy for competitive, sustainable and secure energy COM(2010) 639 final*, Brussels, 10 Nov 2010.

Under Lisbon rules, a successful rotating Council presidency needs two domestic elements. The first is dedication on the part of the political elites of the country and the second is a public administration committed to playing the role of honest broker in the Council. It is the civil servants and their skills that provide the strongest asset of any presidency in the fulfilment of its task. They work constantly to build their own and their state's reputation in the eyes of the partners. They are engaged in hundreds of working groups and thousands of official and unofficial meetings at the same time. And they all strive towards a job done well; the one element they need most is also the most elusive: credibility. In the corridors of Brussels, credibility is probably the most desired virtue. Individuals, institutions and states work for many years to achieve it but it can be destroyed in seconds by a misplaced statement of a single politician.

This is why success also depends on the dedication of the political elite. But at the same time their commitment has become more complex. One needs to expect the wolves (politicians) to dance the waltz (honest broker) in a situation offering no reward (no visibility). Interestingly, the Spanish and Belgian presidencies demonstrate different lessons in this respect. The Belgians experienced a major political crisis throughout the entire process. After early elections last June they were unable to form a majority government and the presidency was executed by the outgoing, caretaker government. However, the political elites remained committed to European affairs despite the problems 'at home' the Belgian presidency is widely regarded as having been a successful one. During the Belgian term a functional model for the role of the prime minister of the country holding the rotating presidency emerged, but it was a very specific model based on two elements not applicable elsewhere. First, the acting prime minister had no power to even try to challenge the leadership of Herman Van Rompuy, and as a caretaker government the Belgians had to focus on the competences they had: to administer. Second, Herman Van Rompuy is a Belgian and a former prime minister, which meant that most of the sitting (acting) ministers were ministers in his government – hence, the naturally close relationship between the sectoral Council formations and the permanent President. Such a close relationship would probably be most welcome in the future, also during the current semester, but it is as unlikely as it is necessary.

Six months earlier, during the first half of 2010, Spain was run by a stable government with most of its ministers committed to a smooth presidency. There were, however, virtually no perks for the prime minister in the new system; after the first few weeks, Prime Minister Zapatero appeared detached to the

outside world. This did not help the Spaniards in coordinating presidency meetings. A few crucial events, such as the cancellation of the EU-US summit, had a major effect on perceptions of the Spanish presidency. It became widely accepted that the presidency was largely irrelevant towards the end of the Spanish term, despite many of its officials performing their duties brilliantly.

Domestic affairs

There are more common features between the Spanish presidency of 2010 and the Hungarian one of 2011 than between those of Hungary and Belgium. The Hungarian government is very stable and has a majority in parliament. At the same time Hungary is suffering major economic difficulties. It is benefiting from financial assistance devised by the EU and the IMF back in 2009, but it still requires major economic reconstruction and public debt reduction. Therefore, the natural focus of the government is more on its own economy than on anything else. At the same time both Spanish and Hungarian leaders were/are very well positioned within the European political parties (Zapatero was and remains the most important Social Democratic politician in Europe; and the position of Prime Minister Orbán in the European People's Party is also very strong). Both leaders are, however, experienced politicians and rarely dedicate themselves to issues that are neither absolutely necessary nor politically profitable. One of the challenges for the Hungarian presidency is to maintain the commitment of the Hungarian leader to the cause.

At the same time, having a stable government is an asset in itself. The chain of command and division of responsibilities are clearly established. Priorities are set and challenges are well identified.

Another potential challenge comes from the public administration itself. With the elections last spring, the new Orbán government changed most of the civil servants responsible for running the presidency. Preparations for a presidency take years. This is not to say that the Hungarians are not managing, or that the new Hungarian Permanent Representative, who only took over in the summer of 2010, is underperforming; it is just that he and his presidency staff have different policies from those of their predecessors. Quite a few of the civil servants are simply learning on the job. The presidency also needs to remain open to assistance from other member states, especially the fellow trio-presidency civil servants from Spain and Belgium and from the General Secretariat of the Council.

Hungarian leaders will probably have understood by now that replacing civil servants – however necessary in the eyes of the Hungarian government – has undermined EU trust in Hungary. The change in the

media law last year brought a wave of criticism of the Hungarian government. Any more domestic changes of this nature will further undermine the perceived trustworthiness of those ruling in Budapest.

The good news for the presidency, however, is that in the Lisbon reality, whatever the developments back home, as long as the presidency stays on course and the political leadership is dedicated and well-coordinated – the presidency can still be deemed successful. The link between developments at home and the performance of the presidency is made only in January (or July, for the presidencies of the second semester). Later in the presidency visibility is significantly diminished (in January the College of Commissioners visited Budapest and Prime Minister Orbán addressed the European Parliament); the presidency then becomes much more low-profile. This will only work out if the Hungarian government remains committed and the civil servants are open to cooperation with others.

As stated above, certain developments may challenge the commitment of the government, notably the fragility of the Hungarian economy. Over the past ten months the Orbán government has gained a reputation for unconventional and unpopular decisions and statements (i.e. on conditions of loans from the IMF or the pensions system). Second, if there are any major changes in the governance of Hungary, such as the December media law, more harsh criticism can be expected in the foreign media, possibly also from foreign politicians. One such change is already on the horizon; a reform of the constitution is planned for early spring. In such a situation the strong commitment of the Budapest government to EU affairs, including the Council presidency, cannot be fully assured.

Conclusions and outlook

There is one role the rotating presidency of the Council can play in the new institutional system of the European Union. It has to be a credible and honest broker. Without assuming such a role no success is possible, but neither can adoption of this role guarantee success in itself.

The post-Lisbon institutional system has not yet fully bedded down. There is no firm model for the role of the prime minister of the country holding the rotating presidency of the Council. The Spanish and the Belgian presidencies left no sustainable blueprint for cooperation between the head of the rotating Council presidency and other institutions, most notably with the President of the European Council.

Hence the challenge: if Prime Minister Orbán remains engaged and committed, what sort of relationship will there be between the President of the (rotating)

Council Orbán and the President of the (permanent) European Council Van Rompuy?

To conclude, here are eight benchmarks that should allow for an assessment of the rotating presidency of the Council performed by Hungary. On each of these elements they can either score ‘poorly’ (make a mistake or be proven irrelevant), ‘well’ (whereby any ‘failure’ is not the result of a Hungarian presidency mistake) or ‘very well’ (where a maximum of what was possible and desirable was achieved).

The eight benchmarks are:

1. Implementation of the six legislative proposals on economic governance within six months;
2. Adoption, or at least significant progress with first legislative proposals aimed at establishing an EU energy policy (depending on the timing of the Commission’s particular proposals);
3. Adoption of a meaningful and realistic European Roma Strategy with commitment for action at national levels;
4. Finalisation of the accession negotiations with Croatia;
5. Enlargement of the Schengen zone to Bulgaria and Romania in 2011;
6. Adoption of the Danube Strategy, which would be a) realistic; b) meaningful; and c) its launch will not be over-pompous;
7. Lack of negative reports on presidency mistakes (i.e. failed conciliations; procedural mistakes; or interfering with other actors’ competences, especially those of the High Representative and the President of the European Council);
8. A functional working model of cooperation with the European Council President.

We will be assessing the performance of the Hungarian presidency against these benchmarks by the end of their term.